

**MUNICIPAL PARK GRANT COMMISSION  
OF ST. LOUIS COUNTY**

**AUDITED FINANCIAL STATEMENTS**

**APRIL 30, 2015**

Draft

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY

APRIL 30, 2015

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## INTRODUCTION

The Municipal Park Grant Commission of St. Louis County, hereafter referred to as the "Commission" is pleased to present the Annual Financial Report developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments" (hereafter "GASB 34"), and related standards.

The Commission has prepared and is responsible for the financial statements and related information included in this report. A system of internal controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Commission's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Commission in conformity with accounting principles generally accepted in the United States of America.

The unmodified (i.e. clean) opinion of our independent external auditor, Bates CPAs, PC, is included in this report.

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
BALANCE SHEET / STATEMENT OF NET POSITION  
APRIL 30, 2015

	<u>Governmental General Fund / Statement of Net Position</u>
<b>ASSETS</b>	
Cash and cash equivalents	12,790,685
Sales tax receivable	<u>1,119,421</u>
Total assets	<u><u>13,910,106</u></u>
<b>LIABILITIES</b>	
Grants payable	3,135,232
<b>FUND BALANCE / NET POSITION</b>	
Restricted for municipal park grants awarded	7,598,036
Restricted for future municipal park grant awards	<u>3,176,838</u>
Total fund balance / net position	<u><u>10,774,874</u></u>
Total liabilities and fund balance / net position	<u><u>13,910,106</u></u>

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
STATEMENT OF GOVERNMENTAL FUND  
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE / STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2015

	<u>Governmental General Fund / Statement of Activities</u>
<b>REVENUES</b>	
Sales tax	7,274,683
Interest income	58,955
Total revenues	<u>7,333,638</u>
<b>EXPENDITURES/EXPENSES</b>	
Grants	3,758,896
Administrative fee	54,444
Professional fees	7,260
Other expenses	2,984
Total expenditures/expenses	<u>3,823,584</u>
<b>CHANGE IN FUND BALANCE</b>	3,510,054
<b>FUND BALANCE / NET POSITION, BEGINNING OF YEAR</b>	<u>7,264,820</u>
<b>FUND BALANCE / NET POSITION, END OF YEAR</b>	<u><u>10,774,874</u></u>

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF ENTITY

The Municipal Park Grant Commission of St. Louis County was established under Missouri Revised Statute §67.1757 for the purpose of awarding grant proceeds to municipalities in St. Louis County for park and recreation purpose.

The Commission consists of one voting member from each county council district, none of whom shall be municipal officials. Members of The Commission are elected by the chief elected officials of the municipalities of St. Louis County. The Commission also has two non-voting members. One of the non-voting members is a full-time City administrator and the other shall be a full-time municipal parks and recreation employee. The Commission also has a nine-member advisory committee. The non-voting member of the Commission who is a full-time municipal parks and recreation employee shall serve as chair of such advisory committee.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Commission defines its financial reporting entity in accordance with the provisions of the Government Accounting Services Board ("GASB") Statement No. 14, *The Financial Reporting Entity* (GASB 14) as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*. The requirements for inclusion of component units are based primarily upon whether the Commission's governing body has any significant amount of financial accountability for potential component units. The Commission is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the Commission.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government and its component units. Individual funds are not displayed but the statements distinguish *governmental activities*, which normally are supported by taxes and Commission general revenues, from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Commission has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The Commission has only one fund, a general operating fund. General fund resources may be used for any Commission purpose. The fund is used to account for all financial resources. The general fund is the same as the operating fund.

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current purpose. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Since the governmental fund financial statements and government-wide financial statements are combined, an adjustment column would be provided to reconcile the two sets of financial statements if they differed. However, for the year ended April 30, 2015, no differences existed between the two basis of presentation. The notes to the financial statements would further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Non-exchange transactions, in which the Commission receives value without directly giving equal value in return, include sales taxes. On an accrual basis, revenue from sales taxes is recognized in the year for which the taxes are collected.

D. Cash and Cash Equivalents

The Commission's cash and cash equivalents consist of demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

E. Capital Assets, Depreciation and Amortization

The Commission does not own any capital assets.

F. Revenue

The Commission's only major revenue is sales tax. The Commission receives a share of certain sales tax collected in St. Louis County as follows:

1. 20% of sales tax collected from a one-tenth of one-cent tax on all retail sales within St. Louis County with certain exceptions.
2. 16% of sales tax collected from a three-sixteenths of one-cent tax on all retail sales within St. Louis County with certain exceptions.

G. Grants

Grant expenditures are recognized in accordance with the terms of grant agreements with municipalities, which specify when they have earned the grants proceeds. Grants awarded but not yet earned are recorded as a reserve of fund balance and restriction of net assets.

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. Net Position/Fund Balance

In the financial statements, net position is classified as follows:

*Restricted* – the component of net position consisting of assets which are to be used for future grant payments. These assets represent amounts for projects which have been approved by the Board, but have not yet incurred certain costs associated with the project.

*Unrestricted* – the difference between the assets and liabilities that do not meet the definition of “restricted”.

I. Use of Estimates

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

NOTE 3: BUDGET POLICY

The Commission adopts an annual budget. Grant expenditures are appropriated based on award dates.

NOTE 4: CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Commission’s deposits may not be returned or the Commission will not be able to recover collateral securities in the possession of an outside party. The Commission’s bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the Commission or trustee institution. The value of the securities must amount to the total of the Commission’s cash not insured by the Federal Deposit Insurance Corporation.

At April 30, 2015, bank deposits totaling \$3,926 are fully insured.

Cash Equivalents

At April 30, 2015 the Commission had \$12,786,759 invested in the St. Louis County investment pool. The investment pool is invested entirely in short-term government securities. St. Louis County charges a fee equal to 1% of the interest earned from the fund. Credit risk and interest rate risk policies of St. Louis County are disclosed in the Comprehensive Annual Financial Report of St. Louis County, which is available online at [www.stlouisco.com](http://www.stlouisco.com).

NOTE 5: OTHER COMMITMENTS

The Commission is administered by the St. Louis County Municipal League, which assists the commission in fiscal, program and grant management. Their contact is for one year expiring on December 31, 2015.

MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Commission manages these risks by purchasing commercial insurance. Claims have not exceeded coverage for the past three years.

NOTE 7: DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through (DATE), which is the date the financial statements were available to be issued.

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MUNICIPAL PARK GRANT COMMISSION OF ST. LOUIS COUNTY  
REQUIRED SUPPLEMENTARY SCHEDULE  
SCHEDULE OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
COMPARISON OF ACTUAL TO BUDGET  
YEAR ENDED APRIL 30, 2015

	Actual Modified Accrual	Original and Final Budget	Variance Actual to Final Budget
<b>REVENUES</b>			
Sales tax	7,275,683	6,500,000	775,683
Interest income	59,985	35,000	24,985
	<u>7,335,668</u>	<u>6,535,000</u>	<u>800,668</u>
Total Revenues			
<b>GRANTS</b>			
Grants awarded	3,758,896	6,875,000	(3,116,104)
	<u>3,758,896</u>	<u>6,875,000</u>	<u>(3,116,104)</u>
Total Grants			
<b>ADMINISTRATIVE EXPENDITURES</b>			
Administrative fee	54,444	54,444	-
Executive board and committees	348	1,500	(1,152)
Organizational insurance	2,636	5,000	(2,364)
Professional fees	7,260	16,000	(8,740)
Miscellaneous	-	5,000	(5,000)
	<u>64,688</u>	<u>81,944</u>	<u>65</u>
Total Administrative Expenditures			
Total Expenditures	<u>3,823,584</u>	<u>6,956,944</u>	<u>(3,116,039)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,512,084</b>	<b>(421,944)</b>	<b>3,916,707</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>7,264,820</b>	<b>7,264,820</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u>10,776,904</u></b>	<b><u>6,842,876</u></b>	<b><u>3,916,707</u></b>

See Independent Auditor's Report