

METRO EAST PARK AND RECREATION DISTRICT

MADISON AND ST. CLAIR COUNTIES, ILLINOIS

REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2015

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

December 15, 2015

Board of Directors  
Metro East Park and Recreation District  
Madison and St. Clair Counties, Illinois  
104 United Dr.  
Collinsville, IL 62234

We have audited the accompanying financial statements of the governmental activities and the major fund of the Metro East Park and Recreation District, Madison and St. Clair Counties, Illinois, as of and for the year ended June 30, 2015, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also 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 respective financial position of the governmental activities and the major fund of the Metro East Park and Recreation District, Madison and St. Clair Counties, Illinois, as of June 30, 2015, and the respective changes in financial position, thereof, for the year then ended in accordance 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 on pages 3 through 8, budgetary comparison information on pages 33 through 34, Schedule of Changes in Net Pension Liability and Related Ratios on page 35, and Schedule of Employer Contributions and its accompanying notes on pages 36 through 37 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.



Edwardsville, Illinois

**Metro East Park and Recreation District  
Madison and St. Clair Counties, Illinois**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**June 30, 2015**

As management of the Metro East Park and Recreation District (MEPRD), which is a State of Illinois enabled taxing district made up of the counties of Madison and St. Clair, we offer readers of the District's financial statements this narrative overview and analysis of the financial outlook of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 9.

**Financial Highlights**

- As noted in Exhibit B, the District's overall financial position improved as shown in the net position increase from June 30, 2014 of \$1,720,150.
- As noted in Exhibit A, net position for the governmental activities totaled \$31,813,109 with \$18,199,880 being invested in capital assets, \$135,547 being restricted for the Malcolm W. Martin Park property, \$3,827,199 restricted for grant payments and \$9,650,483 in unrestricted net position.
- The MEPRD's cash and investments balance as of June 30, 2015, excluding restricted cash balances, was \$11,087,905 representing an increase of \$932,393 from June 30, 2014.
- Malcolm W. Martin Memorial Park was acquired by the District on June 7, 2005. Including the original donation of property, the Gateway Center of Metropolitan St. Louis, Inc. has donated in excess of \$16,500,000 to the District relating to the Park. A majority of the cash contributions were used for the construction of a Mississippi River Overlook, parking area, amphitheater, utility improvements, maintenance/security building and lighting improvements at the Park.

Listed below are the District's assets at June 30, 2015, including a column noting changes (increases/decreases) from June 30, 2014:

	Total Primary Government		Increase/ (Decrease)
	2015	2014 (as restated)	(Decrease)
Other assets	\$ 13,717,415	\$ 11,641,774	\$ 2,075,641
Capital assets, net of accumulated depreciation	18,199,880	18,553,145	(353,265)
Deferred outflow of resources	19,627	10,162	9,465
Total assets and deferred outflow of resources	\$ 31,936,922	\$ 30,205,081	\$ 1,731,841

Listed below are the District's liabilities at June 30, 2015, including a column noting changes (increases/decreases) from June 30, 2014:

	Total Primary Government		Increase/ (Decrease)
	2015	2014 (as restated)	
Other liabilities	\$ 23,148	\$ 27,213	\$ (4,065)
Long-term liabilities			
Net Pension Liability	51,968	42,069	9,899
Accrued sick and vacation pay	48,697	42,840	5,857
Total liabilities	\$ 123,813	\$ 112,122	\$ 11,691

As displayed below, the District's total revenues increased by \$1,531,214, expenses increased by \$836,945 and the District's net position increased by \$1,720,150. The increase in revenues can be attributed to the receipt of a \$2,000,000 grant from the St. Clair County Transit District related to the Scott-Troy Trail. The increase in expenses can be attributed in large part to an increase in grant payments.

	Total Primary Government		Increase/ (Decrease)
	2015	2014	
<b>REVENUES</b>			
Program revenues			
Capital grants and contributions	\$ 2,000,000	\$ 575,266	\$ 1,424,734
General revenues			
Sales taxes	4,406,861	4,313,854	93,007
Gain on disposition of fixed assets	500	104	396
Park rental income	550	-	550
Investment income	62,152	49,625	12,527
Total revenues	6,470,063	4,938,849	1,531,214
<b>EXPENSES</b>			
Governmental activities			
Cultural and recreation	4,749,913	3,912,968	836,945
Change in net position	1,720,150	1,025,881	
Net position beginning	30,092,959	31,455,190	
Prior period adjustment	-	(2,388,112)	
Net position ending	\$ 31,813,109	\$ 30,092,959	

### **Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the MEPRD's basic financial statements. The MEPRD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains a schedule of revenues, expenditures and changes in fund balance - budget and actual, schedule of changes in net pension liability and related ratios, and schedule of employer contributions and accompanying notes as required supplementary information in addition to the basic financial statements themselves.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the MEPRD's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the MEPRD's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the MEPRD is improving or deteriorating.

The Statement of Activities presents information showing how the MEPRD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation or sick leave).

The government-wide financial statements report on the function of the MEPRD that is principally supported by intergovernmental revenues. The MEPRD's function is to provide an interconnecting system of parks and trails for the residents of Madison and St. Clair Counties, Illinois. The MEPRD is funded by a 1/10 cent sales tax in both counties for the purpose of establishing these goals. Fifty percent (50%) of the revenues of the sales tax collected is returned to the individual counties, based on their sales tax contributions to the District, the MEPRD retains the balance.

The government-wide financial statements can be found on pages 9 and 10 of this report.

## FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain controls over resources that have been segregated for specific activities or objectives. The MEPRD, like other state and local governments and districts, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. Currently, the MEPRD has only one fund type, namely a governmental fund.

### **Governmental Fund**

The general fund is a governmental fund used to account for essentially the same function 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 district's near-term financing requirements.

The District maintains one general fund in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance. Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the *governmental activities*. The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

## ***NOTES TO THE FINANCIAL STATEMENTS***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 32.

### ***SUPPLEMENTARY INFORMATION***

The schedule of expenditures of any state or federal grant awards will in the future be listed in this category, however, none have been awarded at this time. In addition, the schedule of revenues, expenditures and changes in the fund balance (budget and actual), schedule of changes in net pension liability and related ratios, and schedule of employer contributions and accompanying notes can be found on pages 33 through 39.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a district's financial position.

A large portion of the District's assets are cash. The District uses these assets to provide grant funding to other governmental bodies within the confines of the two county area. In addition, the District will set aside a portion in each budget year to provide a *match* to any community for projects.

The Malcolm W. Martin Memorial Park and the related cash donations since June of 2005 are also a large portion of the District's assets.

### **Fund Financial Analysis**

As noted earlier, the District uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The District's governmental fund is described below:

#### **GOVERNMENTAL FUND**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for purposes at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental fund, which consists currently of one revenue source fund, reported an ending fund balance of \$11,617,667, which is \$579,706 more than the \$11,037,961 reported at June 30, 2014. The District's main source of revenue, once again, is currently the 1/10 cents sales tax. The fund balance primarily represents the accumulation of revenue, donated capital, and interest income in excess of expenditures. The fund balance is restricted for allowable program expenditures.

### **Capital Asset and Debt Administration**

As of June 30, 2015 the District has total capital assets (Malcolm W. Martin Memorial Park and District property) totaling \$20,353,787 which allowed accumulated depreciation expense of \$2,153,907. See Note 4 in the financial statements for more detailed information.



### **Long-Term Debt**

The District currently has no long-term debt, other than accrued vacation of \$48,697 at the end of the fiscal year. See Note 5 in the financial statements for more detailed information.

### **Comparison of Budget to Actual Results**

Actual revenues and expenditures exceeded budgeted revenues and expenditures as the funding from the regional sales tax was larger than originally anticipated.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the District's budget for the 2015-2016 fiscal year:

The 2016 budget will include a revenue increase due to a current trend in receipts. In addition to the State, several areas in Madison and St. Clair Counties have experienced some retail upturns, which benefit the District's revenues. There appears to be a minimal increase in 2016 revenues as of the date of this report. The Executive Director and a consultant once again reviewed the tax information from the Department of Revenue (DOR) reviewed the previous trends regarding the District and it was determined that the numbers provided by the DOR were fairly accurate and reflected the actual 1/10 cent receipts displayed and forwarded to the District.

The Board of Directors continues the policy of deposit procedures by investing in area banks and in the Illinois Funds Accounts. The Certificate of Deposit Registry Account (CDARS) is still our largest deposit to insure the best collateral position and interest income. Money Market accounts have afforded a higher yield at times than regular CD investments and do not require long-term obligations on the part of the District. Interest rates are still below acceptable levels of times past, but the outlook for a raise in interest rates appears to be on the horizon.

As funds are available from the donation agreement received from the Gateway Center of Metropolitan St. Louis, Inc., these are deposited in a separate interest bearing account with the best possible return in mind. The office building, park property and all construction projects are debt free. A donation of \$500,000 received in July, from the Gateway Center enabled the District to continue forward with operations at no cost to the taxpayers. No July 4 celebration was held due to the VP Fair being moved to Forest Park during Arch Grounds renovations. As noted in previous MD & A documents, that in the future, it may be necessary for the District to set aside funds for the continued operation of the park, once the funds from the Gateway Center are depleted. According to current budgetary numbers that amount could be in the range of \$360,000 per year. The District is currently monitoring all expenditures at the park and making changes in operations, so that the Gateway Center funds may continue to fund the operations as long as possible. A recent grant of \$30,000 from the St. Clair County Parks and Grants Commission will enable the district to reduce the wattage at the park, with the replacement of standard parking and walkway lighting with LED lighting. Another grant is in the process to replace the bollard lighting to LED, but is held up by the State of Illinois budgetary issue.

The Board of Directors will be applying to the Illinois Department of Transportation for an ITEP grant for the continuation of the Riverfront Trail from Malcolm Martin Park to the McKinley Bridge. The partnership that was formed with St. Clair County, St. Clair County Transit, the Casino Queen, Cargill and Bunge International to start the Illinois River Link is nearly ready to bid and is fully funded. Construction could begin in the spring of 2016. It will include a system of roadways near the new Route 3 location and a trail system from Malcolm Martin Memorial Park to the McKinley Bridge. The estimated total amount of funding is expected to be approximately \$8,200,000. MEPRD has authorized a

contribution of \$500,000 for shared use trails and sidewalks in Phase 1. A new parking area in front of the park has also been included.

The District has been working with the St. Clair County Transit District and has identified the Scott Air Force Base to SWIC route, which is currently under construction and should be completed in the spring of 2016.

The District has budgeted \$1,500,000 for a matching grant funds program that will begin on July 1, 2015 and end when the funds have been expended. The amount was lowered from the previous year, due to the elimination of the OSLAD and PARC programs by the State of Illinois in 2015 due to budgetary constraints.

The District has budgeted \$35,000 for grant assistance in sponsorships for events linked to activities throughout the District related to biking, walking, health and educational events.

#### **Future Events that May Financially Impact the District**

Funding in most agencies is available on a very competitive basis at IDNR through a new funding mechanism with license plate tags. ITEP (Illinois Transportation Enhancement Program) is also available as discussed above, but is in demand due to lack of funding in other areas.

The TIGER (Transportation Investment Generating Economic Recovery) Program has become almost unreachable, due to the large initial investment required by a single entity, and MEPRD will not apply in the upcoming 2016 program.

The push to acquire the property from ACF Industries, which owns the parcel south of the park has been put on hold for the foreseeable future. ACF Industries has not expressed any further interest in the sale or lease of the property due to the economic situation.

The MEPRD has completed the partnership with Great Rivers Greenway (GRG) and the City of Madison, Illinois for a new lease agreement for the Old Chain of Rocks Bridge to keep the ties to both sides of the Mississippi River open. MEPRD made a onetime \$300,000 payment to GRG for the initial completion of the lease to cover expenses that will need to occur immediately.

The State of Illinois is still in a financial crisis that has become more critical. As outlined in the previous year's statements, any sharp downturn in the economy would be an immediate impact on the District's financial position. A Capital Plan by the State of Illinois was passed and may give an opportunity to the District to increase its project participation through additional grants that would become available once bonds are sold and IDNR program guidelines are established.

No State budget has been passed as of this writing, and it is likely to occur sometime after January 1, with many programs cut or eliminated.

#### **Contacting the MEPRD's Financial Management**

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Metro East Park and Recreation District, 104 United Drive, Collinsville, Illinois 62234, or by phone at (618) 346-4905.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 4,328,139
Investments	
Certificates of deposit	6,759,766
Restricted	
Cash	134,506
Prepaid expenses	15,057
Prepaid expenses	8,907
Receivables	
Regional sales tax - net of County distributions	373,005
Interest	21,045
Intergovernmental agreements	2,076,990
Capital assets	
Land and construction in progress	384,918
Other capital assets, net of depreciation	2,325,815
Restricted	
Land and construction in progress	3,093,091
Other capital assets, net of depreciation	12,396,056
Total assets	\$ 31,917,295
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows from Pension Contributions	\$ 19,627
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 31,936,922</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 7,317
Payroll taxes withheld and payable	1,815
Liabilities payable from restricted assets	
Accounts payable	14,016
Noncurrent liabilities due in more than one year	
Net Pension Liability	51,968
Accrued vacation pay	48,697
Total liabilities	\$ 123,813
<b>NET POSITION</b>	
Net investment in capital assets	\$ 18,199,880
Restricted for	
Malcolm W. Martin Memorial Park property	135,547
Grant awards	3,827,199
Unrestricted	9,650,483
Total Net Position	\$ 31,813,109
<b>Total Liabilities and Net Position</b>	<b>\$ 31,936,922</b>

The accompanying notes are an integral part of these financial statements.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Primary Government Governmental Activities Total</u>
Primary Government			
Governmental activities			
Cultural and recreation	\$ 4,749,913	2,000,000	\$ (2,749,913)
	General revenues:		
	Sales tax		\$ 4,406,861
	Investment income		62,152
	Park Rental Income		550
	Gain on disposition of fixed asset		500
			<u>4,470,063</u>
	Total general revenues		\$ 4,470,063
	Change in net position		\$ 1,720,150
	Net position - beginning, as restated		<u>30,092,959</u>
	Net position - ending		<u>\$ 31,813,109</u>

The accompanying notes are an integral part of these financial statements.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General Fund and Total Governmental Funds</u>
<b>ASSETS</b>	
Cash	\$ 4,328,139
Investments	6,759,766
Restricted	
Cash	134,506
Prepaid expenses	15,057
Prepaid expenses	8,907
Receivables	
Regional sales taxes - net of County distributions	373,005
Interest	21,045
Other	390
	390
Total assets	\$ 11,640,815
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 7,317
Payroll taxes withheld and payable	1,815
Liabilities payable from restricted assets	
Accounts payable	14,016
	14,016
Total liabilities	\$ 23,148
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid expenses	\$ 8,907
Restricted	
Malcolm W. Martin Memorial Park property	135,547
Grant awards	3,827,199
Unassigned	7,646,014
	7,646,014
Total fund balances	\$ 11,617,667
Total liabilities and fund balances	\$ 11,640,815

The accompanying notes are an integral part of these financial statements.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT C)	\$ 11,617,667
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$20,353,787, net of accumulated depreciation of \$2,153,907, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	18,199,880
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. Grant revenue	2,076,600
Compensated absences are considered noncurrent liabilities and, therefore, are not reported in the governmental funds (see Note 5).	(48,697)
Net pension obligation is not due and payable in the current period, and, therefore, is not reported in the governmental funds.	<u>(32,341)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT A)	<u>\$ 31,813,109</u>

The accompanying notes are an integral part of these financial statements.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General Fund		
	MEPRD	MMMP	Total
<b>REVENUES</b>			
Sales tax	\$ 4,406,861	\$ -	\$ 4,406,861
Park rental income	-	550	550
St. Clair County Transit District grant	500,000	-	500,000
Interest income	60,953	1,199	62,152
Sale of miscellaneous small fixed assets	500	-	500
	<u>500</u>	<u>-</u>	<u>500</u>
Total revenues	<u>\$ 4,968,314</u>	<u>\$ 1,749</u>	<u>\$ 4,970,063</u>
<b>EXPENDITURES</b>			
Culture and recreation			
Current			
Sales tax reimbursements	\$ 2,203,431	\$ -	\$ 2,203,431
Grant payments	1,085,099	-	1,085,099
Grant payments - Scott-Troy Trail	275,064	-	275,064
Employee related expenses	276,800	-	276,800
Professional services	62,446	162,404	224,850
Travel	2,619	330	2,949
Office expenses	13,290	3,593	16,883
Repairs and maintenance	43,098	72,051	115,149
Utilities	19,278	92,845	112,123
Fourth of July event	-	10,074	10,074
Other special events/sponsorships	31,680	168	31,848
Insurance	16,018	16,239	32,257
Dues and subscriptions	867	-	867
Contingency	-	2,963	2,963
	<u>-</u>	<u>2,963</u>	<u>2,963</u>
Total expenditures	<u>\$ 4,029,690</u>	<u>\$ 360,667</u>	<u>\$ 4,390,357</u>
Net change in fund balance	<u>\$ 938,624</u>	<u>\$ (358,918)</u>	<u>\$ 579,706</u>
	Net position, beginning of year		<u>11,037,961</u>
	Net position, end of year		<u>\$ 11,617,667</u>

The accompanying notes are an integral part of these financial statements.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS (EXHIBIT E)	\$ 579,706
Amounts reported for governmental activities in the statement of activities are different because:	
Expenses for compensated absences reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(5,857)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Grant revenue	1,500,000
Changes in net pension obligations are reported only in the statement of activities.	(434)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Depreciation expense	<u>(353,265)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u><u>\$ 1,720,150</u></u>

The accompanying notes are an integral part of these financial statements.



METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Metro East Park and Recreation District (District) (MEPRD) are prepared in accordance with U. S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District operates under a Board of Directors form of government. The primary duty of the District is the development, operation and maintenance of a public system of interconnecting trails and parks throughout Madison and St. Clair Counties in Illinois. As required by generally accepted accounting principles, these financial statements present the District (the primary government).

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District should be included within its financial reporting entity. The criteria for including organizations within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," is financial accountability. Financial accountability is defined as either 1) appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government or 2) the component unit is fiscally dependent on the primary government and there are potential financial benefits or burdens on the primary government. Based on these criteria, there are no component units in the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information for the District as a whole. The effect of interfund activity, if any, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges to external customers. Likewise the primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 standard revenues 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 general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District has no nonmajor funds.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The District reports the following major governmental fund:

The General Fund is the District's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The District has no proprietary funds or fiduciary funds.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into one category: governmental.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

D. 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 and additions are recorded when earned and expenses and deductions are reported when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considered 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 fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Sales taxes, grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Budgets

Budgets are adopted on a basis consistent with the cash basis of accounting, which is not the same basis used in these financial statements. All annual budgets lapse at fiscal year end.

F. Cash and Investments

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District's investments are considered to be certificates of deposit and long-term investments with original maturity of greater than three months from the date of acquisition and are stated at cost, which approximates fair value.

G. Receivables and Payables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. Receivables are shown net of an allowance for uncollectible accounts where applicable. Receivables are recognized for sales taxes, interest, and intergovernmental grants.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts from pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District does not have any of this type of item.

I. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Capital Assets

Capital assets, if any, which include property, plant, equipment and infrastructure assets (e.g., land, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives.

Buildings and permanent structures	75 years
Equipment (including pumps and fountains)	50 years
Office equipment	10 years
Trails	15 years

K. Compensated Absences

It is the policy of the District to permit employees to accumulate earned but unused vacation and sick time. Sick time is earned at a rate of 1 day per month and accumulated up to a maximum of 32.5 days. Accrued sick time has no cash value at the time of separation of employment. Vacation time is earned at a rate of 2 weeks per year upon the employee's date of hire. Once the employee has reached 5 years of employment, vacation time is earned at a rate of 3 weeks per year.

All vacation is accrued when incurred in the government-side financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignation and retirements.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vested accumulating rights to receive sick pay benefits. However, a liability is recognized for the portion of accumulated sick leave benefits that are estimated to be taken as "terminal leave" prior to retirement.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Net investment in capital assets consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted net position consist of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Unrestricted net position are all other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balance as follows:

Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted – Includes fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District board that originally created the commitment. As of June 30, 2015, the District does not have committed funds.

Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by the District board taking action to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period. As of June 30, 2015, the District does not have assigned funds.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Other governmental funds may report a negative unassigned fund balance should the total of nonspendable, restricted, committed, and assigned fund balances exceed the total net resources of the fund.

Instead of a formal fund balance policy addressing the order in which resources are to be used when amounts are available for expenditure, the District uses the default approach allowed by Governmental Accounting Standards Board Statement No. 54. Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

M. Estimates

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

N. Date of Management Evaluation

Management has evaluated subsequent events through December 15, 2015, the date on which the financial statements were available to be issued.

O. Implementation of New Accounting Principles

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. This standard provides financial reporting guidance for reporting pensions that are provided by other entities. The District has implemented this reporting during the year ended June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, is effective for periods beginning after June 15, 2014. This standard improves financial reporting required by GASB Statement No. 68. The District has implemented this reporting during the year ended June 30, 2015.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District followed these procedures in establishing the budgetary data reported in the financial statements for the year ended June 30, 2015:

1. Prior to June 30, the Director prepared a budget which was distributed to the District Board for their review.
2. Formal Board adoption of the budget was on June 10, 2014.
3. No amendments were made to the budget subsequent to its approval.

Annual budgets lapse at fiscal year end.

NOTE 3. DEPOSITS AND INVESTMENTS

The District is authorized by state statute and its investment policy to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the United States of America, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The District does not enter into any reverse repurchase agreements.

At year-end, the carrying amount of the District's deposits totaled \$11,222,411 and bank balances totaled \$11,433,198.

Reconciliation to the financial statements:

	Deposits
Cash	\$ 4,328,139
Investments	6,759,766
Restricted	
Cash	134,506
Carrying amount - as above	\$ 11,222,411

A. Interest Rate Risk

Interest rate risk is the risk that changes in the 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 generally invests in certificates of deposit.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (CONT'D)

B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, a government will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Funds on deposit (checking accounts, money markets, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent – third party institution in the name of the District.

As of June 30, 2015, of the bank balances, \$9,010,222 was insured by the Federal Deposit Insurance Corporation (FDIC), \$2,422,976 was covered by pledged collateral held in the District's name.



METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental activities	Beginning balances, as restated	Increases	Decreases	Ending balances
Capital assets not being depreciated				
Park assets				
Land	\$ 3,088,682	\$ -	\$ -	\$ 3,088,682
Riverpark Drive	4,409	-	-	4,409
District Assets				
Land	220,290	-	-	220,290
Leasehold improvements - trails construction in progress	164,628	-	-	164,628
Total capital assets not being depreciated	<u>\$ 3,478,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,478,009</u>
Capital assets being depreciated				
Park Assets				
Buildings	\$ 2,249,555	\$ -	\$ -	\$ 2,249,555
Overlook	8,761,499	-	-	8,761,499
Fountains, pumps and equipment	2,950,748	-	-	2,950,748
District assets				
Office building	1,552,840	-	-	1,552,840
Leaseholds improvements - trails	1,343,736	-	-	1,343,736
Office equipment	17,400	-	-	17,400
Total capital assets being depreciated	<u>\$ 16,875,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,875,778</u>
Less accumulated depreciation for				
Park Assets				
Buildings	\$ 194,546	\$ 32,640	\$ -	\$ 227,186
Overlook	592,089	117,332	-	709,421
Fountains, pumps and equipment	557,155	71,984	-	629,139
District Assets				
Office building	156,598	20,704	-	177,302
Leasehold improvements - trails	288,848	108,865	-	397,713
Office equipment	11,406	1,740	-	13,146
Total accumulated depreciation	<u>\$ 1,800,642</u>	<u>\$ 353,265</u>	<u>\$ -</u>	<u>\$ 2,153,907</u>
Total capital assets being depreciated, net	<u>\$ 15,075,136</u>	<u>\$(353,265)</u>	<u>\$ -</u>	<u>\$ 14,721,871</u>
Government activities capital assets, net	<u>\$ 18,553,145</u>	<u>\$(353,265)</u>	<u>\$ -</u>	<u>\$ 18,199,880</u>

Depreciation expense is charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	<u>\$ 353,265</u>

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 5. LONG-TERM LIABILITIES

The following is a summary of changes in compensated absences for the year ended June 30, 2015:

<u>Description and Purpose</u>	<u>Balance July 1, 2014, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Primary Government					
Compensated Absences					
Accumulated vacation pay	\$ 42,839	\$ 15,709	\$ 9,851	\$ 48,697	\$ -

NOTE 6. FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2015, fund balances are comprised of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
General Fund			
Prepaid expenses	\$ 8,907	\$ -	\$ -
Malcolm W. Martin Memorial Park	-	135,547	-
Grant awards	-	3,827,199	-
Unassigned	-	-	7,646,014
Total	<u>\$ 8,907</u>	<u>\$3,962,746</u>	<u>\$7,646,014</u>

NOTE 7. DEFINED BENEFIT PENSION PLAN

Retirement Commitments

Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees	-
Inactive	-
Active	<u>3</u>
Total	<u><u>3</u></u>

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2014 was 9.61%. For the fiscal year ended June 30, 2015, the District contributed \$21,573 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.49%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Return 12/31/2014	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	38.00%	9.81%	9.15%	7.60%
International Equities	17.00%	-2.79%	9.80%	7.80%
Fixed Income	27.00%	5.93%	3.05%	3.00%
Real Estate	8.00%	12.66%	7.35%	6.15%
Alternatives	9.00%			
Private Equity		N/A	13.55%	8.50%
Hedge Funds		N/A	5.55%	5.25%
Commodities		N/A	4.40%	2.75%
Cash Equivalents	1.00%	N/A	2.25%	2.25%
Total	100.00%			

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.49%.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Changes in System's Net Pension Liability

Changes in the System's net pension liability for the year ended December 31, 2014, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2013	\$ 354,863	\$ 312,794	\$ 42,069
Changes for the year:			
Service Cost	24,279		24,279
Interest	27,525		27,525
Difference between expected and actual experience	(12,081)		(12,081)
Changes in assumptions	17,921		17,921
Contributions - employees		9,108	(9,108)
Contributions- employer		19,451	(19,451)
Net investment income		19,951	(19,951)
Other (Net Transfer)		(765)	765
Net Changes	57,644	47,745	9,899
Balance, December 31, 2014	\$ 412,507	\$ 360,539	\$ 51,968

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.49%	\$ 126,997
Current discount rate	7.49%	51,968
1% increase	8.49%	(8,289)

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$21,676. At June 30, 2015, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,037
Changes of assumptions	16,372	-
Net difference between projected and actual earnings on Plan investments	3,641	-
Contributions after measurement date	10,651	
Total	\$ 30,664	\$ 11,037

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ending December 31,

2015	\$	12,066
2016		1,415
2017		1,415
2018		1,415
2019		505
Thereafter		2,811
Total	\$	19,627

Payable

At December 31, 2014, the District did not report any amount payable to IMRF.

NOTE 8. PRIOR PERIOD ADJUSTMENTS

During the current fiscal year, the District identified an error in previously accrued compensated absences of the Governmental Activities. Upon review of the policy, accrued sick leave has no cash value at separation of employment. Compensated absences were adjusted to remove accumulated sick time.

During the current fiscal year, the District identified an error in previously capitalized costs of the Governmental Activities. Expenditures for the Scott-Troy Trail were added to construction in progress. Further review of the contract for this project and discussions with other governmental agencies has revealed that the Scott-Troy Trail will not be owned or maintained by the District. The leasehold improvements – trails construction in progress were adjusted to remove all payments made for the Scott-Troy Trail.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 8. PRIOR PERIOD ADJUSTMENTS (CONT'D)

During the current fiscal year, the System adopted Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. This statement requires the System to change the accounting for the pension costs related to the Systems participation in the Illinois Municipal Retirement Fund (IMRF). For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial value, and attribute the present value to periods of employee service. The Statement also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. In addition, the System will also be recognizing a net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to the System's proportionate share of the collective amounts in IMRF.

The aforementioned changes had the following effect on the District's net position:

	Governmental Activities
	Net Position
Balance as originally stated, June 30, 2014	\$ 32,481,071
Correction of Compensated Absences	21,766
Correction of Fixed Assets	(2,377,971)
Recognition of Net Pension Activity	(31,907)
Balance Restated , June 30, 2014	\$ 30,092,959

NOTE 9. OTHER DISCLOSURES

A. Risk Management - Claims and Judgments

Description

Losses are covered by commercial insurance for the District's workers' compensation and general and property liability insurance coverage. There have been no significant reductions in insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. Restricted Net Position/Fund Balance - Grant Awards

In fulfilling its creation purpose, the District periodically makes financial grants to governmental organizations within Madison and St. Clair Counties in Illinois. The District Board is responsible for reviewing grant applications and approving grant awards. The District has awarded, through board resolution, grants to various other governmental entities. The amount of grant payments outstanding is \$3,827,199.



METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 9. OTHER DISCLOSURES (CONT'D)

C. Gateway Center of Metropolitan St. Louis - Malcolm W. Martin Donation

On June 6, 2005 the District received a significant donation of approximately 31.686 acres of land located in St. Clair County, Illinois, including improvements known as the "Gateway Geyser" and four other fountains, pumps and related equipment, which have been valued at \$6,441,276. In addition, the District received \$2,500,000 in "initial funds" for the continued operation and maintenance of the above property and \$500,000 in 2014. The District's obligations with regard to these donations are to maintain the property for use as a park and to use the funds provided solely for the maintenance of said property. The park is to be named "Malcolm W. Martin Memorial Park" as a memorial to Mr. Martin.

D. Construction in Progress

As of June 30, 2015 the District is involved in various construction projects related to the Malcolm W. Martin Memorial Park and various trails within Madison and St. Clair Counties including:

	Accumulated Cost to 6/30/15
Metro East Park and Recreation District	
McKinley Bridge to Cahokia Trail	\$ 80,076
Eads Bridge to Malcolm Park connector	19,075
McKinley Bridge to Malcolm Memorial	65,477
Total	\$ 164,628

The District Board has not moved into the construction phase of the McKinley Bridge to Cahokia Trail project.

E. Park Security Contract

The District provides for park security in accordance with a contract agreement with a third-party which was renegotiated in September 2014. Contract payments in this regard during the current fiscal year totaled \$153,760.

The new contract expires June 30, 2016 with the following future minimum payments:

Fiscal Year Ending	Amount
6/30/2016	\$157,680

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2015

NOTE 9. OTHER DISCLOSURES (CONT'D)

F. Outstanding Grants Awarded to the Metro East Park and Recreation District

The District has the following outstanding grant awards:

<u>District Project</u>	<u>Granting Agency</u>	<u>Amount</u>
Scott-Troy Bike Trail	Illinois Department of Transportation	\$ 1,000,000
Scott-Troy Bike Trail	Illinois Department of Transportation	1,300,000
Scott-Troy Bike Trail	Illinois Department of Transportation	2,000,000
Scott-Troy Bike Trail	Illinois Department of Transportation	2,218,330
Scott-Troy Trail Phase II	St. Clair County Transit District	1,500,000
Scott-Troy Bike Trail	Illinois Department of Natural Resources	576,600
		<u>\$ 8,594,930</u>

The Scott-Troy Trail grants from the Illinois Department of Transportation are 80/20 grants with 20% being provided from District funds. Madison County Transit is providing construction with the District (grant recipient) providing funding net of the 80% federally funded grant reimbursement. These grants are to be used for the payment of preliminary engineering and construction of the related trail.

During the current and prior fiscal years the District notified the Illinois Department of Natural Resources that it had spent \$1,537,046 in acquisition costs and accrued \$576,600 in grant income receivable (government-wide financial statements only) in relation to the grant for trail property acquisition. This grant is a 50/50 grant with 50% being provided from District funds. Madison County Transit is acquiring the trail properties with the District (grant recipient) providing funding net of the 50% state funded grant reimbursement.

G. Contingencies

The District has received funding from state and federal grants in the current and prior years which are subject to audits by granting agencies. The District Board believes any adjustments that may arise from these audits will be insignificant to District operations.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (CASH BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2015

	General Fund - MEPRD		
	Original and Final Budget	Actual	Actual Revenues/ Expenditures (Over) Under Budget
<b>REVENUES</b>			
Sales tax	\$ 4,125,000	\$ 4,411,381	\$ (286,381)
St. Clair County Transit District grant	500,000	500,000	-
Interest income	52,000	55,388	(3,388)
Other Income	-	729	(729)
Park management fees	2,500	-	2,500
Total revenues	<u>\$ 4,679,500</u>	<u>4,967,498</u>	<u>\$ (287,998)</u>
<b>EXPENDITURES</b>			
Culture and recreation			
Current			
Sales tax reimbursements	\$ 2,062,500	\$ 2,205,691	\$ (143,191)
Grant payments	3,781,832	1,085,099	2,696,733
Grant payments - Scott-Troy Trail	400,000	275,064	124,936
Employee related expenses	309,500	279,115	30,385
Professional services	73,750	61,764	11,986
Travel	4,800	2,430	2,370
Office expenses	25,000	14,026	10,974
Repairs and maintenance	42,150	43,675	(1,525)
Utilities	25,700	19,465	6,235
Other special events/sponsorships	34,500	31,680	2,820
Insurance	18,350	16,677	1,673
Dues and publications	500	1,052	(552)
Contingency	25,000	-	25,000
Total expenditures	<u>\$ 6,803,582</u>	<u>\$ 4,035,738</u>	<u>\$ 2,767,844</u>
Net increase in cash balances	<u>\$ (2,124,082)</u>	<u>\$ 931,760</u>	<u>\$ (3,055,842)</u>
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance			
Net increase in cash balances - above		\$ 931,760	
Adjustments to reconcile increase in cash balances to net changes in fund balance - Exhibit "E"			
Increases (decreases) in assets which are not recorded using the cash basis			
Prepaid expenses		659	
Receivables			
Regional sales tax - net of County distributions		(2,260)	
Accrued interest receivable		5,565	
Other receivables		161	
(Increases) decreases in liabilities which are not recorded using the cash basis			
Accounts payable		3,129	
Park management transactions		(390)	
Net changes in fund balance - Exhibit "E"		<u>\$ 938,624</u>	

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (CASH BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015

	General Fund - MMMP		
	Original and Final Budget	Actual	Actual Revenues/ Expenditures (Over) Under Budget
<b>REVENUES</b>			
Gateway Center donation	\$ 490,000	\$ -	\$ 490,000
July 4th event contributions	10,000	-	10,000
Interest income	1,000	1,199	(199)
Other Income	1,500	550	950
	<u>502,500</u>	<u>1,749</u>	<u>500,751</u>
<b>EXPENDITURES</b>			
Culture and recreation - District			
Current			
Professional services	\$ 163,050	\$ 161,984	\$ 1,066
Travel	500	293	207
Office expenses	5,875	3,582	2,293
Repairs and maintenance	76,750	72,568	4,182
Utilities	123,325	86,025	37,300
Fourth of July event	10,000	10,074	(74)
Other special events/sponsorships	2,500	168	2,332
Insurance	17,200	15,956	1,244
Park management fees	1,500	-	1,500
Contingency	3,000	2,963	37
	<u>403,700</u>	<u>353,613</u>	<u>50,087</u>
Total expenditures	<u>\$ 403,700</u>	<u>\$ 353,613</u>	<u>\$ 50,087</u>
Net increase in cash balances	<u>\$ 98,800</u>	<u>\$ (351,864)</u>	<u>\$ 450,664</u>
<b>Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance</b>			
Net increase in cash balances - above		\$ (351,864)	
Adjustments to reconcile increase in cash balances to net changes in fund balance - Exhibit "E"			
Increases (decreases) in assets which are not recorded using the cash basis			
Prepaid expenses		(283)	
Fuel inventory		(8,096)	
(Increases) decreases in liabilities which are not recorded using the cash basis			
Accounts payable		935	
Park management transactions		390	
Net changes in fund balance - Exhibit "E"		<u>\$ (358,918)</u>	

**METRO EAST PARK AND RECREATION DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

LAST 10 CALENDAR YEARS (schedule to be built prospectively from 2014)

Calendar year ending December 31,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Pension Liability</b>										
Service Cost	\$ 24,279									
Interest on the Total Pension Liability	27,525									
Benefit Changes	0									
Difference between Expected and Actual Experience	(12,081)									
Assumption Changes	17,921									
Benefit Payments and Refunds	-									
<b>Net Change in Total Pension Liability</b>	57,644									
<b>Total Pension Liability - Beginning</b>	354,863									
<b>Total Pension Liability - Ending (a)</b>	\$ 412,507									
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 19,451									
Employee Contributions	9,108									
Pension Plan Net Investment Income	19,951									
Benefit Payments and Refunds	-									
Other	(765)									
<b>Net Change in Plan Fiduciary Net Position</b>	47,745									
<b>Plan Fiduciary Net Position - Beginning</b>	312,794									
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 360,539									
<b>Net Pension Liability/(Asset) -Ending (a)-(b)</b>	51,968									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.40%									
Covered Valuation Payroll	\$ 202,391									
Net Pension Liability as a Percentage of Covered Valuation Payroll	25.68%									

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST 10 CALENDAR YEARS

<u>Calendar Year</u> <u>Ending</u> <u>December 31.</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a % of</u> <u>Covered Valuation Payroll</u>
2014	\$ 19,450	\$ 19,451	\$ (1)	\$ 202,391	9.61%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

METRO EAST PARK AND RECREATION DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS  
USED IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2014 Contribution Rates:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 24 years for most employers (two employers were financed over 33 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.00% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projected scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation