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Financial Report, 2005

Wentzville Parkway Transportation Corporation

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**WENTZVILLE PARKWAY
TRANSPORTATION CORPORATION**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2005

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
FINANCIAL REPORT

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
Balance Sheet	5
Statement of Revenues, Expenses, and Change in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

March 16, 2006

Board of Trustees

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION

We have audited the accompanying balance sheet of the **WENTZVILLE PARKWAY TRANSPORTATION CORPORATION** (the Corporation) as of December 31, 2005, and the related statements of revenues, expenses, change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2005, and the results of its operations and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Hochschild, Bloom & Company LLP
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WENTZVILLE PARKWAY TRANSPORTATION CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER, 31 2005

Our discussion and analysis of the Wentzville Parkway Transportation Corporation's (the Corporation) financial performance provides an overview of the Corporation's financial activities for the fiscal year ended December 31, 2005.

FINANCIAL HIGHLIGHTS

- Assets decreased by \$36,336.
- Current liabilities increased by \$8,833,212.
- Long-term liabilities decreased by \$8,935,000.

This change in liability classification is due to a payment by the Missouri Department of Transportation of \$8,849,112 due in July of 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Corporation as prescribed by GASB Statement No. 34. The statements include all assets of the Corporation (including construction in progress capital assets) as well as all liabilities (including long-term debt).

The Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities report information about the Corporation. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statements report the Corporation's net assets and changes in them from the prior year. You can think of the Corporation's net assets - the difference between assets and liabilities - as one way to measure the Corporation's financial condition, or position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

FINANCIAL ANALYSIS

Net Assets

The Corporation's net assets increased from \$612,721 to \$678,173 between fiscal years 2004 and 2005.

Changes in Net Assets

The change in net assets was \$65,452, an 11% increase. The primary reason for the increase was as follows:

Decrease in investments - debt service reserve	(\$ 12,710)
Amortization of bond costs	(22,000)
Reduction of long-term debt	<u>100,000</u>
	<u>\$ 65,290</u>

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER, 31 2005

Activities

Revenues for the Corporation of \$651,728 are primarily from lease payments from the City of Wentzville \$644,117, and the remainder of \$7,611 is interest income. Expenses of \$586,276 are primarily interest payments of \$562,967 and amortization of \$21,634.

	For The Year Ended December 31, 2005
REVENUES	
City funding	\$644,117
Interest income	<u>7,611</u>
Total Revenues	<u>651,728</u>
EXPENSES	
Professional fees	1,675
Interest expense	562,967
Amortization of bond costs	<u>21,634</u>
Total Expenses	<u>586,276</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ 65,452</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December, 31 2005, capital assets - construction in progress (the Wentzville Parkway/I70 Overpass) are \$11,774,582. This figure is an increase of \$122,999 over the 2004 amount.

Long-term Debt

At year-end the Corporation had \$12,325,000 in outstanding debt from the bonds issued in 2001. Of this amount \$8,935,000 is considered to be current bonds payable and \$3,390,000 is long-term bonds payable.

	For The Years Ended December 31	
	2005	2004
Revenue bonds	\$12,325,000	12,425,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's payments to the Corporation that provides the Corporation with the revenues to pay its expenses, bond principal, interest, and fees comes from the City's ½-cent Transportation Sales Tax. The tax produced \$1,591,737 in revenues in 2005 and is budgeted to bring \$1,650,000 in revenues to the City in 2006. The City is growing with over 1,200 residential building permits issued both in 2004 and 2005. Therefore, the necessary sales tax revenue required to make the bond payments should not be a problem. Also, the Missouri Transportation Commission will pay the trustee on July 1, 2006, the amount of \$8,849,182.12 to be applied to the payment of principal on the bonds.

**WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER, 31 2005**

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our general overview of the Corporation's finances. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 310 W. Pearce, Wentzville, MO 63385 or by phone (636) 327-5101.

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION

BALANCE SHEET
DECEMBER 31, 2005

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,948
Accrued interest receivable	10,675
Total Current Assets	<u>13,623</u>

Noncurrent Assets

Deferred charges	<u>122,590</u>
Capital assets:	
Construction in progress	<u>11,774,582</u>
Restricted assets:	
Cash and cash equivalents:	
Escrow for construction	20,741
Debt service	323
Investments - debt service reserve	1,304,329
Total Restricted Assets	<u>1,325,393</u>
Total Noncurrent Assets	<u>13,222,565</u>
	<u>\$ 13,236,188</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued interest payable	\$ 232,962
Current portion of revenue bonds payable	8,935,000
Payable from restricted assets:	
Accrued interest payable	53
Total Current Liabilities	<u>9,168,015</u>

Long-term Liabilities

Revenue bonds payable, less current portion	3,390,000
Total Liabilities	<u>12,558,015</u>

Net Assets

Investment in capital assets, net of related debt	(529,677)
Restricted for debt service	1,304,652
Unrestricted (deficiency)	(96,802)
Total Net Assets	<u>678,173</u>
	<u>\$ 13,236,188</u>

See notes to financial statements

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Professional fees	<u>1,675</u>
NET OPERATING LOSS	<u>(1,675)</u>
NONOPERATING REVENUES (EXPENSES)	
City funding	644,117
Interest income	7,611
Amortization of bond costs	(21,634)
Interest expense	<u>(562,967)</u>
Total Nonoperating Revenues (Expenses)	<u>67,127</u>
CHANGE IN NET ASSETS	65,452
NET ASSETS, JANUARY 1	<u>612,721</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 678,173</u></u>

See notes to financial statements

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash flows used in operating activities:

Payments to professional service provider \$ (1,675)

Cash flows from capital and related financing activities:

Principal payments on revenue bonds payable (100,000)

Interest payments (564,755)

City funding received 644,117

Payments to contractors for construction of capital assets (122,999)

Net Cash Used In Capital And Related Financing Activities (143,637)

Cash flows from investing activities:

Investment income 8,198

Sale of investments 12,710

Net Cash Provided By Investing Activities 20,908

NET DECREASE IN CASH AND CASH EQUIVALENTS (124,404)

CASH AND CASH EQUIVALENTS, JANUARY 1 148,416

CASH AND CASH EQUIVALENTS, DECEMBER 31 \$ 24,012

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Cash and cash equivalents - unrestricted \$ 2,948

Cash and cash equivalents - debt service 323

Funds held in escrow for construction 20,741

Total Cash And Cash Equivalents \$ 24,012

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Net operating loss \$ (1,675)

Adjustments to reconcile net operating loss to net cash
used in operating activities -

Net Cash Used In Operating Activities \$ (1,675)

See notes to financial statements

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The WENTZVILLE PARKWAY TRANSPORTATION CORPORATION (the Corporation) is a nonprofit transportation corporation organized and existing under the constitution and laws of the State of Missouri for the purpose of promoting and developing public transportation facilities under the Missouri Transportation Corporation Act.

The accounting and financial reporting policies of the Corporation conform to U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

1. Reporting Entity

In evaluating how to define the Corporation for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to impose its will over the component unit or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. Based upon the application of these criteria, there are no component units. The Corporation is a component unit of the State of Missouri.

2. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Revenues and expenses are categorized as either operating or nonoperating. Operating revenues and expenses include charges that are assessed to the beneficiaries of the service and the cost of providing the service. Nonoperating and other activities primarily include investment income, interest expense, and City funding.

As permitted by GAAP, the Corporation has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Statement of Cash Flows

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash.

4. Bond Issuance Costs

Bond issuance costs are recorded as deferred charges and amortized over the lives of the bonds using the straight-line method.

5. Investments

Investments are reported at fair value or cost which approximates fair value.

6. Capital Assets

Capital assets include infrastructure, which is currently construction in progress.

Capital assets are defined by the Corporation as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated property and equipment are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

7. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

1. Deposits (Continued)

amount to the total of the Corporation's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2005, the Corporation's bank balances were entirely secured or collateralized with securities held by the Corporation or by its agent in the Corporation's name.

2. Investments

As of December 31, 2005, the Corporation had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>1 - 5 Years</u>	<u>Credit Risk</u>
Federal agency notes	\$1,237,264	-	1,237,264	AAA
Money market funds	<u>67,065</u>	<u>67,065</u>	<u>-</u>	N/A
Total Investments	<u>\$1,304,329</u>	<u>67,065</u>	<u>1,237,264</u>	

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation does not have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Corporation does not have a written investment policy covering interest rate risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer. The Corporation does not have a written investment policy covering concentration of credit risk.

NOTE C - RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond debt service account is used to segregate resources accumulated for principal and interest payments over the next twelve months. Net assets are restated for debt service to the extent that debt service reserve assets required by bonds exceed the liabilities payable from restricted assets. The bond

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE C - RESTRICTED ASSETS (Continued)

debt service reserve account is used to report resources set aside to make up potential future deficiencies in the bond debt service accounts. Investment income in excess of reserve requirements is used to fund current debt service payments. In addition, proceeds from the bond issue are held in escrow by the State of Missouri to pay costs related to construction of infrastructure.

NOTE D - CAPITAL ASSETS

Capital assets activity was as follows

	<u>For The Year Ended December 31, 2005</u>			<u>Balance December 31 2005</u>
	<u>Balance December 31 2004</u>	<u>Additions</u>	<u>Deletions</u>	
	Capital assets not being depreciated:			
Construction in progress	<u>\$11,651,583</u>	<u>122,999</u>	<u>-</u>	<u>11,774,582</u>

NOTE E - LONG-TERM DEBT

The Transportation Revenue Bonds, Series 2001 were issued to finance the expansion and reconstruction of the Pearce Boulevard Interchange. The bonds, dated May 1, 2001 and maturing August 1, 2010, are subject to mandatory principal redemption prior to maturity and pay interest semi-annually at rates ranging from 4.3% to 4.9% on August 1 and February 1.

The bonds, originally issued in 2001 for \$12,935,000, are being repaid per an agreement between the City of Wentzville (the City) and the Missouri Highway and Transportation Commission (the Commission) whereby the Commission will pay \$8,849,182 of the debt in July 2006. Upon the final payment of the debt, the title and interest of the Corporation will be dedicated to the Commission. The City has agreed to provide funding from its transportation sales tax or other legally available amount less the amount of Commission payments and other amounts available to the Corporation sufficient to pay the principal and interest on the bonds and other specified items when due.

Long-term debt activity was as follows:

	<u>For The Year Ended December 31, 2005</u>			<u>Balance December 31 2005</u>	<u>Amounts Due Within One Year</u>
	<u>Balance December 31 2004</u>	<u>Additions</u>	<u>Payments</u>		
	Transportation revenue bonds	<u>\$12,425,000</u>	<u>-</u>		

WENTZVILLE PARKWAY TRANSPORTATION CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

The following is a schedule of principal and interest requirements:

For The Years Ended December 31	Transportation Revenue Bonds, Series 2001		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 8,935,000	560,455	9,495,455
2007	485,000	162,848	647,848
2008	515,000	140,780	655,780
2009	535,000	116,575	651,575
2010	<u>1,855,000</u>	<u>90,895</u>	<u>1,945,895</u>
	<u>\$12,325,000</u>	<u>1,071,553</u>	<u>13,396,553</u>

NOTE F - RISK MANAGEMENT

The Corporation is exposed to various risks of loss, however, management believes that there are no significant losses requiring insurance.