

POSEN PARK DISTRICT, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2012

Prepared By:

HEARNE & ASSOCIATES, P.C.
Certified Public Accountants &
Business Consultants

POSEN PARK DISTRICT, ILLINOIS

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Independent Auditors' Report

Board of Commissioners
Posen Park District
P.O. Box 206
Posen, IL 60469

We have audited the financial statements of the governmental activities, major funds, and remaining fund information which collectively comprise the basic financial statements of the Posen Park District as of and for the year ended April 30, 2012, as listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Posen Park District as of April 30, 2012, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of Posen Park District as of April 30, 2012, and the results of its operations for the year then ended in conformity with generally accepted accounting principles accepted in the United States of America.

As discussed in Note I, as of May 1, 2011, the Park District adopted the reporting disclosure requirements of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements. The other information listed in the table of contents as supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements of the Posen Park District . Such information has been subjected to the same audit procedures applied to the basic financial statements and in our opinion is fairly presented in all material aspects in relation to the basic financial statements taken as a whole.

December 19, 2012
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION & ANALYSIS

Posen Park District, Illinois
Management's Discussion and Analysis
April 30, 2012

Introduction

This discussion and analysis of the Posen Park District's financial report is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position, identify any material deviations from the approved budget and identify individual fund issues or concerns for the fiscal year ended April 30, 2012.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued April 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The District's total assets exceeded its total liabilities at the close of the most recent fiscal year by \$580,717. The District's total net assets increased \$ 7,149 or 1.25% over the previous fiscal year.
- Property taxes levied and collected were \$150,162 compared to the prior year of \$138,465 for an increase of \$11,697 (or 7.8%).
- At April 30, 2012, the District's governmental funds reported combined ending fund balances of \$294,605, a decrease of \$40,666 from the prior year. This net decrease is due mainly to an increase in expenditures for general and administrative in the current year compared to the prior year.
- The District continues to have the ability to devote resources toward maintaining, improving and expanding its parks, playgrounds and facilities. In this fiscal year, \$34,849 on equipment, and \$36,145 for a total of \$70,994 spent on capital outlay for government activities.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include three components: government-wide financial statements, fund financial statements and 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 government-wide statements are designed to provide readers with a broad overview of the District's finances. The government -wide financial statements, Statement of Net Assets and Statement of Activities represent an overview of the District as a whole, separating its operations between governmental and business-type activities.

The *Statement of Net Asset* presents information on all of the District's assets and liabilities, with the difference between the two 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.

The *Statement of Activities* presents changes in the District's net assets during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Posen Park District, Illinois
Management's Discussion and Analysis
April 30, 2012

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government and recreation.

The government-wide financial statements are presented on pages 8 and 9 of this report.

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. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental funds are reported in the fund financial statements and encompass essentially 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 funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs 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 a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the District's adopted annual appropriated budget.

The basic governmental fund financial statements are presented on pages 10 through 13 of this report.

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 on page 14 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. Other information includes the five year summary of assessed valuation, tax rates, and tax extensions. Other information can be found on page 25 of this report.

Posen Park District, Illinois
 Management's Discussion and Analysis
 April 30, 2012

Government -Wide Financial Analysis

In accordance with GASB Statement No. 34, the District has presented comparative financial information to better understand the District's financial position and changes in financial position.

Net assets serve over time as a useful indicator of a government's financial position. As can be seen in the following tables, the District's assets exceed liabilities by \$580,717 as of April 30, 2012. This is an overall increase of \$7,149 from the prior year. A large portion of the District's assets are capital assets - \$286,112. The District uses capital assets to provide services and parks to its constituents. Consequently, these assets are not available for future spending.

Statement of Net Assets

The following tables reflect the condensed Statement of Net Assets for the Park District:

Park District's Net Assets		
April 30, 2012		
	Governmental Activities 2012	Governmental Activities 2011
Current and Other Assets	\$ 367,186	\$ 427,975
Capital Assets	286,112	238,297
Total Assets	\$ 653,298	\$ 666,272
Current and Other Liabilities	\$ 72,581	\$ 92,704
Long-Term Liabilities	-	-
Total Liabilities	\$ 72,581	\$ 92,704
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 286,112	\$ 238,297
Unrestricted Net Assets	294,605	335,271
Total Net Assets	\$ 580,717	\$ 573,568

Statement of Activities

The District's net assets increased by \$7,149 during the current fiscal year as discussed further below:

Posen Park District, Illinois
Management's Discussion and Analysis
April 30, 2012

**Changes in Net Assets
For the Year Ended April 30, 2012**

	Governmental Activities 2012	Governmental Activities 2011
<u>Revenues:</u>		
Program Revenues:		
Charges for Services		
Contributions	\$ 36,395	\$ 52,500
Other Income, net	-	225,048
General Revenues:		
Property Taxes	150,162	138,465
Replacement Taxes	5,849	6,484
Interest Income	415	107
Other Income	2,623	1,336
Total Revenue:	\$ 195,444	\$ 423,940
 <u>Expenses</u>		
Governmental Activities		
General & Admin.	\$ 124,174	\$ 47,758
Planning & Development	13,558	382
Park Maintenance	18,744	17,011
Liability Insurance	10,447	12,077
Recreation Programs	21,372	18,637
Total Expenses:	\$ 188,295	\$ 95,865
 Change in Net Assets	 \$ 7,149	 \$ 328,075
 Net Assets – Beginning of Year	 573,568	 245,493
Net Assets-April 30, 2012	\$ 580,717	\$ 573,568

Governmental Activities

As stated previously, Governmental activities increased the District's net assets by \$ 7,149. Key elements of the entity-wide performance are as follows:

- The total revenues decreased from \$ 423,940 for the fiscal year ending April 30, 2011 to \$ 195,444 for the fiscal year ending April 30, 2012 as the District received revenue relating to a litigation settlement in 2011.
- Property tax revenue increased \$11,697 or 7.8% from 2011.
- Interest income increased by \$308 from \$107 to \$415.
- The total expenditures increased from \$ 95,865 in 2011 to \$ 188,295 in 2012 mainly due to an increase in General & Administrative expenses.
- The Park District received an insurance settlement in the prior year for \$ 286,149 related to employee theft.

Posen Park District, Illinois
Management's Discussion and Analysis
April 30, 2012

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$294,605. The total ending fund balances of governmental funds shows a decrease of \$40,666 from the prior year.

Major Governmental Funds

The General and Recreation funds are the primary operating funds of the District.

The General Fund balance as of April 30, 2012 was \$237,438, a decrease of \$63,699 over the prior year. The Recreation Fund balance as of April 30, 2012 was \$57,167, an increase of \$23,033 over the prior year.

General Fund Budgetary Highlights

During the 2011-2012 Budget year, the District did not revise the annual operating budget.

The General Fund is reported as a major fund, and accounts for the routine park operations of the District.

Revenues in the general fund were \$115,273, which was \$673 (0.59%) over budget. Expenditures were \$178,972, which exceeded budget by \$95,772(115.11%). Included in the expenditures were expenses for the Park District's Carnival of \$33,622. This was offset by Special Events income of \$34,805.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation for governmental activities as of April 30, 2012 was \$286,112. See Note III to the financial statements for further information regarding Capital Assets.

Debt Administration

As of April 30, 2012, the Park District had no outstanding debt.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would adversely affect its financial health in the near future.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact the District Office at P.O. Box 206, Posen, Illinois 60469.

BASIC FINANCIAL STATEMENTS

Posen Park District , Illinois

Statement of Net Assets
April 30, 2012

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 292,895
Property Tax Receivable	73,981
Security Deposit	<u>310</u>
Total Current Assets	<u>\$ 367,186</u>
Capital Assets:	
Not Being Depreciated	
Land	\$ 108,434
Being Depreciated	
Building	40,000
Building Improvements	6,952
Playground Equipment	453,907
Equipment	<u>93,335</u>
Total	\$ 594,194
Less Accumulated Depreciation	<u>(416,516)</u>
Net Capital Assets Being Depreciated	<u>\$ 177,678</u>
Total Capital Assets	<u>\$ 286,112</u>
Total Assets	<u><u>\$ 653,298</u></u>
<u>Liabilities:</u>	
Due Within One Year:	
Deferred Revenue	<u>\$ 72,581</u>
Total Liabilities	<u>\$ 72,581</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	\$ 286,112
Unrestricted Net Assets	<u>294,605</u>
Total Net Assets	<u><u>\$ 580,717</u></u>

See accompanying notes to financial statements

Posen Park District , Illinois

Statement of Activities
Year Ended April 30, 2012

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General and Administrative	\$ 124,174	\$ 36,395	\$ -	\$ (87,779)
Planning and Development	13,558	-	-	(13,558)
Park Maintenance	18,744	-	-	(18,744)
Liability Insurance	10,447	-	-	(10,447)
Recreational Programs	<u>21,372</u>	<u>-</u>	<u>-</u>	<u>(21,372)</u>
Total Government Activities	<u>\$ 188,295</u>	<u>\$ 36,395</u>	<u>\$ -</u>	<u>\$ (151,900)</u>

General Revenues:

Taxes:	
Property Taxes	\$ 150,162
Replacement Taxes	5,849
Other Income	2,623
Interest Income	<u>415</u>
Total General Revenues	<u>\$ 159,049</u>
Change in Net Assets	\$ 7,149
Net Assets - Beginning	<u>573,568</u>
Net Assets - Ending	<u>\$ 580,717</u>

See accompanying notes to financial statements

Posen Park District , Illinois

Governmental Funds
Statement of Assets, Liabilities, and Changes in Fund Balances
April 30, 2012

	General Fund	Recreation Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 292,895	\$ -	\$ 292,895
Property Tax Receivable	36,695	37,286	73,981
Security Deposit	310	-	310
Due from Other Funds	-	56,461	56,461
 Total Assets	 \$ 329,900	 \$ 93,747	 \$ 423,647
<u>LIABILITIES & FUND BALANCES</u>			
Liabilities			
Deferred Revenue	\$ 36,001	\$ 36,580	\$ 72,581
Due to Other Funds	56,461	-	56,461
 Total Liabilities	 \$ 92,462	 \$ 36,580	 \$ 129,042
Fund Balance			
Assigned			
Recreation Fund	\$ -	\$ 33,907	\$ 33,907
Audit	3,585	-	3,585
Social Security	2,245	-	2,245
Workmen's Compensation	-	122	122
Joint Recreational	-	23,138	23,138
Unassigned	231,608	-	231,608
 Total Fund Balances	 \$ 237,438	 \$ 57,167	 \$ 294,605
 Total Liabilities and Fund Balances	 \$ 329,900	 \$ 93,747	 \$ 423,647

See accompanying notes to financial statements

Posen Park District , Illinois

Reconciliation of Total Fund Balance of Governmental Funds
to Net Assets of Governmental Activities
April 30, 2012

Total Fund Balances - Governmental Funds \$ 294,605

Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

Capital Assets used in Governmental Activities are not current financial resources and therefore, are not reported as assets in governmental funds. These assets consist of:

Not being Depreciated

Land \$ 108,434

Being Depreciated

Building 40,000

Building Improvements 6,952

Playground Equipment 453,907

Equipment 93,335

Subtotal \$ 702,628

Less: Accumulated Depreciation (416,516)

Net Capital Assets 286,112

Net Assets of Governmental Activities \$ 580,717

Posen Park District , Illinois

Governmental Funds
Statement of Revenues, Expenditures, and Changes in
Fund Balance
For the Year Ended April 30, 2012

	<u>General</u> <u>Fund</u>	<u>Recreation</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>			
Property Tax	\$ 71,581	\$ 78,581	\$ 150,162
Replacement Tax	5,849	-	5,849
Miscellaneous	2,623	-	2,623
Fines & Fees	-	1,590	1,590
Interest	415	-	415
Special Events	34,805	-	34,805
Total Revenues	<u>\$ 115,273</u>	<u>\$ 80,171</u>	<u>\$ 195,444</u>
<u>Expenditures</u>			
Current:			
General and Administrative	\$ 65,415	\$ 35,766	\$ 101,181
Planning and Development	13,372	-	13,372
Park Maintenance	18,744	-	18,744
Liability Insurance	10,447	-	10,447
Recreational Programs	-	21,372	21,372
Capital Outlay	70,994	-	70,994
Total Expenditures	<u>\$ 178,972</u>	<u>\$ 57,138</u>	<u>\$ 236,110</u>
Revenues Over (Under) Expenditures	\$ (63,699)	\$ 23,033	\$ (40,666)
Fund Balance, Beginning of Year	<u>301,137</u>	<u>34,134</u>	<u>335,271</u>
Fund Balance, End of Year	<u>\$ 237,438</u>	<u>\$ 57,167</u>	<u>\$ 294,605</u>

See accompanying notes to financial statements

Posen Park District , Illinois

Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended April 30, 2012

Excess (Deficiency) of Revenues over Expenditures \$ (40,666)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Capital Outlays are reported in governmental activities as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over their estimated
useful lives as depreciation expense. In the current year, these assets consist of:

Capital Outlay	\$ 70,994	
Depreciation Expense	<u>(23,179)</u>	<u>47,815</u>

Change in Net Assets of Governmental Activities \$ 7,149

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Posen Park District (Park District) was incorporated under the laws of the State of Illinois and is located in Posen, Illinois. The Park District operates under a Board-Manager form of government, providing recreation and other services to the residents of Posen, which include recreation programs, park management, capital development, and general administration.

A. Reporting Entity

The Park District follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by and individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Park District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Park District is not required to be included as a component unit of any other entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Park District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other items that are not specifically related to a function are reported as general revenues.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. 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.

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- * Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type and,
- * Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the Park District are financed. The Park District's expendable financial resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination if changes in financial position rather than upon net income determination. A brief explanation of the Park District's governmental funds follows:

General Fund

The General Fund is the general operating fund of the Park District. It is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

Recreation Fund

Recreation Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Major Funds

The Park District reports the following major governmental funds:

- * The General Fund, which accounts for the Park District's primary operating activities.
- * The Recreation Fund, which accounts for the operations of the recreation programs offered to residents. Financing is provided by a specific annual property tax levy to the extent user charges are not sufficient to provide such financing.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The government-wide Statement of Net Assets and Statement of Activities were both prepared on the accrual basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The fund financial statements were prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, (both measurable and available) and expenditures are recorded at the time liabilities are incurred.

D. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, activities are presented using the flow of economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- * All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end to the period.

E. Use of 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

The Park District considers all highly liquid investments with an initial maturity date within three months of the date acquired by the Park District and investment pools to be cash equivalents.

G. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements. The Park District has adopted a capitalization threshold of \$5,000 for improvements and buildings and \$1,000 for equipment.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets(Cont.)

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to July 1, 2003, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Type</u>	<u>Years</u>
Buildings	25 - 50
Improvements	10
Playground Equipment	10
Machinery and Equipment	5 - 20
Vehicles	10

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) capital assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

H. Long-term Liabilities

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

I. Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The property taxes attach as an enforceable lien on property as of January 1.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Taxes(Cont.)

Property taxes are collected by the Cook County Collector who remits to the District its share of the taxes collected. Taxes levied in one year become payable during the following year in two installments, one on March 1, and the second on August 1, or 30 days after the tax bills are mailed, whichever is later. The first installment is an estimated bill, and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and reflects any changes from the prior year in those factors.

J. Fund Equity

Beginning with fiscal year 2012, the Park District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

* Non-Spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

* Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or laws or regulations or other governments.

* Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners of the Park District (the highest level of decision making authority for the Park District). Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners

* Assigned - amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Park District's adopted policy, only the District may assign amounts for specific purposes.

* Unassigned - all other spendable amounts; positive amounts are reported only in the general fund.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. The fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Commissioners through adoption or amendment of the budget as intended for a specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the Park District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

II. DEPOSITS

Bank Deposits and Investments

At April 30, 2012, the carrying amount of the Park District's deposits was \$ 292,895 and the bank balance was \$ 305,723. As of April 30, 2012, the District's deposits are insured by the FDIC.

Policies for Investments

Interest Rate Risk - This 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 Park District does not have a formal investment policy regarding interest rate risk, however, the Park District does manage its interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by limiting investments to terms of less than one year.

Credit Risk - Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The Park District's investments are unrated.

Custodial Credit Risk - For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. In accordance with its investment policy, all Park District deposits with financial institutions are fully insured or collateralized. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. It is the Park District's policy that investments in certificates of deposit are fully insured or collateralized.

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

III. CAPITAL ASSETS

Capital Asset activity for the year ended April 30, 2012 was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
<i>Governmental Activities:</i>				
Capital Assets, Not Subject to Depreciation:				
Land	\$ 108,434	\$ -	\$ -	\$ 108,434
Total Assets, Not Subject to Depreciation:	\$ 108,434	\$ -	\$ -	\$ 108,434
Capital Assets, Subject to Depreciation:				
Buildings	\$ 40,000	\$ -	\$ -	\$ 40,000
Improvements	6,952	-	-	6,952
Playground Equipment	417,762	36,145	-	453,907
Equipment	58,486	34,849	-	93,335
Total Assets Subject to Depreciation	\$ 523,200	\$ 70,994	\$ -	\$ 594,194
Less Accumulated Depreciation for:				
Buildings	\$ 40,000	\$ -	\$ -	\$ 40,000
Improvements	3,129	695	-	3,824
Playground Equipment	317,242	15,650	-	332,892
Equipment	32,966	6,834	-	39,800
Total Accumulated Depreciation	\$ 393,337	\$ 23,179	\$ -	\$ 416,516
Net Capital Assets Subject to Depreciation	\$ 129,863	\$ 47,815	\$ -	\$ 177,678
Net Capital Assets - Governmental Activities	\$ 238,297	\$ 47,815	\$ -	\$ 286,112

Depreciation was charged to functions as follows:

Governmental Activities:	
General & Administrative	\$ 22,993
Planning & Development	186
Total Governmental Activities Depreciation Expense	<u>\$ 23,179</u>

Posen Park District, Illinois
Notes to the Financial Statements
Year Ended April 30, 2012

IV. OTHER INFORMATION

A. Risk Management - Property, Casualty and Liability

The Park District is exposed to various risks related to employee health benefits, workers' compensation claims, theft of, damage to and destruction of assets, and natural disasters. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance in the current or three prior years. The Park District accounts for its risk management activities in the General Fund.

The Park District is a member of Illinois Parks Association Risk Services, a joint risk pool for public agencies through which property, general liability, automobile liability, crime, boiler and machinery, public officials', and workers' compensation coverage is provided in excess of specified limits for members, acting as a single insurance unit.

The relationship between the Park District and Illinois Parks Association Risk Services is governed by an intergovernmental contract. As a member of the pool, the Park District is contractually obligated to make all annual and supplementary contributions required, to report claims on a timely basis, cooperate with the pool, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined in the contract.

B. Joint Ventures, Jointly Governed Organizations and Related Organizations

The Park District, along with eight other area park districts, has entered into a joint agreement to provide cooperative recreational programs and other activities for handicapped and impaired individuals. Each member agency shares equally in the South West Special Recreation Association ("Association"), and generally provides funding based up to .0400 cents per \$ 100 of its equalized assessed valuation. The Park District contributed \$ 14,889 to the Association during the current fiscal year. The Park District does not have a direct financial interest in the Association and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Association, the assets, if any, shall be divided among the members in accordance with an equitable formula, as determined by a unanimous vote of the Board of Directors of the Association.

Complete financial statements for the Association can be obtained from South West Special Recreation Association's administrative office at 12521 South Kostner Avenue, Alsip, Illinois 60803.

REQUIRED SUPPLEMENTARY INFORMATION

Posen Park District , Illinois

General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Modified Cash Basis
Year Ended April 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Revenues</u>			
Property Taxes	\$ 98,100	\$ 71,581	\$ (26,519)
Replacement Tax	6,500	5,849	(651)
Miscellaneous	10,000	2,623	(7,377)
Interest	-	415	415
Special Events	-	34,805	34,805
 Total Revenues	 <u>\$ 114,600</u>	 <u>\$ 115,273</u>	 <u>\$ 673</u>
<u>Expenditures</u>			
Current			
General and Administrative	\$ 37,000	\$ 65,415	\$ 28,415
Planning and Development	9,500	13,372	3,872
Park Maintenance	27,200	18,744	(8,456)
Liability Insurance	9,500	10,447	947
Capital Outlay	-	70,994	70,994
 Total Expenditures	 <u>\$ 83,200</u>	 <u>\$ 178,972</u>	 <u>\$ 95,772</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ 31,400</u>	 \$ (63,699)	 <u>\$ (95,099)</u>
 Fund Balance - May 1, 2011		 <u>301,137</u>	
 Fund Balance - April 30, 2012		 <u>\$ 237,438</u>	

See accompanying notes to required supplementary information.

Posen Park District , Illinois

Recreation Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Modified Cash Basis
Year Ended April 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Revenues</u>			
Property Taxes	\$ 48,300	\$ 78,581	\$ 30,281
Fines & Fees	<u>5,500</u>	<u>1,590</u>	<u>(3,910)</u>
Total Revenues	<u>\$ 53,800</u>	<u>\$ 80,171</u>	<u>\$ 26,371</u>
<u>Expenditures</u>			
Current			
Administrative	\$ 49,300	\$ 35,766	\$ (13,534)
Recreational Programs	<u>35,900</u>	<u>21,372</u>	<u>(14,528)</u>
Total Expenditures	<u>\$ 85,200</u>	<u>\$ 57,138</u>	<u>\$ (28,062)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (31,400)</u>	\$ 23,033	<u>\$ 54,433</u>
Fund Balance - May 1, 2011		<u>34,134</u>	
Fund Balance - April 30, 2012		<u>\$ 57,167</u>	

See accompanying notes to required supplementary information.

Posen Park District, Illinois
Notes to the Required Supplementary Information
April 30, 2012

Note A - Budgets

The budget is prepared on the modified cash basis of accounting which is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Revised Statutes.

A proposed budget is prepared annually and made available for public inspection at least thirty days prior to a public hearing and formal adoption. The District may make transfers among the various items in any fund not exceeding, in the aggregate, ten percent of the total budget for a particular fund. The budget may be amended in other ways by the same procedures required for its original adoption.

The budget lapses at the end of each fiscal year. The District does not utilize an encumbrance system.

Note B – Excess of Actual Expenditures Over Budget in Individual Funds

The following funds had excess expenditures over budgeted amounts:

General Fund:	\$ 95,772
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OTHER INFORMATION

Posen Park District

Five Year Summary of Assessed Valuation, Tax Rates and Tax Extensions
April 30, 2012

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assessed Valuation	<u>\$ 62,364,089</u>	<u>\$ 76,397,136</u>	<u>\$ 74,446,425</u>	<u>\$ 71,750,136</u>	<u>\$ 65,341,453</u>
Tax rates:					
Corporate	0.0945	0.0756	0.0749	0.0773	0.0807
Workmens Compensation	0.0046	0.0037	0.0037	0.0037	0.0039
Social Security	0.0057	0.0045	0.0045	0.0047	0.0050
Liability Insurance	0.0146	0.0117	0.0116	0.0119	0.0124
Recreation	0.0751	0.0601	0.0596	0.0615	0.0642
Handicapped Fund	0.0400	0.0387	0.0281	0.0279	0.0294
Audit	<u>0.0030</u>	<u>0.0024</u>	<u>0.0024</u>	<u>0.0024</u>	<u>0.0026</u>
Total	<u>0.2375</u>	<u>0.1967</u>	<u>0.1848</u>	<u>0.1894</u>	<u>0.1982</u>
Tax extensions:					
Corporate	\$ 58,934	\$ 57,756	\$ 55,760	\$ 55,457	\$ 52,730
Workmens Compensation	2,868	2,826	2,754	2,688	2,548
Social Security	3,554	3,437	3,350	3,380	3,267
Liability Insurance	9,105	8,938	8,635	8,557	8,102
Recreation	46,835	45,914	44,370	44,100	41,949
Handicapped Fund	24,946	29,596	20,948	20,047	19,184
Audit	<u>1,870</u>	<u>1,833</u>	<u>1,786</u>	<u>1,751</u>	<u>1,698</u>
Total	<u>\$ 148,112</u>	<u>\$ 150,300</u>	<u>\$ 137,603</u>	<u>\$ 135,980</u>	<u>\$ 129,478</u>