

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

REPORT TO THE BOARD OF DIRECTORS

December 31, 2009

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

December 31, 2009

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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 respective 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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2010 on our consideration of the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District's internal control over financial reporting and on 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 compliance. That report is an integral part of an audit performed in accordance with *Government 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 5 through 10 and 31 and 32 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 statement 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 inquires 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 - all funds on pages 34 and 35 is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures - all funds is the responsibility of management and was derived from and relate 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.

Kerben Eck & Brantel LLP

St. Louis, Missouri
June 8, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009**

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, 2009 (FY09). 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 financial facts for 2009 are as follows:

- The District's net assets of \$61.3 million increased by \$5 million or 9%.
- The net assets invested in capital assets, net of related debt, increased to \$33.4 million or an increase of \$5.5 million or 20%. The increase is a result of the 2009 capital projects.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$28.0 million, a decrease of \$500,000 in comparison with the prior year. The unreserved fund balance is \$24.9 million 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 with the Statement of Net Assets
- 5) Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- 6) Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with 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. 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'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009**

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 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 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 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'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009**

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 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 2009 compared to 2008.

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

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 29,423,603	\$ 30,623,636
Capital assets	<u>61,205,770</u>	<u>56,728,314</u>
Total assets	<u>\$ 90,629,373</u>	<u>\$ 87,351,950</u>
Current and other liabilities	\$ 1,140,396	\$ 1,831,085
Noncurrent liabilities	<u>28,174,106</u>	<u>29,204,803</u>
Total liabilities	29,314,502	31,035,888
Net assets		
Invested in capital assets, net of related debt	33,381,706	27,881,056
Restricted	3,083,063	3,058,408
Unrestricted	<u>24,850,102</u>	<u>25,376,598</u>
Total net assets	<u>61,314,871</u>	<u>56,316,062</u>
Total liabilities and net assets	<u>\$ 90,629,373</u>	<u>\$ 87,351,950</u>

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

Current assets decreased \$1.2 million from last year primarily due the use of funds for capital projects during 2009.

Capital assets increased primarily as a result of net capital outlay for MPRD projects of \$4.5 million.

Overall, total assets increased \$3.3 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009

Overall, total liabilities decreased \$1.7 million due to principal retirements and lower accounts payable at year end compared to prior year.

Table 2 shows the changes in net assets for the year ended December 31, 2009 as compared to the year ended December 31, 2008.

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

	<u>2009</u>	<u>2008</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 463,935	\$ 481,226	-3.6%
Capital grants and contributions	606,523	939,226	-35.4%
General revenues			
Sales taxes	9,637,637	10,389,563	-7.2%
Investment earnings	<u>255,027</u>	<u>987,111</u>	-74.2%
Total revenues	<u>10,963,122</u>	<u>12,797,126</u>	-14.3%
Expenses			
Project planning and development			
Operations			
Salary and fringe benefits	318,757	351,157	9.2%
Contractual and professional services	470,563	446,475	5.4%
Office and support	192,292	161,370	19.2%
Space and occupancy	69,509	77,380	-10.1%
Depreciation	2,453,312	1,370,648	79.0%
Project expenses	1,259,395	3,870,056	-67.6%
Interest and fiscal charges	<u>1,200,485</u>	<u>1,256,331</u>	-4.4%
Total expenses	<u>5,964,313</u>	<u>7,533,417</u>	-20.8%
Increase in net assets	<u>\$ 4,998,809</u>	<u>\$ 5,263,709</u>	-5.0%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009**

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.

The current year MPRD projects include; Confluence Greenway, Dardenne Greenway, Meramec Greenway, River Des Peres Greenway, Shady Creek Greenway, Gravois Greenway, Centennial Greenway, Missouri River Greenway, Sunset Greenway, Busch Greenway, Mississippi Greenway, St. Vincent Greenway and Boschert 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.

Contractual and professional services include accounting fees, legal fees, and various consulting fees which increased in 2009 due to additional consulting fees related to projects.

Salaries comprise 81% of salary and fringe benefits.

Several capital projects were completed during 2009 with the related construction in progress 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 \$10.3 million and actual sales tax revenues were \$9.6 million. Contributions and grants were more than budgeted due to additional grant funds earned during 2009 than expected.

Actual expenditures of \$9.2 million were under budget by \$7.5 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 2009.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2009

Capital Assets

**Table 3
Capital Assets
December 31,**

	<u>2009</u>	<u>2008</u>
Land	\$ 21,662,691	\$ 21,407,202
Construction in process	7,159,621	4,450,349
Improvements	32,346,585	30,833,890
Equipment and furniture	<u>36,873</u>	<u>36,873</u>
	<u>\$ 61,205,770</u>	<u>\$ 56,728,314</u>

As of December 31, 2009, the District's investment in capital assets amounted to \$61.2 million, net of accumulated depreciation. After depreciation, there was an increase during the year of \$4.5 million. The increase results primarily from construction in progress and land improvements related to the MPRD projects.

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

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

**STATEMENT OF NET ASSETS
December 31, 2009**

	Governmental activities
ASSETS	
Cash and temporary investments	\$ 23,799,635
Receivables	
Sales tax	1,609,985
Interest	98,299
Other	358,893
Prepaid expenses	26,870
Unamortized bond issuance costs	350,042
Restricted cash and temporary investments	3,179,879
Capital assets, net of accumulated depreciation	
Land	21,662,691
Construction in process	7,159,621
Site and leasehold improvements	32,346,585
Equipment and furniture	36,873
	<u>90,629,373</u>
TOTAL ASSETS	\$ 90,629,373
LIABILITIES	
Accounts payable	\$ 985,630
Accrued expenses	57,923
Accrued interest	96,843
Noncurrent liabilities:	
Due within one year	1,070,000
Due in more than one year	27,104,106
Total liabilities	<u>29,314,502</u>
NET ASSETS	
Investment in capital assets, net of related debt	33,381,706
Restricted for debt service	3,083,063
Unrestricted	24,850,102
Total net assets	<u>61,314,871</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 90,629,373

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF ACTIVITIES

Year ended December 31, 2009

Function/Program	Expenses	Program revenues		Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	
				Total governmental activities
Governmental activities				
Project planning and development - operations, project expenses and depreciation	\$ 4,763,828	\$ 463,935	\$ -	\$ (3,693,370)
Interest and fiscal charges	1,200,485	-	-	(1,200,485)
Total governmental activities	\$ 5,964,313	\$ 463,935	\$ -	(4,893,855)
General revenues				
Sales taxes				9,637,637
Investment earnings				255,027
Total general revenues				9,892,664
Change in net assets				4,998,809
Net assets at January 1, 2009				56,316,062
Net assets at December 31, 2009				\$ 61,314,871

The accompanying notes are an integral part of this financial statement.

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

BALANCE SHEETS - GOVERNMENTAL FUNDS
December 31, 2009

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and temporary investments	\$ 23,799,635	\$ -	\$ 23,799,635
Receivables			
Sales tax	1,609,985	-	1,609,985
Interest	98,272	27	98,299
Other	358,893	-	358,893
Prepaid expenditures	26,870	-	26,870
Restricted cash and temporary investments	-	3,179,879	3,179,879
	<u>\$ 25,893,655</u>	<u>\$ 3,179,906</u>	<u>\$ 29,073,561</u>
LIABILITIES			
Accounts payable	\$ 985,630	\$ -	\$ 985,630
Accrued expenses	25,923	-	25,923
Deferred revenue	42,173	-	42,173
Total liabilities	1,053,726	-	1,053,726
FUND BALANCES			
Reserved for:			
Prepaid expenditures	26,870	-	26,870
Debt service	-	3,179,906	3,179,906
Unreserved	24,813,059	-	24,813,059
Total fund balances	24,839,929	3,179,906	28,019,835
	<u>\$ 25,893,655</u>	<u>\$ 3,179,906</u>	<u>\$ 29,073,561</u>
Total liabilities and fund balances	\$ 25,893,655	\$ 3,179,906	\$ 29,073,561

The accompanying notes are an integral part of this financial statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET ASSETS
December 31, 2009**

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

Total fund balance - governmental funds		\$ 28,019,835
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	66,278,312	
Accumulated depreciation is	<u>(5,072,542)</u>	61,205,770
Compensated absences are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds.		(32,000)
Some interest receivable will be collected this year, but is not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds statements.		42,173
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 bond in the statement of net assets:		
Unamortized bond issuance costs	350,042	
Unamortized bond premium	<u>(194,106)</u>	155,936
Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(27,980,000)
Interest accrued on bonds has not been reported in the governmental funds but is reported in the statement of net assets.		<u>(96,843)</u>
		<u>\$ 61,314,871</u>
Total net assets - governmental activities		

The accompanying notes are an integral part of this financial statement.

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
Year ended December 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Sales tax	\$ 9,637,637	\$ -	\$ 9,637,637
Investment income	279,665	1,453	281,118
Contributions and grants	606,523	-	606,523
Miscellaneous income	463,935	-	463,935
Total revenues	<u>10,987,760</u>	<u>1,453</u>	<u>10,989,213</u>
Expenditures			
Current			
Salaries and fringe benefits	321,757	-	321,757
Contractual and professional services	470,563	-	470,563
Office and support	192,292	-	192,292
Space and occupancy	69,509	-	69,509
Project expenses	1,259,395	-	1,259,395
Capital outlay			
Project	6,930,767	-	6,930,767
Debt service			
Principal retirements	-	1,030,000	1,030,000
Interest and fiscal charges	-	1,198,896	1,198,896
Total expenditures	<u>9,244,283</u>	<u>2,228,896</u>	<u>11,473,179</u>
Excess of revenues under expenditures	1,743,477	(2,227,443)	(483,966)
Other financing sources (uses)			
Transfers	(2,246,882)	2,246,882	-
NET CHANGE IN FUND BALANCE	(503,405)	19,439	(483,966)
Fund balance at January 1, 2009	<u>25,343,334</u>	<u>3,160,467</u>	<u>28,503,801</u>
Fund balance at December 31, 2009	<u><u>\$ 24,839,929</u></u>	<u><u>\$ 3,179,906</u></u>	<u><u>\$ 28,019,835</u></u>

The accompanying notes are an integral part of this financial statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE STATEMENT OF ACTIVITIES**

Year ended December 31, 2009

Total net change in fund balances - governmental funds **\$ (483,966)**

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 amount by which capital outlay exceeds depreciation in the period.

Capital outlay	6,930,767	
Depreciation expense	<u>(2,453,312)</u>	4,477,455

Because some interest income will not be collected for several months after the District's fiscal year ends, it is not considered as available revenues in the governmental funds, and is instead recorded as revenue in the statement of activities. (26,091)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). 3,000

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 the treatment of debt and related items are as follows:

Repayment of bonds	1,030,000	
Amortization of bond premium	697	
Amortization of bond issuance costs	<u>(7,502)</u>	1,023,195

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. 5,216

Change in net assets of governmental activities **\$ 4,998,809**

The accompanying notes are an integral part of this financial statement.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the 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'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. The more significant accounting policies established in GAAP and used by the District are discussed below.

1. Reporting Entity

Generally accepted accounting principles require that 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 their 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 GASB Statement No. 14, as amended by No. 39, 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, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - Continued

2. Basis of Presentation

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 generally 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. Direct expenses are those associated and clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the recipient 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 providing 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.

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

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - Continued

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.

3. 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.

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

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES – Continued

3. Measurement Focus and Basis of Accounting - Continued

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.

4. Restricted Cash and Investments

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

5. 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. A liability for accrued vacation is recorded in the government-wide statements. Sick leave benefits for all employees do not vest and, accordingly, they are recorded as expenditures when paid.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES – Continued

6. 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, 2009, no contributed services were recorded.

7. 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 leashold 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.

8. 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, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES – Continued

9. 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 consists 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

10. 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 balances 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 through 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.

11. 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, 2009**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES – Continued

12. 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.

13. 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND TEMPORARY INVESTMENTS

The cash deposits and investments are summarized and presented in the financial statements as follows as of December 31, 2009:

Carrying amount of deposits	\$ 9,989,940
Investments	16,989,574
	<u>\$ 26,979,514</u>
Cash and temporary investments	\$ 23,799,635
Restricted cash and temporary investments	3,179,879
	<u>\$ 26,979,514</u>

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2009, the carrying amount of the deposits under District control was \$9,989,940 and the bank balance was \$10,500,000. 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.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE B – CASH AND TEMPORARY INVESTMENTS - Continued

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, 2009:

Type	Fair Value	Investment Maturities	
		0 to 1 year	1 to 3 years
U.S. Government and agency securities	\$ 8,059,664	\$ 1,007,500	\$ 7,052,164
Money market mutual funds	3,179,879	3,179,879	-
Repurchase agreements	5,750,031	5,750,031	-
	<u>\$ 16,989,574</u>	<u>\$ 9,937,410</u>	<u>\$ 7,052,164</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.

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.

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

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE B – CASH AND TEMPORARY INVESTMENTS - Continued

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 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%; (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	9%
Federal Home Loan Bank	U.S. agency security	35%
Commerce Bank	Repurchase agreement	34%

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 an outside party. At December 31, 2009, the District's investment in U.S. government agency securities of \$8,059,664 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, 2009**

NOTE C – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2009:

	Balance at January 1, 2009	Additions and Transfers	Deletions and Transfers	Balance at December 31, 2009
Governmental activities				
Capital assets that are not depreciated				
Land	\$ 21,407,202	\$ 255,489	\$ -	\$ 21,662,691
Construction in progress	4,450,349	5,518,373	(2,809,101)	7,159,621
Capital assets that are depreciated				
Site and leasehold improvements	33,361,074	3,976,739	(23,519)	37,314,294
Equipment and furniture	128,919	12,787	-	141,706
Totals at historical cost	59,347,544	9,763,388	(2,832,620)	66,278,312
Less accumulated depreciation				
Site and leasehold improvements	(2,527,184)	(2,440,525)	-	(4,967,709)
Equipment and furniture	(92,046)	(12,787)	-	(104,833)
Total accumulated depreciation	(2,619,230)	(2,453,312)	-	(5,072,542)
Capital assets, net	\$ 56,728,314	\$ 7,310,076	\$ (2,832,620)	\$ 61,205,770

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	Balance at January 1, 2009	Additions	Reductions	Balance at December 31, 2009	Amounts due within one year
Sales tax appropriation bonds	\$29,010,000	\$ -	\$ 1,030,000	\$ 27,980,000	\$ 1,070,000
Deferred amounts on issuance premium	194,803	-	697	194,106	-
	<u>\$29,204,803</u>	<u>\$ -</u>	<u>\$ 1,030,697</u>	<u>\$ 28,174,106</u>	<u>\$ 1,070,000</u>

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 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% to 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, 2009, including interest payments, are as follows:

Year ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,070,000	\$ 1,162,113	\$ 2,232,113
2011	1,115,000	1,118,413	2,233,413
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
2015-2019	7,120,000	4,075,790	11,195,790
2020-2024	8,835,000	2,334,044	11,169,044
2025-2027	6,240,000	405,450	6,645,450
	<u>\$ 27,980,000</u>	<u>\$ 12,192,936</u>	<u>\$ 40,172,936</u>

NOTE E – RETIREMENT 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 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 employee pre-tax contributions to the deferred compensation plan up to 5% of compensation. Pension expense for 2009 was \$30,613.

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

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE F – LEASE COMMITMENTS

The District leases its office space under a noncancelable operating lease that expires in April, 2010. In October 2009, the District entered into a lease agreement for new office space. The new lease commences in May, 2010 and expires in April, 2020. At December 31, 2009, future minimum rental payments under the leases are as follows:

Year ending December 31,	
2010	\$ 81,710
2011	85,728
2012	87,408
2013	88,248
2014	88,248
2015-2019	484,976
2020	<u>33,620</u>
Total future minimum lease payments	<u>\$ 949,938</u>

Rent expense was \$69,509 for the year ended December 31, 2009.

NOTE G – TRANSFERS

The District transferred \$2,246,882 from the General Fund to the Debt Service Fund for the payment of principal and interest on the sales tax appropriation bonds.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss 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.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 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.

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 approximately \$8,079,244 at December 31, 2009.

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds under these programs generally require compliance with terms and conditions specified in the grant agreements and is 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, 2009.

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
Year ended December 31, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variances - positive (negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to final</u>	<u>Final to actual</u>
Revenues					
Sales tax	\$ 10,349,900	\$ 10,349,900	\$ 9,637,637	\$ -	\$ (712,263)
Investment income	770,000	770,000	279,665	-	(490,335)
Contributions and grants	-	-	606,523	-	606,523
Miscellaneous income	450,000	450,000	463,935	-	13,935
Total revenues	11,569,900	11,569,900	10,987,760	-	(582,140)
Expenditures					
Current					
Salary and fringe benefits	344,796	344,796	321,757	-	23,039
Contractual and professional services	463,100	463,100	470,563	-	(7,463)
Office and support	273,200	273,200	192,292	-	80,908
Space and occupancy	75,500	75,500	69,509	-	5,991
Project expenses	15,616,693	15,696,693	8,190,162	(80,000)	7,426,531
Total expenditures	16,773,289	16,853,289	9,244,283	(80,000)	7,529,006
Excess of revenues over (under) expenditures	(5,203,389)	(5,283,389)	1,743,477	80,000	6,946,866
Other financing uses					
Transfers	-	-	(2,246,882)	-	(2,246,882)
NET CHANGE IN FUND BALANCE	\$ (5,203,389)	\$ (5,283,389)	(503,405)	\$ 80,000	\$ 4,699,984
Fund balance at January 1, 2009			25,343,334		
Fund balance at December 31, 2009			\$ 24,839,929		

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year ended December 31, 2009**

NOTE 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 the November 15 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 the December 15.

ADDITIONAL SUPPLEMENTARY INFORMATION

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

SCHEDULE OF OPERATING EXPENDITURES - ALL FUNDS
Year ended December 31, 2009

Operations

Salaries and fringe benefits

Salaries	\$ 261,596
Payroll taxes	17,732
Fringe benefits	42,429

Total salaries and fringe benefits \$ 321,757

Contractual and professional services

Accounting and auditing fees	\$ 75,795
Legal fees	44,251
Professional fees	350,517

Total contractual and professional services \$ 470,563

Office and support

Advertising	\$ 3,008
Auto expenses	7,200
Conferences and education	756
Dues and subscriptions	3,683
Equipment rental	14,514
Insurance	27,019
Maintenance	27,918
Meeting expense	6,408
Miscellaneous	5,567
Parking fees	11,835
Postage and shipping	4,281
Printing	15,058
Supplies	16,892
Telephone	18,738
Travel	29,415

Total office and support \$ 192,292

Space and occupancy

Rent	\$ 69,509
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Total space and occupancy \$ 69,509

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

**SCHEDULE OF EXPENDITURES - ALL FUNDS - Continued
Year ended December 31, 2009**

Project	
Boschert Greenway	\$ 159,745
Busch Greenway	123,761
Centennial Greenway	509,042
Chouteau Greenway	108,691
Confluence Greenway	934,404
Dardenne Greenway	1,321,258
Gravois Creek Greenway	784,062
Maline Greenway	200,000
Meramec Greenway	547,675
Mississippi Greenway	374,829
Missouri River Greenway	462,162
River Des Peres Greenway	402,319
Shady Creek Greenway	111,923
St. Vincent Greenway	326,161
Sunset Greenway	953,269
Western Greenway	63,729
Collaborative Planning	629,163
Marketing	171,917
Other	6,052
Total project expenditures	<u>\$ 8,190,162</u>



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June 8, 2010

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 the governmental activities and each major fund of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") for the year ended December 31, 2009, and have issued our report thereon dated June 8, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 17, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. In prior years, the District expensed certain professional fees incurred in the development of its trails and parks. As of January 1, 2009, the District began capitalizing such fees in the government-wide financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is depreciation expense. We evaluated the key factors and assumptions used to develop the District's estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Jacksonville, IL • Cape Girardeau, MO • Milwaukee, WI

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes misstatements detected as a result of audit procedures that were corrected by management. The schedule also includes an uncorrected misstatement whose effects management has determined are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 8, 2010, on the financial statements of the District.

This communication is intended solely for the information and use of Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Kerber Eck & Braeckel LLP

St. Louis, Missouri
June 8, 2010

MEMORANDUM OF ADVISORY COMMENTS

Retain Credit Card Receipts

Certain employees and members of management are authorized to make purchases on behalf of the District through use of the District's credit cards. We noted that not all receipts are retained for these purchases. We recommend that all receipts be retained as documentation of credit card purchases and maintained with the credit card statements as support.

Submit Reimbursement Request on a Quarterly Basis

Certain District projects are funded, in part, by Federal cost-reimbursement grants. The grants allow the District to request reimbursement on periodic basis as qualifying grant expenditures are incurred. Currently, request 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.

We recommend the District submit request for reimbursement on a monthly or quarterly basis. More timely submission of reimbursement request will free up District resources for other projects or allow District resources to be invested earning more income for the District.

METROPOLITAN PARK AND RECREATION DISTRICT
DECEMBER 31, 2009

	Fund Financial Statements			Government- Wide Financial Statements
	General Fund	Debt Service Fund	Total	
Change in fund balances and net assets - Unadjusted	\$ (832,285)	\$ 19,439	\$ (812,846)	\$ 4,898,549
Corrected misstatements				
To record TIF funds due City of St. Louis for 2009	(38,760)	-	(38,760)	(38,760)
To decrease accounts payable and expenditures for invoices paid.	49,239	-	49,239	-
To accrue federal grant revenue.	318,401	-	318,401	318,401
To record depreciation for assets placed in service during 2009	-	-	-	(179,381)
Change in fund balances and net assets - Adjusted	<u>\$ (503,405)</u>	<u>\$ 19,439</u>	<u>\$ (483,966)</u>	<u>\$ 4,998,809</u>
Unrecorded prior period adjustment				
To record prior period adjustment for federal grant revenue earned in the prior year but recognized in the current year financial statements.	\$ (483,523)	\$ -	\$ (483,523)	\$ (483,523)

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

**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***

December 31, 2009



Kerber, Eck & Braeckel LLP

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**Independent Auditors' 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 the governmental activities and each major fund 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, 2009 which collectively comprise the District's basic financial statements and have issued our report thereon dated June 8, 2010. We conducted our audits 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

In planning and performing our audits, 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* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

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 did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to District management in a separate letter dated June 8, 2010.

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

This report is intended solely for the information and use of management, Board of Directors, and others within the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Kerber, Eck & Braechel LLP

St. Louis, Missouri
June 8, 2010

SCHEDULE OF FINDINGS AND RESPONSES

Finding 09-01

Condition:

Federal grant revenue was not recognized in the proper accounting period. The District recognized Federal grant revenue on the cash basis of accounting as Federal funds were received rather than on the accrual basis of accounting as the Federal grant revenue was earned.

Criteria:

In accordance with generally accepted accounting principles, revenue for cost reimbursement grants should be recognized on an accrual basis of accounting as qualifying expenditures are incurred and all other eligibility requirements are met.

Cause:

The District does not have a system to identify, in its accounts, all Federal awards expended. As a result, the related grant revenues are not recognized in the proper accounting period as the qualifying expenditures are incurred.

Effect:

Audit adjustments were necessary to recognize Federal grant revenue in the proper accounting period. Also, the Single Audit Reporting Package for 2008 was not submitted to the Federal Audit Clearinghouse on a timely basis; therefore, the District was not in compliance with the reporting requirement of OMB Circular A-133.

Recommendation:

We recommend the District develop a system to identify, in its accounts, all Federal awards expended. We also recommend that related grant revenue be recognized on an accrual basis in accordance with generally accepted accounting policies.

Views of Responsible Officials and Planned Corrective Actions:

Finding 09-01 states that the Great Rivers Greenway District accounts for federal funds on a cash basis. However, the District's accounting records, including federal grant revenues, are accounted for on an accrual basis. The District did not specifically identify a procedure to identify and capture federal expenditures prior to the 2009 audit. A new procedure with additional coding has been added to address this concern. The new procedure will specifically code expenditures that are eligible for federal reimbursement. Furthermore, we believe the changes in the District's accounting procedures will strengthen the internal controls of the District.

**INFORMATION REQUIRED FOR FEDERAL REPORTING
AND
INDEPENDENT AUDITORS' REPORTS**

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

December 31, 2008

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

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**Independent Auditors' 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 the governmental activities and each major fund 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, 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2009. We conducted our audits 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

In planning and performing our audits, 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements, that is more than inconsequential, will not be prevented or detected by the District's internal control. We consider the deficiencies described as item 08-01 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Jacksonville, IL • Cape Girardeau, MO • Milwaukee, WI

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying schedule of findings and management responses is a material weakness.

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 did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to District management in a separate letter dated May 19, 2009.

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

This report is intended solely for the information and use of management, Board of Directors, and others within the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Kerber, Eck & Braedel LLP

St. Louis, Missouri
May 19, 2009



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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance In Accordance With OMB Circular A-133 and on the
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 the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The District's major federal program is 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 its major federal program 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 that 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.

As described in item 08-02 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding timely submission of its Single Audit Reporting Package that is applicable to its Highway Planning and Construction program. Compliance with such requirements is necessary, in our opinion, for the District, to comply with the requirements applicable to the program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and costs as item 08-02 to be a significant deficiency.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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, express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Metropolitan Park and Recreation District, d/b/a The Great Rivers Greenway District as of and for the year ended December 31, 2008, and have issued our report thereon dated May 19, 2009. Our audit was performed with the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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.

This report is intended solely for the information and use of management, the Board of Directors, 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.

Kurtz, Eck & Braeckel LLP

St. Louis, Missouri
June 8, 2010
(except for the Schedule of Expenditures
of Federal Awards, as to which
the date is May 19, 2009)

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2008**

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass- Through Identification Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct			
Economic Development Initiative	14.251		\$ 1,609
U.S. Department of Transportation			
Passed-through Missouri Department of Transportation			
Highway Planning and Construction	20.205	STP - 5602(605)	359,754
Highway Planning and Construction	20.205	STP - 9900(624)	89,426
Highway Planning and Construction	20.205	DP - 5602(603)	483,523
Total U.S. Department of Transportation			932,703
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 934,312

The accompanying notes are an integral part of this financial statement.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2008**

NOTE 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 Nonprofit Organizations*.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2008**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued on financial statements: Unqualified opinion.

Internal control over financial reporting

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered material weaknesses? Yes

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that were not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major programs: Qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes

The programs tested as major programs are:

Highway Planning and Construction CFDA# 20.205

The dollar threshold for distinguishing between type A and B programs: \$300,000.

The District qualifies as a low risk auditee? Yes

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2008**

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding 08-01

Criteria:

The District's general operating procedures state that the District is responsible for preparing its financial statements using fund basis accounting in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board.

Condition:

During our audit, we proposed adjustments to correct misstatements in the District's financial statements. These adjustments included reclassify transactions to the appropriate fund, recording certain year-end accruals and capitalizing certain costs associated with the development of the District's trails and parks.

Effect:

The District's unaudited financial statements were not prepared using fund basis accounting in accordance with generally accepted accounting principles.

Recommendation:

We recommend the District develop the necessary internal controls to ensure its financial statements are prepared using fund basis accounting in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Actions:

The District's records are properly maintained in accordance with GAAP. The proposed entries presented have been posted to the general ledger system. Furthermore, those proposed entries are normal year end close out type entries related to additional accounts payable invoices being received during the audit and mainly "reclass" type entries to move account balances for presenting in the audited financial statements.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2008**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 08-02

Federal Programs: Highway Planning and Construction (20.205)

Federal Agencies: U.S. Department of Transportation

Pass-through Agency: Missouri Department of Transportation

Condition:

The District did not submit its Single Audit Reporting Package to the Federal Audit Clearinghouse within nine months after the District's fiscal year end.

Criteria:

In accordance with OMB Circular A-133, the District must submit its Single Audit Reporting Package to the Federal Audit Clearinghouse within nine months of the District's fiscal year end.

Cause:

In accordance with OMB Circular A-133, nonfederal entities expending 500,000 or more of federal awards in a year must have a single audit. The District does not currently have a system to identify, in its accounts, all Federal awards expended. Consequently, the District was not aware that it expended more than 500,000 of federal awards during the year and that a single audit was required.

Effect:

The District is not in compliance with the reporting requirements of OMB Circular A-133.

Recommendation:

We recommend the District implement a system to identify, in its accounts, all federal awards expended as required by OMB Circular A-133.

Questioned Cost:

None

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2008**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT - Continued**

View of Responsible Officials and Planned Corrective Actions:

The District did not specifically identify a procedure to identify and capture federal expenditures prior to the 2009 audit. A new procedure with additional coding has been added to address this concern. The new procedure will specifically code expenditures that are eligible for federal reimbursement. Furthermore, we believe the changes in the District's accounting procedures will strengthen the internal controls of the District.

D. SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs related to Federal Awards.