

**METROPOLITAN PARK AND RECREATION DISTRICT  
D/B/A THE GREAT RIVERS GREENWAY DISTRICT**

**FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION,  
ADDITIONAL SUPPLEMENTARY INFORMATION  
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

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## 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 and each major fund 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, 2011, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

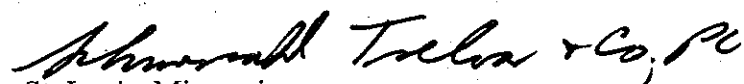
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 and each major fund of the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District as of December 31, 2011, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2012 on our consideration of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 27 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District's financial statements as a whole. The Schedule of Expenditures – General Fund on pages 29 and 30 is presented for the purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



St. Louis, Missouri

August 14, 2012

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For The Year Ended December 31, 2011

The management 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, 2011 (FY11). The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the financial statements to enhance their understanding of the District's financial performance.

### **Financial Summary**

Notable facts for 2011 are as follows:

- The District's net assets of \$71.9 million increased by \$6.5 million or 10%.
- The net assets invested in capital assets, net of related debt, increased to \$53.4 million, an increase of \$11.2 million or 27%. The increase is a result of 2011 capital projects, most notably land acquisition and development costs for the Centennial Greenway.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$17.2 million, a decrease of \$6.2 million in comparison with the prior year. The decrease reflects expenditures in excess of revenues during 2011 primarily related to capital project expenses and debt service payments. Expenditures during 2011 were slightly less than final budgeted amounts. The unassigned fund balance is \$14.1 million and is 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 - 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 financial statements. The statements are prepared and organized in accordance with industry standards (GASB) so the reader can understand the financial information of the District as a whole. 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, 2011  
(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 net assets. This change in net 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 funds.

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 a 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 general fund and debt service fund are considered to be major funds.

The District adopts an annual budget for all funds. A budgetary comparison statement has been provided to demonstrate performance compared 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.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For The Year Ended December 31, 2011  
*(Continued)*

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 budget adopted by the District's Board of Directors.

The Statement of Net Assets presents the District as a whole. Table 1 provides a summary of the District's net assets for 2011 compared to 2010.

**Table 1**  
**Condensed Statement of Net Assets**  
**December 31,**

	2011	2010
Current and other assets	\$ 22,513,200	\$26,010,258
Capital assets	<u>79,099,393</u>	<u>68,958,260</u>
Total Assets	<u>\$101,612,593</u>	<u>\$94,968,518</u>
Current and other liabilities	\$ 4,862,583	\$ 3,513,797
Noncurrent liabilities	<u>24,811,923</u>	<u>25,978,015</u>
Total Liabilities	<u>29,674,506</u>	<u>29,491,812</u>
Net assets		
Invested in capital assets, net of related debt	53,441,796	42,194,929
Restricted	2,941,627	2,897,879
Unrestricted	<u>15,554,664</u>	<u>20,383,898</u>
Total Net Assets	<u>71,938,887</u>	<u>65,476,706</u>
Total Liabilities and Net Assets	<u>\$101,612,593</u>	<u>\$94,968,518</u>

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

Current assets decreased \$3.5 million from last year primarily due to the use of funds for capital projects during 2011.

Capital assets increased primarily as a result of net capital outlay for MPRD projects of \$10.1 million.

Overall, total assets increased \$6.6 million.

Overall, total liabilities increased \$0.2 million due to the effect of principal retirements offset by higher accounts payable at year end compared to prior year.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
MANAGEMENT DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2011  
(Continued)

Table 2 shows the changes in net assets for the year ended December 31, 2011 as compared to the year ended December 31, 2010.

**Table 2**  
**Changes in Net Assets**  
**Year Ended December 31,**

	2011	2010	Percentage Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 466,906	\$ 464,461	0.1%
Capital grants and contributions	2,942,698	791,362	271.5%
General revenues			
Sales taxes	10,008,942	9,758,106	2.6%
Investment earnings	<u>133,055</u>	<u>242,022</u>	(45.0%)
<b>Total Revenues</b>	<u>13,551,601</u>	<u>11,255,951</u>	20.4%
<b>Expenses</b>			
Project planning and development			
Operations			
Salary and fringe benefits	288,414	389,643	(26.0%)
Contractual and professional services	416,392	440,549	( 5.5%)
Office and support	148,745	198,568	(25.1%)
Space and occupancy	94,634	97,918	( 3.4%)
Depreciation	2,972,157	2,621,415	13.4%
Project expenses in process	2,065,859	2,154,478	( 4.1%)
Interest and fiscal charges	<u>1,104,019</u>	<u>1,191,544</u>	( 7.3%)
<b>Total Expenses</b>	<u>7,090,220</u>	<u>7,094,115</u>	( 0.1%)
<b>Increase in Net Assets</b>	<u>\$ 6,461,381</u>	<u>\$ 4,161,836</u>	55.3%

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. Capital grants reflect increased funds from the United States Department of Transportation Highway Planning and Construction program related to multiple greenway projects.

The current year MPRD projects include: Boschert Greenway, Busch Greenway, Centennial Greenway, Chouteau Greenway, Confluence Greenway, Dardenne Greenway, Gravois Creek Greenway, Maline Greenway, Meramec Greenway, Mississippi Greenway, Missouri River Greenway, River Des Peres Greenway, Shady Creek Greenway, St. Vincent Greenway, Sunset Greenway, and Western Greenway, as well as 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.



Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
MANAGEMENT DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2011  
(Continued)

Contractual and professional services include accounting fees, legal fees, and various consulting fees which decreased in 2011 due to additional consulting and engineering fees capitalized for projects.

Salaries comprise of 77% of Salary and Fringe Benefits.

Several capital projects were completed during 2011 with the related construction in process costs reclassified to land improvements and depreciation expense started at the time the improvements were placed into service.

**Budgetary Highlights**

The District adopts an annual operating budget including capital outlay. Budgeted sales tax revenues were \$9.7 million and actual sales tax revenues were \$10.0 million.

Actual expenditures of \$16.1 million were under budget by \$0.7 million. The difference is primarily due to project expenses being budgeted by MPRD on a cash basis to account for both capitalized costs as well as costs to expense. Also, several MPRD projects included on the budget did not start or progress as much as expected in 2011.

**Capital Assets**

**Table 3  
Capital Assets  
December 31,**

	2011	2010
Land	\$24,585,189	\$23,436,994
Construction in process	16,758,067	9,983,850
Improvements (net of A/D)	37,640,694	35,399,947
Equipment and furniture (net of A/D)	115,443	137,469
	\$79,099,393	\$68,958,260

As of December 31, 2011, the District's capital assets amounted to \$79.1 million, net of accumulated depreciation. Before depreciation, there was an increase during the year of \$13.1 million. The increase results primarily from construction in process and land improvements related to the MPRD projects.

Additional information on the District's capital assets can be found in Note C in the notes to financial statements.

**FINANCIAL STATEMENTS**

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
STATEMENT OF NET ASSETS  
December 31, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and temporary investments	\$ 16,008,197
Receivables	
Sales tax	1,556,300
Interest	25,107
Other	1,550,926
Prepaid expenses	28,396
Unamortized bond issuance costs	309,326
Restricted cash and temporary investments	3,034,948
Capital assets, net of accumulated depreciation	
Land	24,585,189
Construction in process	16,758,067
Site and leasehold improvements	37,640,694
Equipment and furniture	115,443
Total Assets	\$ 101,612,593
<b>LIABILITIES</b>	
Accounts payable	\$ 3,566,742
Accrued expenses	47,491
Accrued interest	93,350
Noncurrent liabilities:	
Due within one year	1,155,000
Due in more than one year	24,811,923
Total Liabilities	29,674,506
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	53,441,796
Restricted for:	
Debt service	2,941,627
Unrestricted	15,554,664
Total Net Assets	\$ 71,938,087

See accompanying notes to financial statements

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2011

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Project planning and development - operations, project expenses and depreciation	\$5,986,201	\$ 466,906	\$ -	\$2,942,698	(\$ 2,576,597)
Interest and fiscal charges	<u>1,104,019</u>	-	-	-	( 1,104,019)
Total governmental activities	<u>\$7,090,220</u>	<u>\$ 466,906</u>	<u>\$ -</u>	<u>\$2,942,698</u>	( 3,680,616)
General revenues					10,008,942
Sales taxes					<u>133,055</u>
Investment earnings					
Total Other Revenues and Transfers					<u>10,141,997</u>
Changes in Net Assets					6,461,381
Net Assets - Beginning					<u>65,476,706</u>
Net Assets - Ending					<u>\$71,938,087</u>

See accompanying notes to financial statements

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2011

	ASSETS		
	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and temporary investments	\$ 16,008,197	\$ -	\$ 16,008,197
Receivables			
Sales tax	1,556,300	-	1,556,300
Interest	25,078	29	25,107
Other	106,734	-	106,734
Prepaid expenditures	28,396	-	28,396
Restricted cash and temporary investments	-	3,034,948	3,034,948
Total Assets	\$ 17,724,705	\$ 3,034,977	\$ 20,759,682

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts payable	\$ 3,566,742	\$ -	\$ 3,566,742
Accrued expenses	28,491	-	28,491
Deferred revenue	8,078	-	8,078
Total Liabilities	3,603,311	-	3,603,311
FUND BALANCES			
Nonspendable			
Prepaid expenditures	28,396	-	28,396
Restricted			
Debt service	-	3,034,977	3,034,977
Unassigned	14,092,998	-	14,092,998
Total Fund Balances	14,121,394	3,034,977	17,156,371
Total Liabilities and Fund Balances	\$ 17,724,705	\$ 3,034,977	\$ 20,759,682

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, 2011

**Total Fund Balances - Governmental Funds** **\$ 17,156,371**

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

Some other receivables will be collected this year, but they are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the fund statements. 1,444,192

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 \$89,741,430 and the accumulated depreciation is 79,099,393

Compensated absences are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds. ( 19,000)

Some interest receivable will be collected this year, but it is not available soon enough to pay for the current period's expenditures, and therefore is deferred in the fund statements. 8,078

Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. ( 25,795,000)

Interest accrued on bonds has not been reported in the governmental funds but is reported in the statement of net assets. ( 93,350)

Issuance costs and premiums related to bond issuance are recorded as expenditures and other financing sources, respectively, in the governmental funds but are recorded as assets or liabilities and amortized over the life of the bonds in the statement of net assets:

Unamortized bond issuance costs	309,326	
Unamortized bond premium	( 171,923)	
		137,403

**Total Net Assets - Governmental Activities** **\$ 71,938,087**

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2011

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Sales tax	\$ 10,008,942	\$ -	\$ 10,008,942
Investment income	145,871	331	146,202
Contributions and grants	1,498,506	-	1,498,506
Miscellaneous income	466,906	-	466,906
	<u>12,120,225</u>	<u>331</u>	<u>12,120,556</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current			
Salaries and fringe benefits	292,414	-	292,414
Contractual and professional services	416,392	-	416,392
Office and support	148,745	-	148,745
Space and occupancy	94,634	-	94,634
Capital Outlay			
Project expenses in process	2,065,859	-	2,065,859
Project expenses for completed projects	13,113,290	-	13,113,290
Debt Service			
Principal retirements	-	1,115,000	1,115,000
Interest and fiscal charges	-	1,118,413	1,118,413
	<u>16,131,334</u>	<u>2,233,413</u>	<u>18,364,747</u>
Total Expenditures			
Expenditures in Excess of Revenues	( 4,011,109)	( 2,233,082)	( 6,244,191)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	( 2,253,171)	2,253,171	-
Net Change in Fund Balance	( 6,264,280)	20,089	( 6,244,191)
FUND BALANCE, Beginning of year	<u>20,385,674</u>	<u>3,014,888</u>	<u>23,400,562</u>
FUND BALANCE, End of year	<u>\$ 14,121,394</u>	<u>\$ 3,034,977</u>	<u>\$ 17,156,371</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 -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2011

**Net Changes in Fund Balances - Total Governmental Funds** (\$ 6,244,191)

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

Some contribution and grant revenue will not be collected for several months after the District's fiscal year ends and thereafter, it is not considered as available resources in the governmental funds, but is recorded as revenue in the statement of activities. 1,444,192

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the difference between depreciation expense of \$2,972,157 and expenditures for capital outlay of \$13,113,290 for 2011. 10,141,133

Some interest income will not be collected for several months after the District's fiscal year ends and thereafter, it is not considered as available resources in the governmental funds, but is recorded as revenue in the statement of activities. ( 13,147)

In the statement of activities compensated absences are measured by the amounts earned during the year. In governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). 4,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 23,659

The governmental funds report debt (e.g. bond) proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in treatment of debt and related items are as follows:

Repayment of bonds	1,115,000	
Amortization of bond premium	11,092	
Amortization of bond issuance costs	( 20,357)	
		<u>1,105,735</u>

**Change in Net Assets of Governmental Activities** \$ 6,461,381

See accompanying notes to financial statements



Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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 in St. Louis City, St. Louis County, and St. Charles County, Missouri. The District is a corporate and political subdivision 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 development, operation, and maintenance of its public systems.

The District is governed by 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.

In accordance with section 67.1754 RSMo, the District's administrative expenses are limited to fifteen percent of the sales tax revenue collected. The District is in compliance with this State statute.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Significant accounting policies established in GAAP and used by the District are discussed below.

**Reporting Entity**

Generally accepted accounting principles require the financial reporting entity to include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards have been considered and there are no other agencies or entities which should be presented with the District.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

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

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the reporting unit as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The District has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program of the District's governmental activities. District expenses are those associated and clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as other revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the other revenues of the District.

**Fund Financial Statements**

The fund financial statements are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. The District segregates transactions related to certain functions or activities into separate funds in order to aid in financial management and to demonstrate legal compliance. The focus is on major funds. Each major fund is presented in a separate column while non-major funds are aggregated and presented in a single column. All of the District's funds are considered to be major funds.

The major funds of the District are described below:

**Governmental Funds**

**General Fund**

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

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for the periodic payment of principal, interest, and fiscal charges on general long-term debt.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

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

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District's Debt Service Fund was created through enabling legislation when it was authorized to issue the sales tax appropriation bonds. The only Restricted fund balances are in the Debt Service Fund.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not have any Committed fund balances.

**Assigned** – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating their responsibility to the Executive Director through the budgetary process. The District does not have any Assigned fund balances.

**Unassigned** – This classification includes residual fund balance for the General Fund as well as negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

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

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

***Measurement Focus***

The government-wide financial statements are prepared using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net assets, financial position, and cash flows. All assets and liabilities, whether current or noncurrent, are reported.

The fund financial statements are prepared using the current financial resources measurement focus. Only current financial assets and liabilities are generally included in the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

***Basis of Accounting***

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end, except for expenditure-driven grants for which the availability period is one year. Sales taxes, interest, and certain grants are susceptible to accrual. Miscellaneous revenue items, which are not susceptible to accrual, are recognized as revenues only as they are received in cash. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are reported when due.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

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

**Restricted Cash and Investments**

Restricted cash and temporary investments represent amounts whose use is limited by legal requirements and consist of amounts restricted for the future repayment of bond principal and interest.

**Compensated Absences**

Employees earn vacation during the year which may accumulate to a maximum of ten days. Accrued vacation is payable to employees upon termination. A liability for accrued vacation is recorded in the government-wide statements. Sick leave benefits for all employees do not vest and, accordingly, 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, 2011, no contributed services were recorded.

**Capital Assets and Depreciation**

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on assets is provided on the straight-line basis over the following estimated useful lives:

Site and leasehold improvements	5 – 15 years
Equipment and furniture	3 – 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Project Expenses**

Project expenses include certain salaries, benefits, and office and supporting expenses identifiable with the development of a specific project. Project expenses also include expenses incurred for marketing and maintenance of the District's trails and parks.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

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

**Long-Term Liabilities**

All long-term obligations to be repaid from governmental activities are reported as liabilities in the government-wide financial statements. Long-term obligations consist of sales tax appropriation bonds.

Long-term liabilities are not due and are not payable in the current period and therefore are not reported as liabilities in the governmental fund financial statements.

**Net Assets**

In the government-wide financial statements, net assets are reported in three components -- invested in capital assets net of related debt, restricted, and unrestricted. Invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balance of any bonds or notes issued to acquire, construct, or improve those assets. Net assets are reported as restricted when there are limitations imposed on their use either by the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net assets are net assets that do not meet the definition of either of the first two categories of net assets. The District first utilizes restricted resources to finance qualifying activities.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balances are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Revenues**

The District is funded by a one-tenth of one cent sales tax on all retail sales subject to taxation. 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. Sales taxes received by the District in January and February which represent tax on retail sales for November and December have been accrued and reported as sales tax receivable.

Grants are recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied. Grants received before the eligibility requirements are met are reported as deferred revenue.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
*(Continued)*

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

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables within the governmental activities are eliminated in the Statement of Net Assets.

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through August 14, 2012, the date the financial statements were available to be issued.

B. **CASH AND TEMPORARY INVESTMENTS**

The cash deposits and temporary investments are summarized and presented in the financial statements as follows as of December 31, 2011:

Carrying amount of deposits	\$ 3,940,310
Investments	<u>15,102,835</u>
	<u>\$19,043,145</u>
Cash and temporary investments	\$16,008,197
Restricted cash and temporary investments	<u>3,034,948</u>
	<u>\$19,043,145</u>

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

**B. CASH AND TEMPORARY INVESTMENTS (Continued)**

**Deposits**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2011, the carrying amount of the deposits under District control was \$3,940,310 and the bank balance was \$4,535,276. All District deposits were covered by federal depository insurance or collateralized with securities held by the District or by its agent in the name of the District.

**Investments**

All investment decisions of the District are recommended by the District's Investment Officers and made in accordance with the Investment Policy adopted July 24, 2007. The primary objectives of the Investment Policy, in priority order, are safety, liquidity, and yield. In addition to collateralized deposits, the District is authorized to invest in U.S. Treasury and agency securities, repurchase agreements, bankers' acceptances, and commercial paper. The investment policy requires that securities underlying repurchase agreements be limited to U.S. Treasury and agency securities.

The District had the following investments and maturities at December 31, 2011:

Type	Fair Value	<u>Investment Maturities</u>	
		<u>0 to 1 year</u>	<u>1 to 4 years</u>
U.S. Government and agency securities	\$10,008,572	\$1,005,325	\$9,003,247
Repurchase agreements	3,094,620	3,094,620	-
Money market equivalents	<u>1,999,643</u>	<u>1,999,643</u>	<u>-</u>
	<u>\$15,102,835</u>	<u>\$6,099,588</u>	<u>\$9,003,247</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments must mature and become payable within five years from the date of purchase. Also, the District's investment policy requires that the weighted average maturity of all investments not exceed three years.



Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

**B. CASH AND TEMPORARY INVESTMENTS (Continued)**

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in U.S. government agency securities were rated AAA by Moody's Investors Service and Standard and Poor's, Inc. The District's other investments were not rated by a nationally recognized statistical rating agency.

**Concentration of Credit Risk**

As a means of limiting its exposure to losses arising from concentration of investments, the District's investment policy mandates that the portfolio not have a concentration of assets in a specific maturity, specific issuer, or specific class of securities. At a minimum, diversification standards by security type and issuer are established as follows: (a) U.S. treasuries and securities guaranteed by the U.S. government – 100%; (b) collateralized time and demand deposits – 100%; (c) U.S. Government agencies, and government sponsored enterprises, with no more than 40% of total agency holdings to be in the securities of any one issuer – 75%; (d) collateralized repurchase agreements – 50%; (e) U.S. Government agency callable securities – 30%; (f) bankers' acceptances, with no more than 5% of the total market value of the portfolio invested in bankers' acceptances issued by any one commercial bank – 20%; and (g) commercial paper – 5%.

Investments in any one issuer representing 5% or more of the total investments (excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage</u>
Federal Home Loan Mortgage Corporation	U.S. agency security	40%
Federal Home Loan Bank	U.S. agency security	27%
Commerce Bank	Repurchase Agreement	20%
Bank of America	Money Market	13%

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. At December 31, 2011, the District's investment in U.S. government agency securities of \$10,008,572 was held by the investment's counterparty in the District's name.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

**C. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the period ended December 31, 2011:

	Balance, January 1, 2011	Additions	Deductions	Balance, December 31, 2011
<b><u>Governmental Activities</u></b>				
Capital Asset Not Being Depreciated				
Land	\$23,436,994	\$ 1,148,195	\$ -	\$24,585,189
Construction in process	<u>9,983,850</u>	<u>10,986,875</u>	( 4,212,658)	<u>16,758,067</u>
Total Capital Assets Not Being Depreciated	<u>33,420,844</u>	<u>12,135,070</u>	( 4,212,658)	<u>41,343,256</u>
Capital Assets Being Depreciated				
Site and leasehold improvements	42,942,226	5,185,304	-	48,127,530
Equipment and furniture	<u>265,070</u>	<u>5,574</u>	-	<u>270,644</u>
Total Capital Assets Being Depreciated	<u>43,207,296</u>	<u>5,190,878</u>	-	<u>48,398,174</u>
Less accumulated depreciation for:				
Site and leasehold improvements	( 7,542,279)	( 2,944,557)	-	( 10,486,836)
Equipment and furniture	( <u>127,601</u> )	( <u>27,600</u> )	-	( <u>155,201</u> )
Total Accumulated Depreciation	( <u>7,669,880</u> )	( <u>2,972,157</u> )	-	( <u>10,642,037</u> )
Capital assets, net	<u>\$68,958,260</u>	<u>\$14,353,791</u>	( <u>\$4,212,658</u> )	<u>\$79,099,393</u>

**D. LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

Description and Purpose	Balance January 1, 2011	Issued	Retired	Balance December 31, 2011	Due Within One Year
	Sales tax appropriation bonds			\$26,910,000	\$ -
Bond premium	<u>183,015</u>	-	11,092	<u>171,923</u>	-
	<u>\$27,093,015</u>	\$ -	\$1,126,092	<u>\$25,966,923</u>	<u>\$1,155,000</u>

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

**D. LONG-TERM DEBT (Continued)**

On June 1, 2007, the District issued \$30,000,000 in sales tax appropriation bonds; \$23,760,000 were issued as serial bonds, and \$6,240,000 were issued as term bonds. The serial bonds carry interest rates of 3.5% and 5.0% and are due in varying installments through 2024. The term bonds carry an interest rate of 4.25% and are due in 2027. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates. The bonds were issued to finance certain capital improvement projects of the District. Principal and interest on the sales tax appropriation bonds will be paid from the annual appropriation of sales tax revenues by the Debt Service Fund.

The annual requirements to amortize the sales tax appropriation bonds as of December 31, 2011, including interest payments, are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$ 1,155,000	\$1,075,900	\$ 2,230,900
2013	1,200,000	1,033,938	2,233,938
2014	1,245,000	987,288	2,232,288
2015	1,305,000	936,288	2,241,288
2016	1,370,000	875,938	2,245,938
2017-2021	7,745,000	3,435,733	11,180,733
2022-2026	9,605,000	1,521,213	11,126,213
2027	<u>2,170,000</u>	<u>46,112</u>	<u>2,216,112</u>
Total	<u>\$25,795,000</u>	<u>\$9,912,410</u>	<u>\$35,707,410</u>

**E. RETIREMENT PLAN**

The District has a deferred compensation plan and a 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 the employees' 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 the employee pre-tax contributions to the deferred compensation plan up to 5% of compensation. Pension expense for 2011 was \$27,043.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

**F. LEASE COMMITMENTS**

The District leases its office space under a noncancelable operating lease that expires in April 2020. At December 31, 2011, the future minimum rental payments under this lease are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2012	\$ 87,408
2013	88,248
2014	88,248
2015	93,296
2016	95,820
2017-2020	<u>329,480</u>
	<u>\$782,500</u>

Rent expense was \$85,995 for the year ended December 31, 2011.

**G. TRANSFERS**

The District transferred \$2,253,171 from the General Fund to the Debt Service Fund for the payment of principal and interest on the sales tax appropriation bonds.

**H. RISK MANAGEMENT**

The District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. To mitigate these risks, 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.

**I. COMMITMENTS AND CONTINGENCIES**

**Litigation**

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, the potential loss on all claims and lawsuits will not be significant to the District's financial statements taken as a whole.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011  
(Continued)

I. **COMMITMENTS AND CONTINGENCIES** (Continued)

**Construction**

The District currently has construction contracts for the development of interconnecting trails and parks throughout the counties comprising the District. The remaining commitment to complete those contracts was \$14,964,327 at December 31, 2011.

**Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2011.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL -  
GENERAL FUND - UNAUDITED  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Sales tax	\$ 9,700,000	\$ 9,700,000	\$10,008,942	\$ -	\$ 308,942
Investment income	150,000	150,000	145,871	-	( 4,129)
Contributions and grants	-	-	1,498,506	-	1,498,506
Miscellaneous income	450,000	450,000	466,906	-	16,906
<b>Total Revenues</b>	<u>10,300,000</u>	<u>10,300,000</u>	<u>12,120,225</u>	<u>-</u>	<u>1,820,225</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Salaries and fringe benefits	364,254	364,254	292,414	-	71,840
Contractual and professional services	408,120	437,363	416,392	( 29,243)	20,971
Office and support	158,500	158,500	148,745	-	9,755
Space and occupancy	93,720	93,720	94,634	-	( 914)
	1,024,594	1,053,837	952,185	( 29,243)	101,652
<b>Project expenses</b>	<u>14,839,700</u>	<u>15,767,335</u>	<u>15,179,149</u>	<u>( 927,635)</u>	<u>588,186</u>
<b>Total Expenditures</b>	<u>15,864,294</u>	<u>16,821,172</u>	<u>16,131,334</u>	<u>( 956,878)</u>	<u>689,838</u>
Expenditures in Excess of Revenues	( 5,564,294)	( 6,521,172)	( 4,011,109)	( 956,878)	2,510,063
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	-	-	( 2,253,171)	-	( 2,253,171)
<b>Net Change in   Fund Balance</b>	<u>(\$ 5,564,294)</u>	<u>(\$ 6,521,172)</u>	<u>( 6,264,280)</u>	<u>(\$956,878)</u>	<u>\$ 256,892</u>
<b>FUND BALANCE, Beginning of year</b>			<u>20,385,674</u>		
<b>FUND BALANCE, End of year</b>			<u>\$14,121,394</u>		

See accompanying notes to financial statements

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2011

**A. 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 November 15<sup>th</sup> for the next fiscal year. The annual budget shall contain an operating and capital budget outlining revenues and expenditures for current operations and for approved capital projects. The Board shall approve the annual budget with or without modification no later than December 15<sup>th</sup>.



**ADDITIONAL  
SUPPLEMENTARY  
INFORMATION**

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SCHEDULE OF EXPENDITURES - GENERAL FUND  
For the Year Ended December 31, 2011

OPERATIONS

Salaries and Fringe Benefits

Salaries	\$ 225,060
Payroll taxes	30,126
Fringe benefits	<u>37,228</u>

Total Salaries and Fringe Benefits \$ 292,414

Contractual and Professional Services

Accounting and auditing fees	\$ 72,342
Legal fees	36,818
Professional fees	<u>307,232</u>

Total Contractual and Professional Services \$ 416,392

Office and Support

Advertising	\$ 3,288
Auto expenses	6,000
Dues and subscriptions	7,914
Equipment rental	21,304
Insurance	19,292
Maintenance	21,453
Miscellaneous	1,198
Postage and shipping	5,830
Printing	9,777
Supplies	30,877
Telephone	18,351
Travel and parking fees	<u>3,461</u>

Total Office and Support \$ 148,745

Space and Occupancy

Rent	\$ 85,995
Maintenance and cleaning	<u>8,639</u>

Total Space and Occupancy \$ 94,634

See accompanying notes to financial statements

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SCHEDULE OF EXPENDITURES - GENERAL FUND  
For the Year Ended December 31, 2011  
(Continued)

OPERATIONS

Project

Boschert Greenway	\$ 992,252
Busch Greenway	138,566
Centennial Greenway	2,259,877
Chouteau Greenway	51,220
Confluence Greenway	608,120
Dardenne Greenway	851,135
Gravois Creek Greenway	167,958
Maline Greenway	82,412
Meramec Greenway	1,460,550
Mississippi Greenway	3,744,805
Missouri River Greenway	575,908
River Des Peres Greenway	1,070,023
Shady Creek Greenway	243,666
St. Vincent Greenway	998,952
Sunset Greenway	50,778
Western Greenway	164,907
Collaborative planning	1,683,843
Other	<u>34,177</u>
Total Project	<u>\$ 15,179,149</u>

**METROPOLITAN PARK AND RECREATION DISTRICT  
D/B/A THE GREAT RIVERS GREENWAY DISTRICT**

**OMB CIRCULAR A-133  
SINGLE AUDIT REPORTS  
DECEMBER 31, 2011**

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") as of and for the year ended December 31, 2011 and have issued our report thereon dated August 14, 2012. 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.

**Internal Control over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the District in a separate letter dated August 14, 2012.

This report is intended for the information of the Board of Directors, management, others within the entity, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



St. Louis, Missouri  
August 14, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**Compliance**

We have audited the compliance of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

**Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District as of and for the year ended June 30, 2011, and have issued our report thereon dated June 21, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information of the Board of Directors, management, others within the entity, and the federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.



St. Louis, Missouri

August 14, 2012

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of the Interior – National Park Service			
Great Rivers Greenway Pedestrian Bridge Project	15.XXX	GA6520-M001	\$ <u>222,077</u>
Total U.S. Department of the Interior – National Park Service			<u>222,077</u>
U.S. Department of Transportation			
Passed-through Missouri Department of Transportation			
		STP-7303(601)	6,352
		DP-4999(604)	<u>1,994,227</u>
Highway Planning and Construction	20.205		<u>2,000,579</u> *
Total U.S. Department of Transportation			<u>2,000,579</u>
Total Expenditures of Federal Awards			<u><u>\$2,222,656</u></u>

\* Major Program

See accompanying notes to schedule of expenditures of federal awards

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2011

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liabilities are incurred. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures for federal programs are recognized using the accrual basis of accounting and the cost accounting principles contained in the OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

**C. CFDA Number**

Included in the accompanying schedule of expenditures of federal awards is a grant provided by the United States Department of the Interior through the Office of the National Park Service. As of the date of this report, the Great Rivers Greenway Pedestrian Bridge Project grant has yet to be issued a Catalog of Federal Domestic Assistance ("CFDA") number.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011

(1) Summary of Auditors' Results

- (1) The type of report issued on the financial statements: **unqualified opinion.**
- (2) Significant deficiencies in internal control were disclosed by the audit of the Financial Statements: **no.** Material weaknesses: **no.**
- (3) Noncompliance which is material to the financial statements: **no.**
- (4) Significant deficiencies in internal control over major programs: **no**  
Material weaknesses: **no.**
- (5) The type of report issued on compliance for major programs: **unqualified opinion.**
- (6) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **no.**
- (7) Major programs: **Highway Planning and Construction, #20.205**
- (8) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- (9) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **no.**

(2) There were **no** findings relating to the financial statements reported in accordance with *Government Auditing Standards* in the United States of America.

(3) There were **no** findings and questioned costs related to federal funding.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2011

NONE



August 14, 2012

Board of Directors  
Metropolitan Parks and Recreation District  
d/b/a Great Rivers Greenway District  
6174 Delmar Blvd #2  
Saint Louis, MO 63112

It is our practice to submit comments to management on accounting procedures and other matters that come to our attention in conjunction with performing audit procedures. The following points reflect suggestions for growth. The suggestions are based on observations made during our audit of your financial statements as of December 31, 2011. The following comments are not the result of a special study and are incidental to our audit. The following points have been discussed with the staff at Metropolitan Parks and Recreation District d/b/a Great Rivers Greenway District (the "District") and the suggestions may be at various stages of implementation.

In planning and performing our audit of the financial statements of the District as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **CURRENT YEAR COMMENTS**

### **PERSONNEL FILES**

#### ***Observation***

While conducting our audit, we noted that the personnel files we selected for testing in some instances did not include a completed Form I-9 for each employee currently on staff at the District.

#### ***Recommendation***

Have each employee complete a Form I-9 and implement a checklist that must be completed upon the hiring of each new employee that includes the required documentation for each employee's personnel file. Ensure compliance with Federal law by including a Document Retention and Destruction policy with the required retention period of the specific payroll forms. The Form I-9 should be retained for the duration of an employee's tenure and for three years following termination. The personnel files contained most of the following information that should be generally included in each file:

- Employment history, including hire date
- Address of next of kin and emergency contact notification information
- Authorized salary data and withholding/adjustment authorization
- Employment contracts
- Authorized and current payroll deductions (if applicable)
- Current federal and state withholding tax forms
- Vacation data (if applicable)
- Sick leave data (if applicable)
- Reference checks and responses
- Management authorization of all personnel changes
- Form I-9

#### ***Status***

Management obtained the required Form I-9's for each employee on staff prior to the end of fieldwork.

**COMMENTS FROM PRIOR YEAR**

**SUBMIT REIMBURSEMENT REQUESTS ON A QUARTERLY BASIS**

***Observation***

Certain District projects are funded, in part, by Federal cost-reimbursement grants. The grants allow the District to request reimbursement on a periodic basis as qualifying grant expenditures are incurred. Currently, requests for reimbursement are submitted on an irregular and infrequent basis. As a result, other District funds must be used to finance the project until Federal funds are received.

***Recommendation***

The prior auditors recommended the District submit requests for reimbursement on a monthly or quarterly basis. More timely submission of reimbursement requests will free up District resources for other projects or allow District resources to be invested earning more income for the District.

***Status***

The District continues to analyze expenditures regularly, and is making efforts to submit requests for reimbursement on a monthly or quarterly basis. There were discrepancies to be researched regarding reimbursement requests and the timing of when the expenditure was incurred. We continue to recommend the District prepare quarterly expense reimbursements and reconcile the expenditures with the Federal grants.

\*\*\*\*\*

This report is not based upon a complete survey of all phases of operating and management controls. It does, however, direct attention to certain areas we believe to be especially worthy of management consideration, which came to our attention during our audit of the December 31, 2011 financial statements.

Sincerely,

  
SCHMERSAHL TRELOAR & CO., PC  
Certified Public Accountants