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Financial Statements, 2003

Mark Twain Mall Transportation Development District

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CLAIRE C. McCASKILL
Missouri State Auditor

March 2, 2005

Greater Missouri Builders
1551 Wall Street, Suite 220
St. Charles, MO 63303-3516

RE: Mark Twain Mall TDD of St. Charles County

Fiscal Period: One Year Ended December 31, 2002 ✓
One Year Ended December 31, 2003 ✓

Dear Greater Missouri Builders:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL
STATE AUDITOR

Judy Buerky
Local Government Analyst

FEB 07 2005

**MARK TWAIN MALL TRANSPORTATION
DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2003**



BOTZ, DEAL & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

MARK TWAIN MALL TRANSPORTATION DEVELOPMENT DISTRICT

ST. CHARLES, MISSOURI

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INDEPENDENT AUDITORS' REPORT

Board of Trustees

MARK TWAIN MALL TRANSPORTATION DEVELOPMENT DISTRICT

We have audited the general purpose financial statements of Mark Twain Mall Transportation Development District as of December 31, 2003 and the related statement of revenues, expenditures, and changes in fund balance for the year then ended. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Mark Twain Mall Transportation Development District as of December 31, 2003, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Botz, Deal & Company

April 13, 2004

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MARK TWAIN MALL TRANSPORTATION DEVELOPMENT DISTRICT
COMBINED BALANCE SHEET
ALL GOVERNMENTAL FUNDS AND ACCOUNT GROUPS
DECEMBER 31, 2003

ASSETS

	<u>GENERAL FUND</u>	<u>GENERAL LONG-TERM DEBT ACCOUNT GROUP</u>
ASSETS		
Cash and cash equivalents	\$ 511,931	\$ -
Sales taxes receivable	82,138	-
Amount to be provided for retirement of notes payable	-	605,000
TOTAL ASSETS	<u>\$ 594,069</u>	<u>\$ 605,000</u>

LIABILITIES AND FUND EQUITY

LIABILITIES		
Accounts payable	\$ 198,732	\$ -
Transportation revenue notes	-	605,000
TOTAL LIABILITIES	<u>198,732</u>	<u>605,000</u>

FUND EQUITY

Fund balance:		
Reserved for:		
Capital improvements	288,313	-
Unreserved	107,024	-
TOTAL FUND EQUITY	<u>395,337</u>	<u>-</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 594,069</u>	<u>\$ 605,000</u>
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The accompanying notes are an integral part of these financial statements.

MARK TWAIN MALL TRANSPORTATION DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

REVENUES	
Sales taxes	\$ 501,435
Interest income	850
TOTAL REVENUES	<u>502,285</u>
EXPENDITURES	
TIF payments	250,717
Collection fee	4,935
Legal fees	24,352
Engineering and architectural fees	9,804
Professional fees	5,000
Insurance	7,656
Miscellaneous	1,100
Capital outlay	550,141
Debt service - principal, interest and fiscal charges	211,811
TOTAL EXPENDITURES	<u>1,065,516</u>
EXCESS OF EXPENDITURES OVER REVENUES	(563,231)
OTHER FINANCING SOURCES	
Proceeds from the issuance of debt	<u>800,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	236,769
FUND BALANCE - BEGINNING OF YEAR	<u>158,568</u>
FUND BALANCE - END OF YEAR	<u>\$ 395,337</u>

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

MARK TWAIN MALL TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

1. **DESCRIPTION OF OPERATIONS**

Mark Twain Mall Transportation Development District (the District) is a political subdivision of the state of Missouri created on March 22, 2001 under the Missouri Transportation Development District Act, sections 238.200 through 238.275 of the Revised Statutes of Missouri. The District began collecting sales tax on August 10, 2001. The District was created to levy certain taxes, for the purpose of funding certain transportation related improvements in connection with the District including the Mark Twain Mall Transportation Project, Boone's Lick Corridor Transportation Project, and I-70 Right-of-Way Transportation Project. There are mechanisms established by state statute that allow for the abolishment of the District upon termination of all debt. The District is the basic level of government, which has financial accountability and control over the activities related to the funding of the improvements. The District has no component units included in the District's reporting entity, as defined by Governmental Accounting Standards Board Statement No. 14. The District is governed by a Board of Directors consisting of five members who are elected to serve a term of three years by the property owners within the District. Officers of the Board of Directors are elected annually and serve without compensation.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation - The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. District 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 following fund types and account groups used by the District are described below.

Governmental Fund Types

Governmental Funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

Account Group

Account groups are used to establish accounting control and accountability for the District's general fixed assets and general long-term debt. The District uses the following account group:

General Long-Term Debt Account Group - This account group is established to account for the long-term debt of the District.

Basis of Accounting

The District uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Budgetary Accounting

The District will follow these procedures in establishing the data reflected in the financial statements:

- a. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- b. The Board of Directors adopts a budget for the fiscal year beginning on the following January 1. The budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed the total of beginning available funds plus estimated revenues for the year. The budget is prepared on a basis which is consistent with generally accepted accounting principles.
- c. A public hearing is conducted to obtain taxpayer's comments. Prior to its approval by the Board of Directors, the budget document is available for public inspection.
- d. Prior to January 1, the budget is legally enacted by a vote of the Board of Directors.
- e. Subsequent to its final approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

The board followed the above procedures for the year ended December 31, 2003. As noted in footnote 7 no budget amendments were adopted related to the approval of issuance of debt and the related additional capital expenditures.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Concentration Of Revenue

Sales taxes collected by the three largest retailers in the District are 96% of total sales taxes collected.

Concentration Of Credit Risk

Three retailers account for 96% of total sales taxes receivable.

Fixed Assets

The District has no fixed assets as of December 31, 2003. Certain improvements, including roads, bridges, sidewalks, drainage systems and lighting systems have not been capitalized. These improvements are maintained by other entities and therefore, are not an asset of the District.

3. **TAXES**

Qualified voters of the District approved a one percent sales tax on retail sales within the boundaries of the District. The tax will be imposed until the transportation costs incurred in connection with the Transportation Project have been paid.

4. **CASH**

The District's bank balance at December 31, 2003 was \$511,931. All of the bank balance was covered by the Federal Deposit Insurance Corporation or collateral held by the District or its agent in the District's name.

5. **LONG-TERM DEBT**

On April 17, 2003, the District borrowed \$800,000 from a local bank to make infrastructure improvements. Debt service payments will be made with sales taxes collected within the District. Long-term debt as of December 31, 2003 is as follows:

Transportation Revenue Notes	<u>\$605,000</u>
Interest rate - 4.25%	
Matures - April 2008	
Payments - Interest only until maturity	

5. **LONG-TERM DEBT** - continued

A summary of changes in general long-term debt for 2003 is as follows:

	BALANCE, BEGINNING <u>OF YEAR</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	BALANCE, END <u>OF YEAR</u>
Transportation Revenue Notes	\$ <u> </u> -	\$ <u>800,000</u>	\$ <u>195,000</u>	\$ <u>605,000</u>

6. **RELATED PARTIES**

Representatives of the sole taxpayer within the District, Greater Missouri Builders, Inc., serve as voting members of the District's Board of Directors. No compensation was received by any of the Directors.

The District and the City of St. Charles have entered into an Intergovernmental Cooperation Agreement which governs the relationship between the District and the City. The agreement calls for the City to perform all functions incidental to the administration, collection, enforcement and operation of the Transportation Development District (TDD) Sales Tax. The City earns a collection fee of one percent (1%) of the total amount of TDD Sales Tax revenues collected monthly.

Proceeds of the TDD Sales Tax shall be disbursed as follows:

- 1) As required by and pursuant to the TIF Act, a transfer of 50% of the TDD Sales Tax collected each month to the TIF District.
- 2) Payment to the City of its collection fee.
- 3) Payment of (i) district administrative costs, (ii) city administrative costs, (iii) developer transportation project costs, and (iv) payment of principal and interest on any TDD obligations issued to the developer or a related third party.
- 4) The net TDD Revenues will be disbursed to pay principal of and interest on any TDD obligation issued to the City or otherwise to pay or reimburse the City for costs incurred by the City in connection with the Boone's Lick Corridor Transportation project.

7. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the year ended December 31, 2003, expenditures exceeded appropriations as follows:

Expenditures	\$1,065,576
Appropriations	(<u>617,831</u>)
Excess of expenditures over appropriations	\$ <u>447,685</u>

The issuance of debt and the expenditures funded with this debt were not contemplated in the original budget. Although the board approved the debt and related expenditures, no formal budget amendment was approved.

8. **COMMITMENTS**

The District has two construction contracts for road improvements. The amount of the remaining portion of the contract at December 31, 2003 was \$13,225.

9. **NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments*, issued June 1999, as amended by GASB Statement No. 37 will impose new standards for financial reporting. GASB Statement NO. 38, *Certain Financial Statements Note Disclosures* modified existing, and imposes new, disclosure requirements. These statements will be effective for the District for the year ending December 31, 2004. Management of the District has not yet completed its assessment of the statements and at this time is unable to determine the effect, if any, of these pronouncements.