

**METROPOLITAN PARK AND RECREATION DISTRICT
d/b/a THE GREAT RIVERS GREENWAY DISTRICT**

**FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
ADDITIONAL INFORMATION,
AND INDEPENDENT AUDITORS' REPORT
FOR THE
YEAR ENDED DECEMBER 31, 2006**

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District

CONTENTS

	<u>Page</u>
MANAGEMENT DISCUSSION AND ANALYSIS.....	<i>i - v</i>
INDEPENDENT AUDITORS' REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statement of Net Assets.....	3
Statement of Activities.....	4
Balance Sheet – Governmental Funds.....	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balance –Governmental Funds.....	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8
Notes to Financial Statements.....	9 - 16
REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	17
Notes to Budgetary Comparison Information.....	18
ADDITIONAL INFORMATION	
Schedule of Expenditures.....	19 - 20

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2006

The discussion and analysis of Metropolitan Park and Recreation District d/b/a the Great Rivers Greenway District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2006 (FY06). The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements to enhance their understanding of the District's financial performance.

Financial Summary

Notable financial facts for 2006 are as follows:

- The District's net assets of \$41.8 million increased by \$7.4 million or 21.5%.
- The net assets invested in capital assets, net of related debt, increased to \$34.0 million or an increase of \$9.9 million and 41.2%.
- As of the close of the current fiscal year, the District's Governmental Funds reported ending fund balances of \$3.2 million, a decrease of \$7.0 million in comparison with the prior year. The entire Governmental Fund balance is unreserved and available for spending at the District's discretion.

Financial statement reports included are:

- 1) Statement of Net Assets
- 2) Statement of Activities
- 3) Balance Sheet - Governmental Funds
- 4) Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
- 5) Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- 6) Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are prepared and organized so the reader can understand the financial information of the District as a whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial condition.

Metropolitan Park and Recreation District
d/b/a the Great Rivers Greenway District
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2006
(Continued)

Government –Wide Financial Statements

The government-wide Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregated view of the District's finances and a longer-term view of those assets. Those two statements report the District's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as the condition of the District's capital assets also needs to be evaluated.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District has one category of funds, the governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information in the governmental funds is presented by fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The District's only fund, the general fund, is considered to be a major fund.

The District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Following the financial statements are Notes to the Financial Statements which provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information. Included is a comparison of the actual results of operations of the District's general fund to the general fund budget adopted by the District Board of Directors.

Metropolitan Park and Recreation District
d/b/a the Great Rivers Greenway District
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2006
(Continued)

The Statement of Net Assets presents the District as a whole. Table 1 provides a summary of the District's net assets for 2006 compared to 2005.

Table 1
Comparative Statement of Net Assets

	<u>2006</u>	<u>2005</u>	Total % Change 2005-2006
Current and Other Assets	\$ 9,317,432	\$12,447,159	(25.1%)
Capital Assets	<u>38,647,226</u>	<u>28,907,177</u>	33.7%
Total Assets	<u>47,964,658</u>	<u>41,354,336</u>	16.0%
Total Liabilities	<u>6,121,528</u>	<u>6,907,012</u>	(11.4%)
Net Assets			
Invested in capital assets, net of related debt	33,971,185	24,066,639	41.2%
Unrestricted	<u>7,871,945</u>	<u>10,380,685</u>	(24.2%)
Total Net Assets	<u>\$41,843,130</u>	<u>\$34,447,324</u>	21.5%

The increase in total net assets is primarily the result of excess program revenues over expenses for governmental activities.

Current assets decreased 25.1% (\$3.1 million) from last year primarily because of an increase in capital assets as a result of expenditures for capital projects during 2006.

Capital assets increased primarily as a result of capital outlay for projects of \$9.7 million.

Overall, total assets increased 16.0% (\$6.6 million).

Overall, total liabilities decreased 11.4% (\$785,000) due to fewer capital projects ongoing at the end of the year.

Metropolitan Park and Recreation District
d/b/a the Great Rivers Greenway District
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2006
(Continued)

Table 2 shows the changes in net assets for the year ended December 31, 2006 as compared to the year ended December 31, 2005.

Table 2
Changes in Net Assets

	<u>2006</u>	<u>2005</u>	Total % Change 2005-2006
Revenues			
Sales tax	\$10,652,541	\$10,555,815	0.9%
Investment income	448,651	407,415	10.1%
Contributions and grants	1,226,081	780,652	57.1%
Miscellaneous income	<u>513,171</u>	<u>534,500</u>	(4.0%)
Total Revenue	<u>12,840,444</u>	<u>12,278,382</u>	4.6%
Expense			
MPRD projects	4,084,457	6,113,568	(33.2%)
Salary and fringe benefits	266,336	253,060	5.2%
Contractual and professional services	240,441	187,159	28.5%
Office and support	139,724	134,336	4.0%
Space and occupancy	65,225	80,536	(19.0%)
Depreciation	353,029	84,555	317.5%
Interest	<u>295,426</u>	<u>301,107</u>	(1.9%)
Total Expense	<u>5,444,638</u>	<u>7,154,321</u>	(23.9%)
Increase in Net Assets	<u>\$ 7,395,806</u>	<u>\$ 5,124,061</u>	44.3%

The increase in net assets is a result of sales tax revenues being received uniformly throughout the year while the primary expense of the District, MPRD projects, are incurred as projects progress, often over several years.

The current year MPRD projects include; the Centennial Greenway, the Confluence Greenway, the Dardene Greenway, the Gravois Creek Greenway, the Missouri River Greenway, the River Des Peres Greenway, the Sunset Greenway, as well as other smaller projects and collaborative planning projects. These expenses include various grants to agencies that oversee the development projects as well as significant professional fees in the areas of acquisition costs, legal fees, architectural and design consultation, consulting fees, etc.

Contractual and professional services include accounting fees, legal fees, and various consulting fees which increased in 2006 due to new advertising and public relations contracts.

Metropolitan Park and Recreation District
d/b/a the Great Rivers Greenway District
MANAGEMENT DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2006
(Continued)

Budgetary Highlights

The District adopts an annual operating budget for its general fund including capital outlay. Budgeted Sales tax revenues were \$10.8 million and actual sales tax revenues were \$10.6 million. Investment income was more than budgeted and more than prior year due to having a larger base of cash and investments at various times during 2006 as well as rising interest rates.

Actual expenditures of \$22.5 million were under budget by \$7.1 million. The difference is primarily the result of several MPRD projects included on the budget that were not started or progressed as much as expected in 2006. The expenditures for current operations were over budget by 5.4%, primarily in the area of contractual and professional services.

**Table 3
Capital Assets**

	2006	2005
Land	\$22,181,479	\$21,890,716
Construction in progress	7,978,001	2,688,564
Improvements	8,839,362	4,333,147
Equipment and furniture	108,850	102,187
Subtotal	39,107,692	29,014,614
Less: accumulated depreciation	(460,466)	(107,437)
Total Property and Equipment	\$38,647,226	\$28,907,177

As of December 31, 2006, the District's investment in capital assets amounted to \$38.6 million, net of accumulated depreciation. Before depreciation, there was an increase during the year of \$10.1 million. The increase results from the purchase of land and land improvements and construction in process related to the MPRD projects.

Additional information on the District's capital assets can be found in Note D, beginning on page 13.



Independent Auditors' Report

Board of Directors
Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
St. Louis, Missouri

We have audited the accompanying financial statements of the governmental activities of the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of The United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages *i - v* and the Budgetary Comparison Information on pages 17 and 18 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District basic financial statements. The accompanying schedule of combined expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John W. Trelora & Co., PC

April 2, 2007
St. Louis, Missouri

FINANCIAL STATEMENTS

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
STATEMENT OF NET ASSETS
December 31, 2006

ASSETS

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,361,250
Sales tax receivable	857,435
Interest receivable	75,124
Other assets	23,623
Property and equipment, net of accumulated depreciation	<u>38,647,226</u>
TOTAL ASSETS	<u>\$47,964,658</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 1,405,037
Note payable - current	4,676,041
Accrued expenses	40,450
Note payable - non-current	<u>-</u>
Total Liabilities	<u>6,121,528</u>
NET ASSETS	
Invested in capital assets, net of related debt	33,971,185
Unrestricted	<u>7,871,945</u>
Total Net Assets	<u>41,843,130</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$47,964,658</u>

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

<u>Functions/Program</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities: Development	\$5,444,638	\$513,171	\$1,226,081	\$ 6,947,155
Other Revenues: Unrestricted investment earnings				<u>448,651</u>
Changes in Net Assets				7,395,806
Net Assets – Beginning				<u>34,447,324</u>
Net Assets – Ending				<u><u>\$41,843,130</u></u>

See accompanying notes to financial statements
(4)

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2006

ASSETS

	<u>General</u>
ASSETS	
Cash and investments	\$8,361,250
Sales tax receivable	857,435
Interest receivable	75,124
Other assets	<u>11,971</u>
TOTAL ASSETS	<u>\$9,305,780</u>

LIABILITIES AND FUND BALANCES

LIABILITIES	
Accounts payable	\$1,405,037
Note payable	4,676,041
Accrued expenses	<u>40,450</u>
Total Liabilities	6,121,528
FUND BALANCES	
Unreserved	<u>3,184,252</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$9,305,780</u>

See accompanying notes to financial statements

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
For The Year Ended December 31, 2006

Total Fund Balances—Governmental Funds \$ 3,184,252

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$39,107,692 and the accumulated depreciation is \$460,466. 38,647,226

Prepaid expenses are not financial resources, and therefore are not included in the funds. 11,652

Total Net Assets—Governmental Activities \$41,843,130

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General
REVENUES	
Sales tax	\$10,652,541
Investment income	448,651
Contributions and grants	1,226,081
Miscellaneous income	<u>513,171</u>
Total Revenues	<u>12,840,444</u>
EXPENDITURES	
Capital outlay - other	6,663
MPRD project expenses - capital	10,086,415
MPRD project expenses	4,084,457
Current Operations	
Salary and fringe benefits	266,336
Contractual and professional services	240,441
Office and support	144,559
Space and occupancy	65,225
Debt Service	
Principal	164,497
Interest	<u>295,426</u>
Total Expenditures	<u>15,354,019</u>
Deficiency of Revenues Over Expenditures	(2,513,575)
OTHER FINANCING SOURCES (USES), net	
Note payable becoming current	(<u>4,509,358</u>)
Net Changes in Fund Balance	(7,022,933)
FUND BALANCE, Beginning of year	<u>10,207,185</u>
FUND BALANCE, End of year	<u><u>\$ 3,184,252</u></u>

See accompanying notes to financial statements

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year December 31, 2006

Net Changes in Fund Balance—Total Governmental Funds (\$7,022,933)

Amounts reported as governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the net amount in which capital outlays of \$10,093,078 exceed depreciation expense of \$353,029. 9,740,049

The proceeds from notes payable provide current financial resources to governmental funds. Repayment of debt principal is an expenditure in the governmental funds. This is the amount of long-term debt repayments and note payable amounts becoming current in 2006. 4,673,855

Amounts paid for invoices applicable to a future period are not reported as expenditures in the governmental statement of activities. 4,835

Change in Net Assets of Governmental Activities \$7,395,806

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") was established in November 2000 by the successful passage of the Clean Water, Safe Parks and Community Trails Initiative ("Proposition C") in St. Louis City, St. Louis County, and St. Charles County, Missouri. The District is a body corporate and politic established by section 67.1700 et seq. RSMo. The primary purpose of the District is to develop, implement, manage, and administer a public system of interconnecting trails and parks throughout the counties comprising the District, section 67.1706 RSMo. The District shall supplement other public parks and recreation entities within the District for the development, operation, and maintenance of its public systems.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

The District is organized with a Board of Directors. The Board is in charge of the affairs of the District and employs an administrative staff to manage the District's activities. The administrative staff is responsible for incorporating the various Board actions and policies into the daily affairs of the District.

The accounting policies and financial reporting practices of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The accounting and reporting framework and the more significant accounting principles and practices of the District are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanation, including required disclosures, of the District's financial activities for the fiscal year ending December 31, 2006.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services;

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Government-Wide and Fund Financial Statements (Continued)

(2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as other revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Governmental Funds (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. No special revenue funds were presented at December 31, 2006.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including capital lease obligations, principal, interest, and related costs. No debt service funds were presented at December 31, 2006.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Sales Tax Revenue

The District is funded by a one-tenth of one cent sales tax on all retail sales subject to taxation. The state of Missouri passed legislation in April 1999 to make the local district and funding possible. The tax revenue is collected and held by the St. Louis County Treasurer for credit to the District, pursuant to sections 144.010 to 144.525 RSMo.

Financial Instruments

The carrying amount of cash and investments, receivables, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

Compensated Absences

Employees earn vacation during the year which may accumulate to a maximum of 10 days. Accrued vacation is payable to employees upon termination. The recorded liability for earned but unused vacation approximated \$20,000 at December 31, 2006. Sick leave benefits for all employees do not vest and, accordingly, they are recorded as expenditures when paid.

Contributed Services

Contributed or donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. At December 31, 2006, no contributed services were recorded.

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets and Depreciation

The District's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Historically, donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Land	N/A
Site and leasehold improvements	5 – 15 years
Buildings	40 years
Building improvements	15 years
Equipment and furniture	3 – 10 years

Net Assets

In the government-wide financial statements, net assets are classified as follows:

Investment in Capital Assets, Net of Related Debt – the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted – the component of net assets that reports the difference between assets and liabilities of certain programs that consists of assets with constraints placed on their use by external parties. There are no restricted net assets at December 31, 2006.

Unrestricted – the difference between the assets and liabilities that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

In the fund financial statements, fund balances are classified as unreserved. This represents the amount of fund balance that is available for future appropriation.

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

B. CASH AND INVESTMENTS

For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Tax receipts are held in a pooled account with the St. Louis County Treasurer. The investment pool consists of U.S. Treasury Securities, U.S. Agency Securities, Collateralized Certificates of Deposits, Collateralized Repurchase Agreements, U.S. Government Agency Callable Securities, Commercial Paper and Bankers Acceptances. At December 31, 2006, the reported amount of the District's deposits were as follows:

	Carrying Amount	Bank Balance
Treasurer's Pool	\$7,688,318	\$7,688,318
Cash	672,932	878,114
Total	\$8,361,250	\$8,566,432

Of the bank balance, \$8,566,432 was covered by federal depositary insurance or by collateral securities held in the District's or St. Louis County Treasurer's name.

To protect the safety of District deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure District deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The District's deposits were fully collateralized or covered by FDIC insurance at December 31, 2006.

C. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to credit risk include cash deposits and investments in excess of FDIC insured limits and taxes receivable from other governmental units.

D. PROPERTY AND EQUIPMENT

All purchased fixed assets are valued at cost. All normal expenditures of preparing the assets for use are capitalized when they meet or exceed the capitalization threshold.

The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

D. PROPERTY AND EQUIPMENT (Continued)

The following summary of changes in capital assets by category for the period ended December 31, 2006:

	Balance 1/1/2006	Additions	Balance 12/31/2006
Land	\$21,890,716	\$ 290,763	\$22,181,479
Construction in process	2,688,564	5,289,437	7,978,001
Site and leasehold improvements	4,333,147	4,506,215	8,839,362
Equipment and furniture	102,187	6,663	108,850
Total	29,014,614	10,093,078	39,107,692
Less: accumulated depreciation	(107,437)	(353,029)	(460,466)
Fixed Assets, net depreciation	<u>\$28,907,177</u>	<u>\$ 9,740,049</u>	<u>\$38,647,226</u>

E. NOTE PAYABLE

CHANGES IN NOTE PAYABLE

The following is a summary of change in note payable for the year ended December 31, 2006:

Description and Purpose	Balance January 1, 2006	Issued	Retired	Balance December 31, 2006	Due Within One Year
<i>Governmental Activities</i>					
Note payable	\$4,840,538	\$ -	\$164,497	\$4,676,041	\$4,676,041

Note payable – bank, monthly installments of principal and interest of \$38,381 and a final estimated payment of \$4,253,850, interest at 6.08%, collateralized by real estate, due December 2007. At December 31, 2006, the District had a balance of \$4,676,041 due under this note.

Maturity on note payable is as follows:

Year Ending December 31,	Principal	Interest
2007	<u>\$4,676,041</u>	<u>\$283,316</u>

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

F. CROP-SHARE AGREEMENT

The District has entered into an agreement with a farmer allowing the farmer the use of District property to grow and sell crops. The agreement is renewed automatically each year unless written notice of termination is given in writing by either party before growing season. The district is paid a percentage of the gross receipts on the crops sold. Crop-share revenue in 2006 was \$1,711 and is included in miscellaneous income on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.

G. PENSION PLAN

The District has a deferred compensation plan and matching contribution plan covering all regular employees. The deferred compensation plan allows for deferral of compensation into the plan on a pre-tax basis. The matching contribution plan allows the District to make matching contributions equal to a percentage of your pre-tax contributions made under the deferred compensation plan. The District has discretion whether to make matching contributions for a year, and to vary the percentage of matching contribution for years in which it decides to make matching contributions. Currently, matching contributions are equal to 100% of employee pre-tax contributions to the deferred compensation plan up to 5% of compensation. Pension expense for 2006 was \$21,812.

H. LEASE COMMITMENTS

The District leases its office space in St. Louis, Missouri. The noncancelable lease expires April 2012. Rental expense for this lease totaled \$61,901 for the year ended December 31, 2006. At December 31, 2006, future minimum lease payments under the lease terms are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 76,006
2008	76,716
2009	78,137
2010	78,847
2011	78,847
Thereafter	<u>26,282</u>
Total	<u>\$414,835</u>

I. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has purchased commercial insurance policies and is covered for general liability claims and property damage. There have been no significant reductions in coverage for the year and there were no settlements in the current year.

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO FINANCIAL STATEMENTS
December 31, 2006
(Continued)

J. CONTINGENCIES/LITIGATION AND OTHER ACTIONS

The District is not a party to any known legal proceedings. If any exist that the District is not aware of, in the opinion of District management, these legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

K. SUBSEQUENT EVENT

The District is planning to issue Sales Tax Appropriation Bonds, Series 2007 for approximately \$30,000,000 on May 1, 2007. Such bonds are anticipated to be utilized for the funding of construction of greening projects.

**REQUIRED
SUPPLEMENTARY
INFORMATION-
BUDGETARY COMPARISON
INFORMATION**

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUES			
Sales tax	\$10,812,000	\$10,652,541	(\$ 159,459)
Investment income	300,000	448,651	148,651
Contributions and grants	1,100,000	1,226,081	126,081
Miscellaneous income	481,000	513,171	32,171
	<hr/>		
Total Revenues	12,693,000	12,840,444	147,444
EXPENDITURES			
Capital outlay – other	65,000	6,663	58,337
	<hr/>		
Total MPRD project expenses	21,322,872	14,170,872	7,152,000
Current Operations			
Contractual and professional services	195,850	240,441	(44,591)
Salary and fringe benefits	278,865	266,336	12,529
Office and support	125,000	144,559	(19,559)
Space and occupancy	80,400	65,225	15,175
Debt Service			
Principal	-	164,497	(164,497)
Interest	-	295,426	(295,426)
	<hr/>		
Total Expenditures	22,067,987	15,354,019	6,713,968
	<hr/>		
(Deficiency) Excess of Revenues Over Expenditures	(9,374,987)	(2,513,575)	6,861,412
OTHER FINANCING SOURCES (USES), net			
Note payable becoming current	-	(4,509,358)	(4,509,358)
	<hr/>		
Net Change in Fund Balance	(9,374,987)	(7,022,933)	2,352,054
<hr/>			
FUND BALANCE, Beginning of year	10,207,185	10,207,185	-
<hr/>			
FUND BALANCE, End of year	<u>\$ 832,198</u>	<u>\$ 3,184,252</u>	<u>\$2,352,054</u>

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
NOTES TO BUDGETARY COMPARISON INFORMATION
December 31, 2006

BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Bylaws of the Board of Directors, the District's Executive Director shall present an Annual Budget to the Board no later than the November Regular Meeting for the next fiscal year. The Annual Budget shall contain an operating budget outlining revenues and expenditures for current operations. The Annual Budget shall contain a capital budget outlining revenues and expenditures for the implementation of approved greenway, park, and trail projects as well as initiatives recommended in the Strategic Plan for the next fiscal year. The Board shall approve the Annual Budget with or without modification no later than the December Regular Meeting.

**ADDITIONAL
INFORMATION**

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
SCHEDULE OF EXPENDITURES
For the Year Ended December 31, 2006

SALARIES AND FRINGE BENEFITS	
Salaries	\$236,426
Payroll taxes	12,849
Fringe benefits	<u>17,061</u>
 Total Salaries and Fringe Benefits	 <u>\$266,336</u>
 CONTRACTUAL AND PROFESSIONAL SERVICES	
Accounting and auditing fees	\$ 60,082
Legal fees	43,619
Professional fees	<u>136,740</u>
 Total Contractual and Professional Services	 <u>\$240,441</u>
 OFFICE AND SUPPORT	
Advertising	\$ 9,045
Auto expenses	8,681
Conferences and education	15,930
Dues and subscriptions	2,462
Equipment rental	11,610
 Grants	 150
Insurance other	26,127
Meeting expense	7,807
Miscellaneous	2,580
Parking fees	5,581
 Postage and shipping	 6,001
Printing	6,052
Supplies	32,534
Telephone	<u>9,999</u>
 Total Office and Support	 <u>\$144,559</u>
 SPACE AND OCCUPANCY EXPENSES	
Rent	\$ 61,901
Utilities	<u>3,324</u>
 Total Space and Occupancy Expenses	 <u>\$ 65,225</u>

Metropolitan Park and Recreation District
d/b/a The Great Rivers Greenway District
SCHEDULE OF EXPENDITURES
For the Year Ended December 31, 2006
(Continued)

PROJECT EXPENDITURES

<u>Project</u>	<u>Expenditures</u>
Centennial Greenway	\$ 902,645
Confluence Greenway	5,967,661
Dardenne Greenway	1,357,378
Gravois Creek Greenway	2,181,928
Missouri River Greenway	1,171,666
River Des Peres Greenway	556,106
Sunset Greenway	701,849
Collaborative Planning	489,029
Other	<u>842,610</u>
Total Project Expenditures	<u>\$14,170,872</u>