

Carbondale Park District
Financial Statements
June 30, 2013

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4 - 5
Management's Discussion and Analysis	6 - 11
 Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet-Governmental Funds	14
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the Statement of Activities	17
 Agency Fund	
Statement of Changes in Assets and Liabilities	18
Notes to Financial Statements	19 - 36

Table of Contents (Continued)

	<u>Page</u>
Required Supplemental Information	
Budget and Actual (with Variances) - General Fund	37
Notes to Required Supplemental Information	38
Other Supplemental Information	
Schedule of Findings and Responses	39 - 41

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Carbondale Park District
Carbondale, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carbondale Park District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Carbondale Park District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows 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 and budgetary comparison information on pages 6-11 and 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.

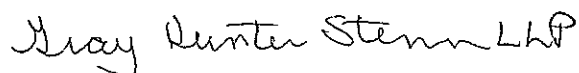
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carbondale Park District's basic financial statements. The schedule of findings and responses, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of findings and responses is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of findings and responses is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of the Carbondale Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carbondale Park District's internal control over financial reporting and compliance.



Marion, Illinois
November 12, 2013

MARION, ILLINOIS
QUINCY, ILLINOIS

OAK BROOK, ILLINOIS
SYCAMORE, ILLINOIS

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

Board of Commissioners
Carbondale Park District
Carbondale, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carbondale Park District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Carbondale Park District's basic financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carbondale Park District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carbondale Park District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carbondale Park District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

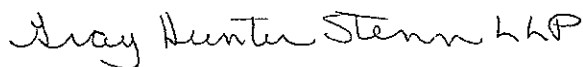
As part of obtaining reasonable assurance about whether the Carbondale Park District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Carbondale Park District's Response to Findings

The Carbondale Park District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Carbondale Park District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Marion, Illinois
November 12, 2013

**Carbondale Park District
Management's Discussion and Analysis
Year Ended June 30, 2013**

Within this section of the Carbondale Park District's annual report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

The District's liabilities exceeded its assets by (\$480,998) for the fiscal year ended June 30, 2013 compared to (\$434,825) in net assets for the previous fiscal year. This represents a decrease in net assets of \$46,173.

Total net assets are comprised of the following:

- a. Capital assets, net of related debt, of \$(1,626,267) and (\$1,526,794) respectively for the years ended June 30, 2013 and 2012 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- b. Restricted net assets of \$219,243 and \$14,920 respectively for the years ended June 30, 2013 and 2012 represent the portion restricted to satisfy legal restrictions imposed by the bond agreement.
- c. Unrestricted net assets of \$926,026 and \$1,077,049 respectively for the years ended June 30, 2013 and 2012 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

The District's governmental funds balances at June 30, 2013 were \$1,109,596. This compares to the prior year ending balance of \$1,057,434 showing an increase in the balance of \$52,163 during the current year.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these government-wide statements is the *Statement of Net Assets*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to

**Carbondale Park District
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2013**

other nonfinancial factors such as the condition of the District's infrastructure or a substantial change in the District's overall tax base.

The second government-wide statement is the *Statement of Activities* that reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The District has three funds:

The *governmental fund (General fund)* is reported in the fund financial statements and encompasses the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the governmental fund and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

The *Debt Service fund (Bond & Interest)* is reported in the fund financial statements and accounts for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

The *Agency fund (Lights Fantastic)* is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. Therefore, the agency fund is not included in the governmental fund or the government-wide statements.

Budgetary comparison statements are included in the basic financial statements for each fund. These statements assist in demonstrating the District's compliance with the adopted budget.

**Carbondale Park District
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2013**

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which management believes is helpful in comparing financial information over several years.

Financial Analysis of the District

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end were (\$480,998). This is a \$46,173 decrease over last year's net assets of (\$434,825). The following table provides a summary of the District's net assets at June 30, 2013 and 2012:

Summary of Net Assets

	<u>2013</u>	<u>2012</u>
Assets:		
Current and other assets	\$ 3,021,749	\$ 2,874,320
Capital Assets	<u>3,300,396</u>	<u>3,558,530</u>
Total Assets	<u>6,322,145</u>	<u>6,432,850</u>
Liabilities:		
Current liabilities	2,608,414	2,484,431
Long-term liabilities	<u>4,194,730</u>	<u>4,383,244</u>
Total Liabilities	<u>6,803,144</u>	<u>6,867,675</u>
Net Assets:		
Invested in Capital assets net of debt	(1,626,267)	(1,526,794)
Restricted for Payment of Debt	8,808	14,920
Restricted for donor restricted expenditures	210,434	
Unrestricted	<u>926,025</u>	<u>1,077,049</u>
Net Assets	<u>(\$ 480,998)</u>	<u>(\$ 434,825)</u>

Net assets decreased \$46,173 for governmental activities during the fiscal year. The District's overall financial position declined during fiscal year 2013.

**Carbondale Park District
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2013**

The District's governmental activities rely heavily on the real estate tax. The property tax provided \$1,442,157 and \$1,492,542 respectively or 48.78 % and 54.02% of the total revenue in the governmental funds for the years ended June 30, 2013 and 2012. The replacement tax provided \$84,117 and \$82,32 respectively or 2.85% and 2.98% for the years ended June 30, 2013 and 2012. Golf Course revenue provided \$645,408 and \$578,181 or 21.83% and 20.93% and childcare revenue provided \$373,121 and \$395,174 respectively or 12.62% and 14.30% of the total revenue in the governmental funds for the years ended June 30, 2013 and 2012.

The following provides a summary of the District's changes in net assets for the year ended June 30, 2013 and 2012:

Summary of Changes in Net Assets

	<u>2013</u>	<u>2012</u>
Revenues:		
Tax Revenues	\$ 1,526,274	\$1,574,870
Recreation revenue and rental	813,550	672,238
Child Care revenue	373,121	395,174
Contributions & Grants	226,008	104,030
Interest & Miscellaneous Income	<u>17,368</u>	<u>16,570</u>
Total Revenue	<u>2,956,321</u>	<u>2,762,882</u>
Expenditures:		
Administration & community services	665,919	660,173
Recreation activities	1,423,913	1,364,502
Child care activities	387,171	393,463
Park & Athletic field maintenance	511,711	545,734
Interest expense	<u>13,781</u>	<u>18,015</u>
Total Expenditures	<u>3,002,495</u>	<u>2,981,887</u>
Change in net assets	(46,174)	(219,005)
Net assets, beginning of year	(434,825)	(215,820)
Net assets, end of year	<u>(\$ 480,998)</u>	<u>(\$ 434,825)</u>

General Fund Budgetary Highlights

The General Fund revenue budget for the fiscal year was \$2,314,079 which represented an increase of \$56,734 over the 2012 budgeted revenue. Actual revenues (budgetary basis - cash basis) were above budget by \$27,942 and summarized as follows: Golf course revenue was below budget by \$199,852 and program and tax revenues was below budget by \$40,366. However, contributions, interest income, grants and miscellaneous revenue were over budget by \$240,261, program and user fees were over budget by \$5,181 and child care revenue was over budget by \$22,718. The expenditure budget for the fiscal year was \$3,162,267 that represented an increase of \$116,187 over the 2012 budgeted expenditures.

**Carbondale Park District
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2013**

Actual expenditures (modified accrual basis) were below the budget by \$315,208 and summarized as follows: Administration expenditures were below budget by \$232,906, day care expenses were below budget by \$63,916, park maintenance expenditures were below budget by \$50,857, recreation expenses were above budget by \$26,154, community service expenditures were over budget by \$5,336 and golf course expenditures were above budget by \$981.

Capital Asset and Debt Administration

The District's investment in capital assets, net of accumulated depreciation, as of June 30, 2013 and 2012 was \$3,558,530 and \$3,558,530. The capital asset additions for the year were \$39,078.

The following is a summary of Capital Asset additions in the fiscal year:

Fixtures and equipment	\$ 34,598
Land Improvements	<u>4,480</u>
Total Capital Asset additions	<u>\$ 39,078</u>

The following is a summary of the District's overall investment in capital assets, net of accumulated depreciation as of June 30, 2013:

**Capital Assets
Net of Accumulated Depreciation**

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 591,143	\$ -	\$ 591,143
Parking Lots	275,679	206,343	69,336
Building Improvements	295,499	179,283	116,216
Fixtures & Equipment	1,507,557	1,271,846	235,711
Buildings	2,932,670	1,589,346	1,343,324
Construction in Progress	2,568	-	2,568
Vehicles	367,913	328,613	39,300
Land Improvements	<u>2,735,747</u>	<u>1,832,949</u>	<u>902,798</u>
Total Capital Assets	<u>\$ 8,708,776</u>	<u>\$ 5,408,380</u>	<u>\$ 3,300,396</u>

**Carbondale Park District
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2013**

Long-term Debt:

At the end of the fiscal year, the District had total debt outstanding of \$4,958,075. The following is a summary of the changes in the District's total short and long-term debt:

	<u>Balance 6-30-12</u>	<u>New Debt Issued</u>	<u>Principal Payments</u>	<u>Balance 6-30-13</u>
<u>Long Term Debt:</u>				
2012 General Obligation	\$ 4,500,000	\$ -	\$ 165,000	\$ 4,335,000
2010B General Obligation	-	623,075	-	623,075
2011 General Obligation	<u>602,710</u>	<u>-</u>	<u>602,710</u>	<u>-</u>
Total Debt	<u>\$ 5,102,710</u>	<u>\$ 623,075</u>	<u>\$ 767,710</u>	<u>\$ 4,958,075</u>

The annual requirement to amortize all maturing debt for the year ending June 30, 2013 is \$6,925,364.

Economic Environment and Next Year's Budget and Rates

The tax levy for the 2013 fiscal year was adopted on June 17, 2013. The total budgeted general fund revenues (net of new borrowing) are \$2,254,328 that represents a decrease over this fiscal year's actual revenues of \$90,435 or 3.86%. The increase is primarily due to budgeted increases in golf revenue of \$116,592 an increase in child care revenue of \$34,279, an increase in tax revenue of \$7,989, a decrease in recreation and aquatic revenue of \$23,052, a decrease in grants, contributions and miscellaneous revenue of \$226,243.

Expenditures for the District's general fund are budgeted at \$2,873,258. This represents a decrease of \$36,306 over this fiscal year actual expenditures. This increase is due to a decrease in Aquatics and Recreation of \$32,984, a decrease in administration and community services expenditures of \$12,611, a decrease in day care expenditures of \$6,212, a decrease in golf course expenditures of \$51,958 and an increase in park and athletic field maintenance of \$67,459. The budget shortfall of \$618,930 will be met thru the annual rollover general obligation bond proceeds of \$623,075.

Personnel costs represent \$1,648,068 or 57% of total budgeted expenditures. Supplies and services represent \$846,902 or 30% of total budgeted expenditures. Capital outlays of \$5,000 represent 0% of total budgeted expenditures and debt service of \$373,288 represents 13% of total budgeted expenditures.

There are no expected economic events that would affect the budget or anticipated expenses of the general fund.

**Carbondale Park District
Statement of Net Assets
June 30, 2013**

	Governmental Activities
Assets	
Cash	\$ 616,458.37
Restricted Cash	211,861.71
Investments	506,434.99
Receivables:	
Due from other governments	22,299.56
Property taxes receivable	1,517,149.00
Inventory	15,749.43
Prepaid expense	35,672.09
Capital assets, non-depreciable	593,710.78
Capital assets, net of accumulated depreciation	2,706,685.03
Bond issue costs	96,124.46
	<u>96,124.46</u>
Total Assets	<u>\$ 6,322,145.42</u>
Liabilities	
Accounts payable	\$ 136,612.85
Accrued payroll	33,613.72
Accrued vacation payable	46,769.73
Accrued payroll related expenses	39,841.41
Accrued interest payable	16,465.35
Deferred revenue	1,523,519.00
Noncurrent liabilities:	
Due within one year	811,592.04
Due in more than one year	4,194,729.69
	<u>4,194,729.69</u>
Total Liabilities	<u>\$ 6,803,143.79</u>
Net Assets	
Investment in capital assets, net of related debt	\$ (1,626,266.81)
Restricted for debt service	8,808.45
Restricted for donor restricted expenditures	210,434.31
Unrestricted	926,025.68
	<u>926,025.68</u>
Total Net Assets	<u>\$ (480,998.37)</u>

See accompanying notes to financial statements.

**Carbondale Park District
Statement of Activities
For the year ended June, 30 2013**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Administration	\$ 641,740.51	\$ 18,766.00	\$ -	\$ -	\$ (622,974.51)
Aquatics	211,090.11	73,994.87	-	-	(137,095.24)
Recreation	286,105.03	57,092.59	-	-	(229,012.44)
Alice Wright early childhood care	253,269.03	196,138.85	13,058.24	-	(44,071.94)
Kids Korner after school care	133,902.12	163,923.45	-	-	30,021.33
Park maintenance	316,751.12	11,287.31	-	-	(305,463.81)
Athletic field maintenance	194,960.16	7,001.35	-	-	(187,958.81)
Community service	24,178.07	-	-	-	(24,178.07)
Golf course	895,288.64	645,408.32	9,950.00	-	(239,930.32)
Aquatics center construction	31,429.43	-	-	-	(31,429.43)
Debt service	13,780.62	-	-	-	(13,780.62)
Total Governmental Activities	<u>\$3,002,494.84</u>	<u>\$ 1,173,612.74</u>	<u>\$ 23,008.24</u>	<u>\$ -</u>	<u>\$ (1,805,873.86)</u>
General Revenues					
Taxes -					
					\$ 830,832.15
					611,324.35
					300,329.66
					3,837.88
					13,376.06
Total General Revenues					<u>\$ 1,759,700.10</u>
Change in Net Assets					\$ (46,173.76)
Net Assets - Beginning of Year					<u>(434,824.61)</u>
Net Assets - End of Year					<u>\$ (480,998.37)</u>

See accompanying notes to financial statements.

**Carbondale Park District
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General Fund</u>	<u>Bond and Interest Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 616,458.37	\$ -	\$ 616,458.37
Restricted cash	210,434.31	1,427.40	211,861.71
Investments	506,434.99	-	506,434.99
Receivables:			
Due from other governments	22,299.56	-	22,299.56
Property taxes receivable	880,931.00	636,218.00	1,517,149.00
Inventory	15,749.43	-	15,749.43
Due from other funds	-	7,381.05	7,381.05
Total Assets	<u>\$ 2,252,307.66</u>	<u>\$ 645,026.45</u>	<u>\$ 2,897,334.11</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 136,612.85	\$ -	\$ 136,612.85
Accrued payroll	33,613.72	-	33,613.72
Accrued vacation payable	46,769.73	-	46,769.73
Accrued payroll related expenses	39,841.41	-	39,841.41
Due to other funds	7,381.05	-	7,381.05
Deferred revenue	887,301.00	636,218.00	1,523,519.00
Total Liabilities	<u>\$ 1,151,519.76</u>	<u>\$ 636,218.00</u>	<u>\$ 1,787,737.76</u>
Fund Balances			
Nonspendable	\$ 15,749.43	\$ -	\$ 15,749.43
Restricted	-	8,808.45	8,808.45
Assigned	210,434.31	-	210,434.31
Unassigned	874,604.16	-	874,604.16
Total Fund Balances	<u>\$ 1,100,787.90</u>	<u>\$ 8,808.45</u>	<u>\$ 1,109,596.35</u>
Total Liabilities and Fund Balances	<u>\$ 2,252,307.66</u>	<u>\$ 645,026.45</u>	<u>\$ 2,897,334.11</u>

See accompanying notes to financial statements.

Carbondale Park District
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Assets
June 30, 2013

Total Fund Balances - Governmental Funds		\$ 1,109,596.35
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets - cost	\$ 8,708,776.48	
Accumulated depreciation	<u>(5,408,380.67)</u>	3,300,395.81
Prepaid expense is recorded in the Statement of Activities when incurred; these costs are recorded in governmental funds as expense when paid.		
		35,672.09
Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year end consist of:		
Accrued interest payable	\$ (16,465.35)	
Notes payable	(60,979.38)	
Bonds payable, net of bonds discount	(4,945,342.35)	
Bond issue costs	<u>96,124.46</u>	<u>(4,926,662.62)</u>
Total Net Assets - Governmental Activities		<u>\$ (480,998.37)</u>

See accompanying notes to financial statements.

Carbondale Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Bond and Interest Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 830,832.15	\$ 611,324.35	\$ 1,442,156.50
Intergovernmental revenue	84,117.17	-	84,117.17
Golf course revenue	645,408.32	-	645,408.32
Program and user fees	168,142.12	-	168,142.12
Child care fees	373,120.54	-	373,120.54
Interest income	3,604.20	233.68	3,837.88
Contributions and grants	226,007.77	-	226,007.77
Miscellaneous	13,530.78	-	13,530.78
	\$ 2,344,763.05	\$ 611,558.03	\$ 2,956,321.08
Expenditures			
Administration	\$ 780,606.14	\$ -	\$ 780,606.14
Aquatics	207,660.15	-	207,660.15
Recreation	236,188.70	-	236,188.70
Alice Wright early childhood care	253,269.03	-	253,269.03
Kids Korner after school care	133,116.77	-	133,116.77
Park maintenance	305,933.15	-	305,933.15
Athletic field maintenance	191,188.77	-	191,188.77
Community service	19,610.42	-	19,610.42
Golf course	750,561.04	-	750,561.04
Aquatics center construction	31,429.43	-	31,429.43
Debt service	-	617,669.75	617,669.75
	\$ 2,909,563.60	\$ 617,669.75	\$ 3,527,233.35
Excess (Deficiency) of Revenues Over Expenditures	\$ (564,800.55)	\$ (6,111.72)	\$ (570,912.27)
Other Financing Sources (Uses)			
Proceeds from long-term debt	623,075.00	-	623,075.00
	\$ 58,274.45	\$ (6,111.72)	\$ 52,162.73
Net Change in Fund Balances	\$ 58,274.45	\$ (6,111.72)	\$ 52,162.73
Fund Balances at Beginning of Year	1,042,513.45	14,920.17	1,057,433.62
Fund Balances at End of Year	\$ 1,100,787.90	\$ 8,808.45	\$ 1,109,596.35

See accompanying notes to financial statements.

Carbondale Park District
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
 and Changes in Fund Balances With the Statement of Activities
 For the Year Ended June 30, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	52,162.73
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	\$ (286,599.53)	
Capital outlay	<u>28,465.00</u>	(258,134.53)
Prepaid expense is recorded in the Statement of Activities when incurred; these costs are recorded in governmental funds as expense when paid.		
		1,136.31
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(6,483.15)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond and note principal is an expenditure in the governmental funds, but not in the Statement of Activities where it reduces long-term debt.		
Proceeds from long-term debt	\$ (623,075.00)	
Repayments of long-term debt	<u>786,837.88</u>	163,762.88
Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		<u>1,382.00</u>
Change in Net Assets - Governmental Activities	\$	<u>(46,173.76)</u>

See accompanying notes to financial statements.

**Carbondale Park District
Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2013**

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Lights Fantastic	<u>\$ 2,853.87</u>	<u>\$ 8,733.59</u>	<u>\$ 10,867.78</u>	<u>\$ 719.68</u>

See accompanying notes to financial statements.

**Carbondale Park District
Notes to Financial Statements
June 30, 2013**

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Carbondale Park District was organized by referendum in 1940 and is governed by a board of five elected commissioners, serving four year terms of office, without compensation, pursuant to the provisions of the Park District Code, Illinois Compiled Statutes, 70 ILCS 1205, 1997.

The Carbondale Park District is located in Southern Illinois and services a population of approximately 25,960. The mission of the District is to enhance the quality of community life by providing recreation and leisure opportunities.

The District offers recreational programs for all age groups, including recreational classes, organized league sports, aquatics programs and classes and community events such as the Sunset Concert series. In addition to the District's many parks and facilities, it also offers an 18 hole top rated public golf course.

The Park District serves a diverse population with a wide range of interests. The programs and services serve infants, preschoolers, youths, teens, adults and seniors, as well as family interests.

The Park District's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Park District's reporting entity includes the Park District's governing board and all related organizations for which the Park District exercises oversight responsibility.

The Park District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Park District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Park District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The Park District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements to its governmental activities. The Park District does not have business-type activities or proprietary funds on which to apply the pronouncements. The significant accounting policies established in GAAP and used by the Park District are described below.

B. Basic Financial Statements

The Park District's basic financial statements include both government-wide (reporting the Park District as a whole) and fund financial statements (reporting the Park District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Park District's government-wide activities are governmental activities only.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Park District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Interfund receivables/payables resulting from short-term interfund loans are eliminated in the government-wide Statement of Net Assets. The Park District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Park District first utilizes restricted resources to finance qualifying activities. This government-wide focus is more on the sustainability of the Park District as an entity and the change in the Park District's net assets resulting from the current year's activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the Park District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Park District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Park District.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the Park District.

The accounts of the Park District are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are organized into two major categories: governmental and fiduciary. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the Park District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The following fund types are used by the Park District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Park District:

- a. General Fund - The General Fund is the general operating fund of the Park District. It is used to account for all financial resources devoted to financing the general services that the Park District performs for its citizens, except those required to be accounted for in another fund.
- b. Debt Service Fund - The Debt Service Fund (Bond and Interest Fund) is used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Park District programs. The reporting is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

These funds are as follows:

Agency Fund - Agency funds (Lights Fantastic) are used to account for assets held by the Park District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major Governmental: General Fund	Accounts for financial resources devoted to financing the general services that the Park District performs for its citizens.
Bond and Interest Fund	Accounts for the accumulation of resources for the payment of bond principal, interest and related costs.
Non-Major	The Park District has no non-major funds.

C. Basis of Accounting

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

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Annual Budget Ordinance

The Park District annually passes a budget ordinance which includes all fund types using the cash basis of accounting. All unexpended budget amounts lapse at the end of each fiscal year.

Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: personnel services, supplies and services, capital outlay, and debt service. This constitutes the legal level of control. Expenditures may not exceed the budget at this level. Within these control levels, management may transfer budget lines without Board approval.

E. Cash and Cash Equivalents

Cash includes cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty.

Cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less. State statutes authorize the Park District to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

F. Investments

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Inventory and Prepaid Items

Inventory in the general fund consists of expendable supplies of the golf course held for consumption stated on a first-in, first-out basis. It is reported at cost which is recorded as an expenditure at the time individual inventory items are used.

Prepaid balances are for insurance payments made by the Park District in the current year to provide coverage occurring in the subsequent fiscal year.

I. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net assets.

J. Capital Assets

The Park District is required to spread the cost of its capital assets over the assets' useful lives. These capital assets include land, buildings, and related equipment. The depreciation expense amounts charged to each of the functions are in the statement of activities.

The Park District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements.

Capital assets purchased or acquired with an original cost of \$1,000.00 or more are reported at historical or estimated historical cost, including all ancillary charges necessary to place the asset in its intended location and condition for use. Donated assets are reported at fair market value at the time of acquisition plus all appropriate ancillary costs. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is calculated using the straight-line method. The estimated useful lives of assets are based on local government suggested basis, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years. The following estimated useful lives are used for depreciation purposes:

Buildings and improvements	20 - 30 years
Furniture and equipment	5 - 15 years

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

K. Compensated Absences

For the General Fund, benefit pay is accrued for benefits earned but not taken at June 30, 2013. Vacation time is earned on a hire-date basis.

Vacation Days

After one year of employment, employees earn two weeks of vacation. After four years of employment, employees earn three weeks of vacation. After twelve years of employment, employees earn four weeks of vacation. After twenty years of employment, employees earn five weeks of vacation. Vacation is paid at the employee's regular straight time hourly rate.

Vacation days not used during the current year may be carried forward to subsequent years with a maximum accumulation of one week.

Any employee who is separated from Park District employment shall be compensated for all unused vacation time accumulated for the year at the rate of pay at the time of separation.

As of June 30, 2013, the liability for unused vacation is approximately \$46,769.71.

Sick Days

Employees shall accrue sick days at a rate of one day per month up to a maximum of 120 days. Upon termination of employment, unused sick days are not paid.

As of June 30, 2013, the liability for sick leave is approximately \$152,474.77.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Equity Classifications

Equity is classified as net assets and displayed in five components:

- a. **Nonspendable:** Fund balances not in spendable form such as inventory, long-term receivables not expected to be converted to cash in the near term or balances legally or contractually required to be maintained intact (e.g. corpus of a permanent fund).
- b. **Restricted:** Amounts constrained to being used for a specific purpose by external parties, constitutional provisions or enabling legislation such as an ordinance establishing a fee for a particular purpose.
- c. **Committed:** Amounts with constraints on use for a specific purpose imposed by the District itself, using its highest level of decision making authority. Constraints can be removed or changed only by taking the same action. Action to constrain resources should occur prior to the end of the fiscal year, though the amount may be determined subsequently. Must be done by the governing board.
- d. **Assigned:** Amounts intended to be used for a specific purposes intent that is expressed by the governing board, a body or official authorized by the governing board (budget committee, management, CFO, etc.). No formal resolution is enacted by the governing board. Appropriations of existing fund balances.
- e. **Unassigned:** Amounts available for any purpose. Reported only in the General Fund except in cases of negative fund balances.

Note 2. Property Tax Revenues

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the County Collector, the property taxes are not "available" to finance current year expenditures. For those funds on the accrual and modified accrual basis, the current year tax levy is recorded as property taxes receivable and deferred tax revenue.

The following are the taxes extended and collected, assessed valuations and tax rates levied per \$100.00 of assessed valuation for the calendar years 2010, 2011 and 2012:

	<u>2010 Taxes Payable in 2011</u>	<u>2011 Taxes Payable in 2012</u>	<u>2012 Taxes Payable in 2013</u>
<u>Taxes Extended</u>			
Real and personal	\$ 1,507,385	\$ 1,457,173	
<u>Total Taxes Extended</u>	<u>\$ 1,507,385</u>	<u>\$ 1,457,173</u>	<u>\$ 1,517,149</u>
<u>Add</u> - Mobile home taxes and interest	\$ 3,128	\$ 2,814	
Tax objections settled	<u>2,692</u>	<u>2,137</u>	
<u>Total Additions</u>	<u>\$ 5,820</u>	<u>\$ 4,951</u>	
<u>Total</u>	<u>\$ 1,513,205</u>	<u>\$ 1,462,124</u>	
<u>Deduct</u> - Errors and corrections	\$ 20,663	\$ 19,967	
<u>Total Deductions</u>	<u>\$ 20,663</u>	<u>\$ 19,967</u>	
Net Income from Taxes	<u>\$ 1,492,542</u>	<u>\$ 1,442,157</u>	
<u>Assessed Valuation</u>	<u>\$ 309,664,580</u>	<u>\$ 306,090,142</u>	<u>\$ 303,916,136</u>

The following are the tax rate limits permitted and the actual rates levied per \$100.00 of assessed valuation:

<u>Tax Rates</u>	<u>Limit</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Corporate	.1000	.07637	.07220	.07626
Bonds and Interest	No Limit	.19652	.20180	.20934
IMRF	No Limit	.03045	.02880	.03044
Audit	.0050	.00374	.00354	.00375
Tort Judgements, General Liability	No Limit	.02834	.02681	.02834
Social Security	No Limit	.03619	.03426	.03622
Workers Compensation	No Limit	.02649	.02506	.02649
Recreation	.1200	.05720	.05410	.05719
Recreation Programs - Handicapped	.0400	<u>.03148</u>	<u>.02949</u>	<u>.03117</u>
<u>Total</u>		<u>.48678</u>	<u>.47606</u>	<u>.49920</u>

<u>Extensions</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Corporate	\$ 236,491	\$ 220,997	\$ 231,766
Bonds and Interest	608,553	617,690	636,218
IMRF	94,293	88,154	92,512
Audit	11,581	10,836	11,397
Tort Judgements, General Liability	87,759	82,063	86,130
Social Security	112,068	104,866	110,078
Workers Compensation	82,030	76,706	80,507
Recreation	177,128	165,595	173,810
Recreation Programs - Handicapped	<u>97,482</u>	<u>90,266</u>	<u>94,731</u>
	<u>\$1,507,385</u>	<u>\$1,457,173</u>	<u>\$1,517,149</u>

Collections include Mobile Home privilege tax for 2012 of \$1,841.60.

The Park District's property tax is levied each year on all taxable real property located in the Park District. Property taxes attach as an enforceable lien on property as of January 1 and were payable in two installments on October 30, 2012 and November 30, 2012. The Park District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2011 and prior tax levies.

Note 3. Cash and Investments

A. Deposits

Permitted Deposits and Investments - Statutes authorize the Park District to make deposits and investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, 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 three highest classifications by at least two standard rating services, and the Illinois Funds.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Park District's deposits might not be recovered. The Park District does have a deposit policy for custodial credit risk. As of June 30, 2013, \$1,133,111.51 of the Park District's bank balances of \$1,133,111.51 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateralized with securities held by pledging financial institution	<u>1,133,111.51</u>
Total	<u>\$1,133,111.51</u>

During the year ended June 30, 2013, the depository bank used by the District had pledged \$1,200,784.36 in various securities to secure the District's deposits in excess of the amounts insured by the FDIC. The pledged securities are held by the pledging financial institution's trust department or agent but not in the District's name.

Note 4. Defined Benefit Pension Plans

Plan Description.

The Park 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 Park District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy.

As set by statute, the Park District regular plan members are required to contribute 4.50 percent 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 employer contribution rate for calendar year 2012 used by the Park District was 10.21 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 10.76 percent. The Park 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost.

For calendar year ending December 31, 2012, the employer's actual contributions for pension cost for the Regular plan were \$79,989. Its required contribution for calendar year 2012 was \$84,298.

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 84,298	95%	\$ 0
12/31/11	83,992	89%	0
12/31/10	82,801	85%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Park District plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Park District regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress.

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 79.11 percent funded. The actuarial accrued liability for benefits was \$2,239,517 and the actuarial value of assets was \$1,771,667, resulting in an underfunded actuarial accrued liability (UAAL) of \$467,850. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$783,434 and the ratio of the UAAL to the covered payroll was 60 percent.

The schedule of funding progress, presented as RSI below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	1,771,667	2,239,517	467,850	79.11%	783,434	59.72%
12/31/11	1,691,380	2,213,545	522,165	76.41%	802,980	65.03%
12/31/10	2,021,217	2,381,594	360,377	84.87%	834,687	43.18%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,842,508. On a market value basis, the funded ratio would be 82.27%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Carbondale Park District. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Note 5. Capital Assets

The following is a summary of changes in the capital assets for the fiscal year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 591,143.00	\$ -	\$ -	\$ 591,143.00
Construction in progress	<u>13,180.78</u>	<u>-</u>	<u>10,613.00</u>	<u>2,567.78</u>
<u>Total Capital Assets Not Being Depreciated</u>	<u>\$ 604,323.78</u>	<u>\$ -</u>	<u>\$ 10,613.00</u>	<u>\$ 593,710.78</u>
Capital assets being depreciated:				
Parking lots	\$ 275,679.52	\$ -	\$ -	\$ 275,679.52
Building improvements	295,499.00	-	-	295,499.00
Fixtures and equipment	1,472,959.36	34,598.00	-	1,507,557.36
Buildings	2,932,669.95	-	-	2,932,669.95
Vehicles	367,913.00	-	-	367,913.00
Land improvements	<u>2,731,266.87</u>	<u>4,480.00</u>	<u>-</u>	<u>2,735,746.87</u>
<u>Total Capital Assets Being Depreciated</u>	<u>\$ 8,075,987.70</u>	<u>\$ 39,078.00</u>	<u>\$ -</u>	<u>\$ 8,115,065.70</u>
Less accumulated depreciation for:				
Parking lots	\$ 200,326.28	\$ 6,017.20	\$ -	\$ 206,343.48
Building improvements	166,008.51	13,274.95	-	179,283.46
Fixtures and equipment	1,194,834.50	77,011.02	-	1,271,845.52
Buildings	1,502,000.92	87,344.94	-	1,589,345.86
Vehicles	317,376.04	11,237.20	-	328,613.24
Land improvements	<u>1,741,234.89</u>	<u>91,714.22</u>	<u>-</u>	<u>1,832,949.11</u>
<u>Total Accumulated Depreciation</u>	<u>\$ 5,121,781.14</u>	<u>\$ 286,599.53</u>	<u>\$ -</u>	<u>\$ 5,408,380.67</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>\$ 2,954,206.56</u>	<u>\$ (247,521.53)</u>	<u>\$ -</u>	<u>\$ 2,706,685.03</u>
<u>Governmental Activities Capital</u>				
<u>Capital Assets, Net</u>	<u>\$ 3,558,530.34</u>	<u>\$ (247,521.53)</u>	<u>\$ 10,613.00</u>	<u>\$ 3,300,395.81</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 20,990.40
Aquatics	3,429.96
Recreation	49,916.33
Kids Korner after school care	785.35
Park maintenance	36,372.75
Athletic field maintenance	3,801.61
Community service	4,567.65
Golf course	<u>166,735.48</u>
<u>Total Governmental Activities Depreciation Expense</u>	<u>\$ 286,599.53</u>

Note 6. Changes in Long-Term Debt

The following is a summary of bond and other contractual transactions of the Park District for the fiscal year ended June 30, 2013.

Bonds and Debt Certificates

	Bonds Payable <u>July 1, 2012</u>	Bonds <u>Issued</u>	Bond <u>Payments</u>	Bonds Payable <u>June 30, 2013</u>	Current Portion Bonds Payable <u>June 30, 2013</u>
Governmental-Type Activities -					
General Obligation Bonds -					
Series 2012	\$ -	\$ 623,075.00	\$ -	\$ 623,075.00	\$ 623,075.00
Series 2010B	4,500,000.00	-	165,000.00	4,335,000.00	170,000.00
Series 2011	<u>602,710.00</u>	<u>-</u>	<u>602,710.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,102,710.00</u>	<u>\$ 623,075.00</u>	<u>\$ 767,710.00</u>	\$ 4,958,075.00	\$ 793,075.00
Less: Discount on bonds				<u>(12,732.65)</u>	<u>(1,202.53)</u>
				<u>\$ 4,945,342.35</u>	<u>\$ 791,872.47</u>

General Obligation Bonds payable at June 30, 2013, are comprised of the following individual issues:

General Obligation -

\$4,500,000.00 General Obligation Alternative Revenue Source Bonds, Series 2010B, dated November 1, 2010, due in annual principal installments ranging from \$165,000.00 to \$340,000.00; through December 15, 2030; interest rate is variable from 3.00% to 4.75% \$ 4,335,000.00

\$623,075.00 General Obligation Park Bonds, Series 2012 dated October 22, 2012, due in an annual principal installment of \$623,075.00 on on December 1, 2013, interest rate is 1.90% 623,075.00

Total General Obligation Bonds Payable \$ 4,958,075.00

Less - Discount on bonds (12,732.65)

\$ 4,945,342.35

As of June 30, 2013, \$1,427.40 is available in the Bond and Interest Fund to service General Obligation Bonds.

The annual requirements to amortize all debt outstanding as of June 30, 2013, including interest payments of \$1,967,289.19 for General Obligation Bonds are as follows:

Fiscal Year Ending June 30,	General Obligation
2014	\$ 985,242.18
2015	353,796.26
2016	353,321.26
2017	352,340.01
2018	350,477.51
2019	347,821.26
2020	349,621.26
2021	351,021.26
2022	347,008.76
2023	347,343.76
2024	347,023.76
2025	350,906.26
2026	348,981.26
2027	346,431.26
2028	348,134.38
2029	348,950.00
2030	348,868.75
2031	<u>348,075.00</u>
	<u>\$6,925,364.19</u>

Other Contractual Liabilities

The following is a summary of other contractual liability transactions for governmental-type activities of the Park District for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Payments	Balance June 30, 2013	Current Portion
Governmental-Type Activities -					
Accrued vacation	\$ 45,872.09	\$ 897.64	\$ -	\$ 46,769.73	\$ -
Bank of Carbondale	<u>80,107.26</u>	<u>-</u>	<u>19,127.88</u>	<u>60,979.38</u>	<u>19,719.57</u>
<u>Total</u>	<u>\$ 125,979.35</u>	<u>\$ 897.64</u>	<u>\$ 19,127.88</u>	<u>\$ 107,749.11</u>	<u>\$ 19,719.57</u>

The annual requirements to amortize all other contractual liabilities of government-type activities as of June 30, 2013 including interest payments of \$3,743.37 are as follows:

Fiscal Year Ending <u>June 30,</u>	Bank of <u>Carbondale</u>
2014	\$ 21,574.25
2015	21,574.25
2016	<u>21,574.25</u>
	<u>\$ 64,722.75</u>

Note 7. Fund Balances

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

At June 30, 2013, the nonspendable fund balance consisted of the District's inventory.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

At June 30, 2013, the restricted fund balance consist of the fund balance of the Bond and Interest Fund.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the governing board). Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The governing board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

At June 30, 2013, there are no committed fund balances.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the governing board itself or (b) the finance committee or by the executive director when the governing board has delegated the authority to assign amounts to be used for specific purposes.

At June 30, 2013, the assigned fund balance consists of cash intended to be used in construction of the new aquatic center.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted 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.

	<u>General Fund</u>	<u>Total Other Governmental Funds</u>	<u>Total Other Governmental Funds</u>
Fund Balances			
Nonspendable	\$ 15,749.43	\$ -	\$ 15,749.43
Restricted	-	8,808.45	8,808.45
Committed	-	-	-
Assigned	210,434.31	-	210,434.31
Unassigned	<u>874,604.16</u>	<u>-</u>	<u>874,604.16</u>
<u>Total Fund Balances</u>	<u>\$ 1,100,787.90</u>	<u>\$ 8,808.45</u>	<u>\$ 1,109,596.35</u>

Note 8. Components of Restricted Assets

Governmental Funds

	<u>Bond and Interest</u>	<u>General</u>
Cash	\$ <u>1,427.40</u>	\$ <u>210,434.31</u>

Restricted assets of the Bond and Interest are for debt service. Restricted assets of the general fund are for the construction of the new aquatic center.

Note 9. Interfund Transactions

During the course of normal operations, the District has transactions between the general and bond and interest funds. Individual fund interfund receivable and payable balances at June 30, 2013 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 7,381.05
Bond and Interest Fund	<u>7,381.05</u>	<u>-</u>
<u>Total</u>	<u>\$ 7,381.05</u>	<u>\$ 7,381.05</u>

Note 10. Risk Management

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended June 30, 2013, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 11. Contingencies

Litigation

The Park District is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Park District.

Grants

In the normal course of operations, the Park District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 12. Legal Debt Margin

Assessed Valuation - Tax Levy Year 2012		<u>\$ 303,916,136.00</u>
Statutory debt limitation as defined in Chapter 105, Section 6-2, Illinois Revised Statutes of 1997 (2.875% of assessed valuation)		\$ 8,737,588.91
Outstanding Debt:		
Bonds - General obligation	\$ 4,958,075.00	
Note payable	<u>60,979.38</u>	<u>5,019,054.38</u>
Legal Debt Margin		<u>\$ 3,718,534.53</u>

Note 13. Operating Leases

The Park District has entered into an operating lease which is subject to annual appropriations. For fiscal year 2013, rentals approximated \$3,124.44 for such lease. This lease primarily supports general fund activities.

Required Supplemental Information

Carbondale Park District
Budget and Actual (with Variances)
General Fund
For The Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 892,499.00	\$ 892,499.00	\$ 830,832.15	\$ (61,666.85)
Intergovernmental revenue	61,600.00	61,600.00	82,900.39	21,300.39
Golf course revenue	845,260.00	845,260.00	645,408.32	(199,851.68)
Program and user fees	162,975.00	162,975.00	168,155.72	5,180.72
Child care fees	349,245.00	349,245.00	371,962.89	22,717.89
Interest income	2,500.00	2,500.00	3,604.20	1,104.20
Contributions and grants	-	-	226,007.77	226,007.77
Miscellaneous	-	-	13,149.40	13,149.40
Total Revenues	\$ 2,314,079.00	\$ 2,314,079.00	\$ 2,342,020.84	\$ 27,941.84
Expenditures				
Administration	\$ 1,013,682.00	\$ 1,013,682.00	\$ 780,775.69	\$ 232,906.31
Aquatics	173,266.00	173,266.00	195,656.50	(22,390.50)
Recreation	242,565.00	242,565.00	214,899.54	27,665.46
Alice Wright early childhood care	276,464.00	276,464.00	236,449.83	40,014.17
Kids Korner after school care	164,465.00	164,465.00	140,563.30	23,901.70
Park maintenance	332,763.00	332,763.00	304,019.99	28,743.01
Athletic field maintenance	212,542.00	212,542.00	190,427.48	22,114.52
Community service	14,397.00	14,397.00	19,732.96	(5,335.96)
Golf course	732,123.00	732,123.00	733,104.40	(981.40)
Aquatics center construction	-	-	31,429.43	(31,429.43)
Total Expenditures	\$ 3,162,267.00	\$ 3,162,267.00	\$ 2,847,059.12	\$ 315,207.88
Excess (Deficiency) of Revenues Over Expenditures	\$ (848,188.00)	\$ (848,188.00)	\$ (505,038.28)	\$ 343,149.72
Other Financing Sources (Uses)				
Proceeds from long-term debt	608,539.00	608,539.00	623,075.00	14,536.00
Net Change in Fund Balances	\$ (239,649.00)	\$ (239,649.00)	\$ 118,036.72	\$ 357,685.72

See accompanying notes to financial statements.

**Carbondale Park District
Notes to Required Supplemental Information
June 30, 2013**

The Park District annually passes a budget ordinance which includes all fund types using the cash basis of accounting. All unexpended budget amounts lapse at the end of each fiscal year.

Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: personnel services, supplies and services, capital outlay, and debt service. This constitutes the legal level of control. Expenditures may not exceed the budget at this level. Within these control levels, management may transfer budget lines without Board approval.

The Park District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. Prior to June 30, the District Director submits to the Commissioners of the Park Board a proposed operating budget for the fiscal year that commenced July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the third Tuesday in September, the budget is legally enacted through the passage of an ordinance in accordance with FOILCS 1205/1-1 through 13-9e, Illinois Compiled Statutes.
4. The Director is authorized to transfer budgeted amounts between departments within any department or business unit; however, any revisions that alter the total expenditures of any fund must be approved by the Commissioners of the Park Board.
5. Formal budgetary integration is employed as a management control device during the year for both the General Fund and Bond and Interest Fund.
6. The budget for the Park District is adopted using the cash basis of accounting. In addition, bond and loan proceeds are treated as other financing sources and bond and loan principal payments are treated as expenditures.

The fund financial statements and required supplemental information in this report are prepared on the modified accrual basis (GAAP). The budget is prepared using the cash basis of accounting. The following schedule reconciles the difference between the legally enacted budget and the following fund expenditures:

	<u>Actual on</u> <u>GAAP Basis</u>	<u>Adjustment to</u> <u>Budget Basis</u>	<u>Actual on</u> <u>Budget Basis</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>General Expenditures</u>					
Administration	\$ 780,606.14	\$ 169.55	\$ 780,775.69	\$1,013,682.00	\$ 232,906.31
Aquatics	207,660.15	(12,003.65)	195,656.50	173,266.00	(22,390.50)
Aquatics Center construction	31,429.43	-	31,429.43	-	(31,429.43)
Recreation	236,188.70	(21,289.16)	214,899.54	242,565.00	27,665.46
Alice Wright early childhood care	253,269.03	(16,819.20)	236,449.83	276,464.00	40,014.17
Kids Korner after school care	133,116.77	7,446.53	140,563.30	164,465.00	23,901.70
Park maintenance	305,933.15	(1,913.16)	304,019.99	332,763.00	28,743.01
Athletic field maintenance	191,188.77	(761.29)	190,427.48	212,542.00	22,114.52
Community service	19,610.42	122.54	19,732.96	14,397.00	(5,335.96)
Golf course	<u>750,561.04</u>	<u>(17,456.64)</u>	<u>733,104.40</u>	<u>732,123.00</u>	<u>(981.40)</u>
<u>Total General Expenditures</u>	<u>\$2,909,563.60</u>	<u>\$ (62,504.48)</u>	<u>\$2,847,059.12</u>	<u>\$3,162,267.00</u>	<u>\$ 315,207.88</u>

Other Supplemental Information

**Carbondale Park District
Schedule of Findings and Responses
for the Year Ended June 30, 2013**

05-3 Finding -

The bond and interest fund is not recorded on the Park District's general ledger.

Recommendation -

A separate self-balancing fund for bond and interest should be recorded and maintained.

Management Response -

The Park District chooses not to maintain separate fund.

05-4 Finding -

The Lights Fantastic agency fund is recorded on the general ledger, but is not self-balancing.

Recommendation -

A separate chart of accounts should be utilized for this fund and greater care used in posting to these income and expense accounts.

Management Response -

The fund is held separately, and is self balancing, however data entry is the problem.

06-3 Finding -

When gift certificates are issued at the golf course the revenue is posted to miscellaneous shop income and when redeemed offset to the same account.

Recommendation -

When the gift certificates are sold, they should be coded to deferred revenue. Then, when the gift certificates are redeemed, they should offset the deferred revenue and the sale of the merchandise purchased should be recorded.

Management Response -

The Park District chooses to post revenues at the time of purchase.

06-5 Finding -

Health insurance withholding, premiums paid and COBRA payments are not being reconciled. Insurance withholding needs to be reconciled to total withholding per the payroll program.

Recommendation -

Each month, the payroll register and employee portion of premiums paid should be reconciled including COBRA payments. The COBRA checks should be recorded in the Health Insurance account to net out.

Management Response -

Monthly reports will be generated to ensure accuracy.

07-2 Finding -

The office bookkeeper has responsibility for the operation of and the conduct of many financial transactions. As such, there is an inadequate segregation of duties. This individual performs the following duties: issues disbursements, records receipts and disbursements, makes journal entries, makes administrative bank deposits, prepares payroll checks, and prepares monthly general ledgers with very little supervision or review.

Recommendation -

Consideration should be given to segregating the above duties among various employees.

Management Response -

Not practical due to economy.

08-2 Finding -

In the recreation department, the current software program is only utilized for pre-registered individuals.

Recommendation -

Recreation department needs to enter walk-in and late registrations also for better documentation of revenue and enrollment of programs.

Management Response -

The Park District has not been able to find a good format or system to implement this.

12-1 Finding -

The golf course inventory was inaccurate, and it was difficult obtaining reports that matched.

Recommendation -

An inventory should be taken on a monthly basis.

Management Response -

The employees at the golf course have been reminded to enter all inventory purchases accurately.

12-2 Finding -

It appears that a substantial number of the payables are being recorded in the wrong period. In a few instances, payables were recorded when not necessary or not recorded at all.

Recommendation -

It is recommended to develop a consistent policy to record payables in the correct period and for the correct amount. When a bill is paid subsequent to year end, a determination should be made as to whether the amount was owed prior to year end. If the amount was owed prior to year end, the invoice should be put into accounts payable.

Management Response -

This will be implemented for the next fiscal year.

13-1 Finding –

Interest paid and compounded on the certificate of deposit is not posted to the general ledger.

Recommendation -

Interest earned and compounded should be posted to the general ledger.

Management Response -

Interest will be posted to the general ledger.