

**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, 2012**

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, each major fund, and the aggregate remaining fund information 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District as of December 31, 2012, and the respective change in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 29 and 30 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.

#### *Additional Supplementary Information*

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 basic financial statements. The Schedule of Expenditures – General Fund on pages 31 and 32 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures – General Fund is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013 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.

*Monserah Tellez & Co., PC*

St. Louis, Missouri

June 14, 2013

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
MANAGEMENT DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2012

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, 2012 (FY12). 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 2012 are as follows:

- The District's net position of \$77.9 million increased by \$6.0 million or 8%.
- The net position invested in capital assets, net of related debt, increased to \$66.8 million, an increase of \$13.4 million or 25%. The increase is a result of 2012 capital projects, most notably development costs for completion of portions of the Centennial Greenway, Mississippi Greenway, and St. Vincent Greenway.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$9.3 million, a decrease of \$7.9 million in comparison with the prior year. The decrease reflects expenditures in excess of revenues during 2012 primarily related to capital project expenses and debt service payments. Expenditures during 2012 were slightly less than final budgeted amounts. The unassigned fund balance is \$6.2 million and is available for spending at the District's discretion.

Financial statement reports included are:

1. Statement of Net Position
2. Statement of Activities
3. Balance Sheet – Governmental Funds
4. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
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, 2012  
*(Continued)*

**Government-Wide Financial Statements**

The government-wide Statement of Net Position 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 position and the changes in net position. This change in net position 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, 2012  
(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 Position presents the District as a whole. Table 1 provides a summary of the District's net position for 2012 compared to 2011.

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

	2012	2011
Current and other assets	\$ 14,066,292	\$ 22,513,200
Capital assets	<u>91,337,302</u>	<u>79,099,393</u>
Total Assets	<u>\$105,403,594</u>	<u>\$101,612,593</u>
Current and other liabilities	\$ 3,856,660	\$ 4,862,583
Noncurrent liabilities	<u>23,600,831</u>	<u>24,811,923</u>
Total Liabilities	<u>27,457,491</u>	<u>29,674,506</u>
Net Position		
Invested in capital assets, net of related debt	66,825,439	53,441,796
Restricted	2,968,041	2,941,627
Unrestricted	<u>8,152,623</u>	<u>15,554,664</u>
Total Net Position	<u>77,946,103</u>	<u>71,938,887</u>
Total Liabilities and Net Position	<u>\$105,403,594</u>	<u>\$101,612,593</u>

The increase in total net position is primarily the result of the capital outlay expenditures capitalized in the Statement of Net Position in excess of depreciation expense.

Current assets decreased \$8.4 million from last year primarily due to the use of funds for capital projects during 2012.

Capital assets increased primarily as a result of net capital outlay for MPRD projects of \$12.2 million.

Overall, total assets increased \$3.8 million.

Overall, total liabilities decreased \$2.2 million due to the effect of principal retirements and lower 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, 2012  
(Continued)

Table 2 shows the changes in net position for the year ended December 31, 2012 as compared to the year ended December 31, 2011.

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

	2012	2011	Percentage Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 464,222	\$ 466,906	( 0.6%)
Capital grants and contributions	2,540,627	2,942,698	(13.7%)
General revenues			
Sales taxes	10,237,167	10,008,942	2.3%
Investment earnings	<u>47,873</u>	<u>133,055</u>	(64.0%)
<b>Total Revenues</b>	<b><u>13,289,889</u></b>	<b><u>13,551,601</u></b>	<b>( 1.9%)</b>
<b>Expenses</b>			
Project planning and development			
Operations			
Salary and fringe benefits	343,726	288,414	19.2%
Contractual and professional services	251,639	416,392	(39.6%)
Office and support	155,325	148,745	4.4%
Space and occupancy	88,562	94,634	( 6.4%)
Depreciation	3,520,020	2,972,157	18.4%
Project expenses in process	1,840,880	2,065,859	(10.9%)
Interest and fiscal charges	<u>1,081,721</u>	<u>1,104,019</u>	( 2.0%)
<b>Total Expenses</b>	<b><u>7,281,873</u></b>	<b><u>7,090,220</u></b>	<b>2.7%</b>
<b>Increase in Net Position</b>	<b><u>\$ 6,008,016</u></b>	<b><u>\$ 6,461,381</u></b>	<b>( 7.0%)</b>

The increase in net position is a result of sales tax revenues being received uniformly throughout the year while the primary expenses 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, 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. Project 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, 2012  
*(Continued)*

Contractual and professional services include accounting fees, legal fees, and various consulting fees which decreased in 2012 due to additional consulting and engineering fees capitalized for projects.

Salaries comprise of 72% of Salary and Fringe Benefits.

Several capital projects were completed during 2012 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 \$10.3 million and actual sales tax revenues were \$10.2 million.

Actual expenditures of \$18.4 million were under budget by \$0.1 million.

**Capital Assets**

**Table 3  
Capital Assets  
December 31,**

	2012	2011
Land	\$24,991,519	\$24,585,189
Construction in process	16,926,631	16,758,067
Improvements (net of A/D)	49,312,605	37,640,694
Equipment and furniture (net of A/D)	106,547	115,443
	<u>\$91,337,302</u>	<u>\$79,099,393</u>

As of December 31, 2012, the District's capital assets amounted to \$91.3 million, net of accumulated depreciation. Before depreciation, there was an increase during the year of \$15.8 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.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
MANAGEMENT DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2012  
*(Continued)*

**Economic Factors**

On April 2, 2013, voters in the City of Saint Louis, Missouri and Saint Louis County, Missouri passed Proposition P, which is a regional 3/16 of a cent sales tax increase for the Safe and Accessible Arch and Public Parks Initiative. The funds from this sales tax increase will make it possible for the City of Saint Louis and Saint Louis County to make much needed improvements and maintenance upgrades to its parks and facilities to make the region's parks safe and accessible to users of all abilities.

The funds will also enable the District to continue to make the St. Louis region a better place to live by ensuring access to nature and the outdoors for all residents through projects such as the River Ring, the Gateway Bicycle Master Plan, and the District's annual grant process.

A portion of the revenues from the sales tax increase will also benefit the CityArchRiver 2015 project, which seeks to enhance the Arch experience for everyone by creating a park over the highway, restoring lawns and landscapes, and revitalizing Kiener Plaza and the riverfront. The project will improve safety and access for everyone.

**Requests for Additional Financial Information**

This financial report will provide a general overview for everyone with a concerned interest in the District's finances. Please address questions concerning any of the information provided in this report or requests for additional information to the Deputy of Administration, Great Rivers Greenway District, 6174A Delmar Boulevard, Saint Louis, Missouri 63112.

**FINANCIAL STATEMENTS**

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
STATEMENT OF NET POSITION  
December 31, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and temporary investments	\$ 5,763,608
Receivables	
Sales tax	1,587,603
Interest	5,397
Grants	3,329,438
Prepaid expenses	33,357
Unamortized bond issuance costs	288,968
Restricted cash and temporary investments	3,057,921
Capital assets, net of accumulated depreciation	
Land	24,991,519
Construction in process	16,926,631
Site and leasehold improvements	49,312,605
Equipment and furniture	<u>106,547</u>
Total Assets	<u>\$ 105,403,594</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,502,300
Accrued expenses	64,453
Accrued interest	89,907
Long Term Debt:	
Due within one year	1,200,000
Due in more than one year	<u>23,600,831</u>
Total Liabilities	<u>27,457,491</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	66,825,439
Restricted for:	
Debt service	2,968,041
Unrestricted	<u>8,152,623</u>
Total Net Position	<u>\$ 77,946,103</u>

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, 2012

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:					
Project planning and development - operations, project expenses and depreciation	\$6,200,154	\$464,222	\$ -	\$2,540,627	(\$ 3,195,305)
Interest and fiscal charges	<u>1,081,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,081,719)</u>
Total governmental activities	<u>\$7,281,873</u>	<u>\$464,222</u>	<u>\$ -</u>	<u>\$2,540,627</u>	<u>( 4,277,024)</u>
General revenues					
Sales taxes					10,237,167
Investment earnings					<u>47,873</u>
Total Other Revenues and Transfers					<u>10,285,040</u>
Changes in Net Position					6,008,016
Net Position - Beginning					<u>71,938,087</u>
Net Position - Ending					<u>\$77,946,103</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, 2012

	ASSETS		
	General Fund	Debt Service Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS			
Cash and temporary investments	\$ 5,763,608	\$ -	\$ 5,763,608
Receivables			
Sales tax	1,587,603	-	1,587,603
Interest	640	27	667
Grants	1,352,568	-	1,352,568
Prepaid expenditures	33,357	-	33,357
Restricted cash and temporary investments	<u>-</u>	<u>3,057,921</u>	<u>3,057,921</u>
 Total Assets	 <u>\$ 8,737,776</u>	 <u>\$ 3,057,948</u>	 <u>\$ 11,795,724</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,502,300	\$ -	\$ 2,502,300
Accrued expenses	<u>39,453</u>	<u>-</u>	<u>39,453</u>
 Total Liabilities	 <u>2,541,753</u>	 <u>-</u>	 <u>2,541,753</u>
FUND BALANCES			
Nonspendable			
Prepaid expenditures	33,357	-	33,357
Restricted			
Debt service	-	3,057,948	3,057,948
Unassigned	<u>6,162,666</u>	<u>-</u>	<u>6,162,666</u>
 Total Fund Balances	 <u>6,196,023</u>	 <u>3,057,948</u>	 <u>9,253,971</u>
 Total Liabilities and Fund Balances	 <u>\$ 8,737,776</u>	 <u>\$ 3,057,948</u>	 <u>\$ 11,795,724</u>

See accompanying notes to financial statements

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
For the Year Ended December 31, 2012

**Total Fund Balances - Governmental Funds** \$ 9,253,971

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

Some grants 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. 1,976,870

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 \$105,499,359 and the accumulated depreciation is \$14,162,057. 91,337,302

Compensated absences are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds. ( 25,000)

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. 4,730

Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. ( 24,640,000)

Interest accrued on bonds has not been reported in the governmental funds but is reported in the statement of net position. ( 89,907)

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 position:

Unamortized bond issuance costs	288,968	
Unamortized bond premium	( 160,831)	
		128,137

**Total Net Position - Governmental Activities** \$ 77,946,103

See accompanying notes to financial statements



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, 2012

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Sales tax	\$ 10,237,167	\$ -	\$ 10,237,167
Investment income	50,890	331	51,221
Contributions and grants	2,007,951	-	2,007,951
Miscellaneous income	464,222	-	464,222
Total Revenues	12,760,230	331	12,760,561
<b>EXPENDITURES</b>			
Current			
Salaries and fringe benefits	337,726	-	337,726
Contractual and professional services	251,639	-	251,639
Office and support	155,325	-	155,325
Space and occupancy	88,562	-	88,562
Capital Outlay			
Project expenses in process	1,840,880	-	1,840,880
Project expenses for completed projects	15,757,929	-	15,757,929
Debt Service			
Principal retirements	-	1,155,000	1,155,000
Interest and fiscal charges	-	1,075,900	1,075,900
Total Expenditures	18,432,061	2,230,900	20,662,961
Expenditures in Excess of Revenues	( 5,671,831)	( 2,230,569)	( 7,902,400)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	( 2,253,540)	2,253,540	-
Net Change in Fund Balance	( 7,925,371)	22,971	( 7,902,400)
FUND BALANCE, Beginning of year	14,121,394	3,034,977	17,156,371
FUND BALANCE, End of year	\$ 6,196,023	\$ 3,057,948	\$ 9,253,971

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, 2012

**Net Changes in Fund Balances - Total Governmental Funds** (\$ 7,902,400)

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. 532,676

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 position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the difference between depreciation expense of \$3,520,020 and expenditures for capital outlay of \$15,757,929 for 2012. 12,237,909

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. ( 3,348)

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). ( 6,000)

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. 3,445

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	1,155,000	
Amortization of bond premium	11,092	
Amortization of bond issuance costs	( 20,358)	
		1,145,734

**Change in Net Assets of Governmental Activities** \$ 6,008,016

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**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, 2012  
(Continued)

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

**Government-Wide Financial Statements**

The Statement of Net Position 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 Position 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, 2012  
(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, 2012  
(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, 2012  
(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, 2012, 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, 2012  
(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 Position**

In the government-wide financial statements, net position is 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 position is 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. Net position amounts reported as unrestricted 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, 2012  
(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 Position.

**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 June 14, 2013, 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, 2012:

Carrying amount of deposits	\$4,820,943
Investments	<u>4,000,586</u>
	<u>\$8,821,529</u>
Cash and temporary investments	\$5,763,608
Restricted cash and temporary investments	<u>3,057,921</u>
	<u>\$8,821,529</u>

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012  
(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, 2012, the carrying amount of the deposits under District control was \$4,820,943 and the bank balance was \$5,126,999. 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, 2012:

Type	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>0 to 1 year</u>	<u>1 to 4 years</u>
U.S. Government and agency securities	\$4,000,586	\$ -	\$4,000,586
	<u>\$4,000,586</u>	<u>\$ -</u>	<u>\$4,000,586</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, 2012  
*(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	75%
Federal Farm Credit Bank	U.S. agency security	25%

**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, 2012, the District's investment in U.S. government agency securities of \$4,000,586 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, 2012  
(Continued)

**C. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the period ended December 31, 2012:

	Balance, January 1, 2012	Additions	Deductions	Balance, December 31, 2012
<b>Governmental Activities</b>				
Capital Asset Not Being Depreciated				
Land	\$24,585,189	\$ 406,330	\$ -	\$24,991,519
Construction in process	<u>16,758,067</u>	<u>15,154,541</u>	<u>( 14,985,977)</u>	<u>16,926,631</u>
Total Capital Assets Not Being Depreciated	<u>41,343,256</u>	<u>15,560,871</u>	<u>( 14,985,977)</u>	<u>41,918,150</u>
Capital Assets Being Depreciated				
Site and leasehold improvements	48,127,530	15,163,495	-	63,291,025
Equipment and furniture	<u>270,644</u>	<u>19,540</u>	<u>-</u>	<u>290,184</u>
Total Capital Assets Being Depreciated	<u>48,398,174</u>	<u>15,183,035</u>	<u>-</u>	<u>63,581,209</u>
Less accumulated depreciation for:				
Site and leasehold improvements	( 10,486,836)	( 3,491,584)	-	( 13,978,420)
Equipment and furniture	<u>( 155,201)</u>	<u>( 28,436)</u>	<u>-</u>	<u>( 183,637)</u>
Total Accumulated Depreciation	<u>( 10,642,037)</u>	<u>( 3,520,020)</u>	<u>-</u>	<u>( 14,162,057)</u>
Capital assets, net	<u>\$79,099,393</u>	<u>\$27,223,886</u>	<u>(\$14,985,977)</u>	<u>\$91,337,302</u>

**D. LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended December 31, 2012:

Description and Purpose	Balance January 1, 2012	Issued	Retired	Balance December 31, 2012	Due Within One Year
Sales tax appropriation bonds	\$25,795,000	\$ -	\$1,155,000	\$24,640,000	\$1,200,000
Bond premium	<u>171,923</u>	<u>-</u>	<u>11,092</u>	<u>160,831</u>	<u>-</u>
	<u>\$25,966,923</u>	<u>\$ -</u>	<u>\$1,166,092</u>	<u>\$24,800,831</u>	<u>\$1,200,000</u>

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012  
(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, 2012, including interest payments, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,420,000	813,288	2,233,288
2018-2022	8,090,000	3,091,995	11,181,995
2023-2027	<u>10,010,000</u>	<u>1,097,775</u>	<u>11,107,775</u>
Total	<u>\$24,640,000</u>	<u>\$8,836,510</u>	<u>\$33,476,510</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 2012 was \$31,893.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012  
(Continued)

**F. LEASE COMMITMENTS**

The District leases its office space under a noncancelable operating lease that expires in April 2020. At December 31, 2012, the future minimum rental payments under this lease are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2013	\$ 88,248
2014	88,248
2015	93,296
2016	95,820
2017	95,820
2018-2020	<u>233,660</u>
	<u>\$695,092</u>

Rent expense was \$78,584 for the year ended December 31, 2012.

**G. TRANSFERS**

The District transferred \$2,253,540 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, 2012  
*(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 \$11,395,077 at December 31, 2012.

**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, 2012.

**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, 2012

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Sales tax	\$ 9,797,000	\$10,286,328	\$10,237,167	(\$489,328)	(\$ 49,161)
Investment income	150,000	150,000	50,890	-	( 99,110)
Contributions and grants	-	-	2,007,951	-	2,007,951
Miscellaneous income	450,000	450,000	464,222	-	14,222
<b>Total Revenues</b>	<u>10,397,000</u>	<u>10,886,328</u>	<u>12,760,230</u>	<u>( 489,328)</u>	<u>1,873,902</u>
<b>EXPENDITURES</b>					
Current					
Salaries and fringe benefits	486,850	479,527	337,726	7,323	141,801
Contractual and professional services	333,800	333,800	251,639	-	82,161
Office and support	175,000	199,000	155,325	( 24,000)	43,675
Space and occupancy	93,728	93,728	88,562	-	5,166
	1,089,378	1,106,055	833,252	( 16,677)	272,803
Project expenses	17,420,200	17,416,200	17,598,809	4,000	( 182,609)
<b>Total Expenditures</b>	<u>18,509,578</u>	<u>18,522,255</u>	<u>18,432,061</u>	<u>( 12,677)</u>	<u>90,194</u>
Expenditures in Excess of Revenues	( 8,112,578)	( 7,635,927)	( 5,671,831)	476,651	1,964,096
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	-	-	( 2,253,540)	-	( 2,253,540)
<b>Net Change in Fund Balance</b>	<u>(\$ 8,112,578)</u>	<u>(\$ 7,635,927)</u>	<u>( 7,925,371)</u>	<u>\$476,651</u>	<u>(\$ 289,444)</u>
<b>FUND BALANCE, Beginning of year</b>			<u>14,121,394</u>		
<b>FUND BALANCE, End of year</b>			<u>\$ 6,196,023</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, 2012

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, 2012

OPERATIONS

Salaries and Fringe Benefits	
Salaries	\$ 279,789
Payroll taxes	20,461
Fringe benefits	<u>37,476</u>

Total Salaries and Fringe Benefits \$ 337,726

Contractual and Professional Services	
Accounting and auditing fees	\$ 70,461
Legal fees	24,483
Professional fees	<u>156,695</u>

Total Contractual and Professional Services \$ 251,639

Office and Support	
Advertising	\$ 3,142
Auto expenses	6,000
Dues and subscriptions	6,750
Equipment rental	18,110
Insurance	22,174
Maintenance	24,467
Miscellaneous	4,097
Postage and shipping	5,379
Printing	2,289
Supplies	33,884
Telephone	23,303
Travel and parking fees	<u>5,730</u>

Total Office and Support \$ 155,325

Space and Occupancy	
Rent	\$ 78,584
Maintenance and cleaning	<u>9,978</u>

Total Space and Occupancy \$ 88,562

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, 2012  
*(Continued)*

OPERATIONS

Project	
Boschert Greenway	\$ 847,402
Busch Greenway	96,129
Centennial Greenway	2,101,132
Confluence Greenway	2,256,753
Dardenne Greenway	455,486
Gravois Creek Greenway	186,221
Maline Greenway	138,851
Meramec Greenway	440,638
Mississippi Greenway	2,462,127
Missouri River Greenway	191,542
River Des Peres Greenway	2,441,045
Shady Creek Greenway	160,572
St. Vincent Greenway	4,688,293
Sunset Greenway	1,514
Western Greenway	115,193
Collaborative planning	981,411
Other	<u>34,500</u>
Total Project	<u><u>\$ 17,598,809</u></u>

See accompanying notes to financial statements

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

**OMB CIRCULAR A-133  
SINGLE AUDIT REPORTS  
DECEMBER 31, 2012**

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, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2012, and the related notes to the financial statements, which collectively comprise the Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District's basic financial statements, and have issued our report thereon dated June 14, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. 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 material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Phares & Talley & Co., PC".

St. Louis, Missouri

June 14, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Compliance**

We have audited Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District's (the "District") compliance 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, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

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 each of its major federal program for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



St. Louis, Missouri  
June 14, 2013

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2012

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>479,806</u> *
Total U.S. Department of the Interior – National Park Service			<u>479,806</u>
U.S. Department of Transportation			
Passed-through Missouri Department of Transportation			
		STP-5401(663)	1,104,488
		DP-4999(604)	<u>885,773</u>
Highway Planning and Construction	20.205		<u>1,990,261</u> *
Total U.S. Department of Transportation			<u>1,990,261</u>
Total Expenditures of Federal Awards			<u><u>\$2,470,067</u></u>

\* Major Program

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, 2012

**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, 2012

(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; Great Rivers Greenway Pedestrian Bridge Project, #15.XXX**
  - (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: **yes.**
- (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, 2012

NONE



June 14, 2013

To the Board of Directors  
Metropolitan Parks and Recreation District  
d/b/a Great Rivers Greenway District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Parks and Recreation District d/b/a Great Rivers Greenway District (the "District") for the year ended December 31, 2012, and have issued our report thereon dated June 14, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 8, 2012. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *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. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of substantive 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 District's 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.

The financial statement disclosures are neutral, consistent, and clear.



*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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 14, 2013.

*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 District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standard 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 each year 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.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
June 14, 2013  
Page 3

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

Very truly yours,

A handwritten signature in black ink, written in a cursive style, that reads "Schmersahl Treloar & Co., P.C."

SCHMERSAHL TRELOAR & CO., P.C.



June 14, 2013

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, 2012. 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, 2012, 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. However, material weaknesses may exist that have not been identified.

## **CURRENT YEAR COMMENT**

### **PROCUREMENT POLICY ADHERENCE**

#### ***Observation***

We selected several purchases incurred by the District during the year ended December 31, 2012 and tested whether all aspects of the existing procurement policy in the District's General Operating Procedures policies were being followed. We noted three instances with no documentation that the bidders who were not awarded the available contract were notified of that fact. We also noted situations where the procurement policy was not followed due to extenuating circumstances, and this policy deviation was not documented. The extenuating circumstances appeared to be valid and following the policy would have been inappropriate or impossible.

#### ***Recommendation***

When it is not feasible to follow the procurement policy, such as in instances where there will be a conflict of interest probability or there are specific vendor requirements for a certain project or purchase, document in the file the reason the procurement policy did not apply to that specific contract or purchase. Document notification to those vendors who are not awarded the contract.

## **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.

## COMMENTS FROM PRIOR YEAR *(Continued)*

### 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 and implemented a checklist for the hiring of new employees. The comment is considered implemented.

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
June 14, 2013  
Page 4

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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, 2012 financial statements.

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

Sincerely,



SCHMERSAHL TRELOAR & CO., PC  
Certified Public Accountants



For a clean, green, connected St. Louis region

[www.grgstl.org](http://www.grgstl.org)

June 14, 2013

Metropolitan Park and Recreation District  
d/b/a The Great Rivers Greenway District  
6174A Delmar Blvd.  
St. Louis, MO 63112

This representation letter is provided in connection with your audit of the financial statements of Metropolitan Park and Recreation District d/b/a The Great Rivers Greenway District, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 14, 2013, the following representations were made to you during your audit.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set forth in the terms of the audit engagement letter dated November 8, 2012.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the District's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.



13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects could be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

**Government – specific**

19. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts or grant agreements or abuse that you have reported to us.
22. We have a process to track the status of audit findings and recommendations.
23. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

24. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report.
25. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulation and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
29. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. The financial statements properly classify all funds and activities.
34. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

35. Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
36. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
41. Special and extraordinary items are appropriately classified and reported.
42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
44. The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
45. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
46. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
47. With respect to the Schedule of Expenditures – General Fund:
  - a. We acknowledge our responsibility for presenting the Schedule of Expenditures – General Fund in accordance with accounting principles accepted in the United

States of America, and we believe the Schedule of Expenditures – General Fund, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods and presentation of the Schedule of Expenditures – General Fund have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b. If the Schedule of Expenditures – General Fund is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

48. With respect to federal award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditure of federal awards.
- b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
- c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- d. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- e. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.

- f. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- g. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- h. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs and related activities.
- i. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- j. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards.
- k. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and*

*Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*

- n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- o. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- q. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- s. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t. We have charged costs to federal awards in accordance with applicable cost principles.
- u. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically submitted, to the respective federal agency or pass-through entity, as applicable.
- v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

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

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- x. We are responsible for preparing and implementing a corrective action plan for each finding.
- y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:



Janet Wilding

Title:

Deputy Director for Administration