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Basic Financial Statements, 2004

WingHaven Transportation Development District of St. Charles County

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CLAIRE C. McCASKILL
Missouri State Auditor

April 7, 2005

Laura A. Lashley
Development Dynamics
1001 Boardwalk Springs Place, Suite 50
O'Fallon, MO 63366

RE: WingHaven Transportation Development District of St. Charles County

Fiscal Period: One Year Ended December 31, 2004 ✓

Dear Ms. Lashley:

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

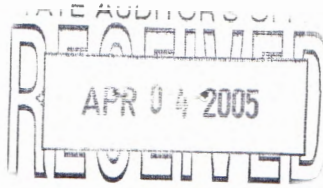
Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky
Local Government Analyst



1001 Boardwalk Springs Place, Suite 50
O'Fallon, Missouri 63366
TEL: 636.561.8603
FAX: 636.561.8605

March 31, 2005

Ms. Claire C. McCaskill
Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

RE: WingHaven Transportation Development District – Audited Financials

Dear Ms. McCaskill,

In compliance with Missouri State law, the WingHaven Transportation Development District is submitting the audited financial statements for the year ended December 31, 2004.

Please acknowledge receipt of the financial statements via return correspondence.

Sincerely,

A handwritten signature in blue ink that reads "Laura A. Lashley". The signature is fluid and cursive.

Laura A. Lashley
WingHaven Transportation Development District
District Administrator
c/o Development Dynamics LLC

Enclosure (1)

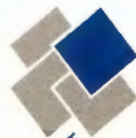
cc: Mark Grimm, Gilmore & Bell P.C.
Sandy Battas, UMB Bank

Winghaven Transportation Development District

Basic Financial Statements

And Management's Discussion and Analysis

Year Ended December 31, 2004



Wade Stables P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Hannibal, Missouri ♦ Quincy, Illinois ♦ O'Fallon, Missouri ♦ Troy, Missouri

**Winghaven Transportation Development
District**

Basic Financial Statements

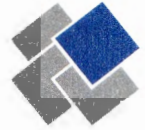
And Management's Discussion and Analysis

Year Ended December 31, 2004

Winghaven Transportation Development District
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December 31, 2004

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Financial Section



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Independent Auditor's Report

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B.J. Schmid, CPA
A.C. Fallor, CPA
S.T. Brune, CPA
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Board of Trustees
Winghaven Transportation Development District

We have audited the general purpose financial statements of the Winghaven Transportation Development District as of December 31, 2004 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 financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities of the Winghaven Transportation Development District, as of December 31, 2004, and the respective changes in financial position-cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2004.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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.

February 19, 2005
O'Fallon, Missouri

Wade Stables PC
Certified Public Accountants

Management Discussion And Analysis

Winghaven Transportation Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)

The discussion and analysis of the Winghaven Transportation Development District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2004. It should be read in conjunction with the accompanying independent auditors report and the accompanying basic financial statements. This discussion and analysis does not include comparative data for prior years, as this information is not available for the first year of implementation of Governmental Accounting Standards Board (GASB) Statement Number 34. Future years will include, when available, comparative analysis of government – wide data.

Financial Highlights

- The assets of the Winghaven Transportation Development District exceeded its liabilities at the close of the fiscal year ending December 31, 2004 by \$6,446 (net assets). Of this amount, \$6,446 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The Winghaven Transportation Development District's total net assets decreased by \$2,487 for the year ended December 31, 2004. The decrease in net assets can be attributed to a shortfall in the amount of budget sales tax revenues for the district and the cost of the operation of the trolley system within the District.
- The District's general fund net assets decreased from a positive balance of \$8,933 last year to a positive balance of \$6,446 at December 31, 2004.
- The District's revenue notes due increased \$2,424,214. The district incurred \$2,430,215 in additional debt for projects and improvements within the district. The district also made one principal payment of \$6,001.

Using This Other Comprehensive Basis of Accounting Report (OCBOA)

The financial statements are presented on a basis of cash receipts and cash disbursements, a basis of accounting other than Generally Accepted Accounting Principles (GAAP). These statements include all assets and liabilities arising from cash transactions, a basis of accounting takes into consideration all of the current year's revenues collected and expenditures paid, but does not include capital assets, amounts due in the future from others, or liabilities payable from future revenues.

Overview of the Financial Statements

The discussion and analysis serves as an introduction to the Winghaven Transportation Development District's basic financial statements. The Winghaven Transportation Development District's basic financial statements are comprised of two components, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant fund.

Winghaven Transportation Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)

Governmental fund – All of the District's basic services are reported in governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. The fund is reported using the cash basis of accounting. This measurement focus reports on revenues received and expenditures paid during the period. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near term financing decisions. The relationships of differences between governmental activities (reported in the Statement of Net Assets-Cash Basis and the Statement of Activities-Cash Basis) and governmental funds is detailed in a reconciliation following the fund financial statements.

The Winghaven Transportation Development District maintains one individual governmental fund. Information is presented in the Governmental Fund Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions for the General Fund, which is considered to be a major fund.

Notes to the Financial Statements

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

Property, Plant and Equipment and Debt

Property, Plant and Equipment

At the end of the fiscal year, the District had invested \$2,794, 346 in property and improvements.

Debt

At year-end, the District had \$2,940,461 in revenue notes payable. The District incurred \$2,430,215 in additional debt during the year and paid \$6,001 in principal. \$2,278,099 of the additional debt was incurred for projects and improvements within the District. The remaining \$152,116 of additional debt was incurred for the continuing operation of the trolley system within the District and for legal expenses of the District.

The District's Fund

At the close of the District's fiscal year on December 31, 2004, the governmental funds of the District reported a combined fund balance of \$6,446. The ending balance includes a decrease in fund balance of \$2,487 in the District's General Fund. The primary reason for the General Fund's decrease is the shortfall of budgeted sales tax and an increase of expenditures for the trolley.

General Fund Budgeting Highlights

For fiscal year ending December 31, 2004, actual expenditures on a budgetary basis were \$2,524,901 compared to the budget amount of \$4,349,072. The \$1,824,171 positive variance was mainly due to spending less than budgeted for District projects and improvements.

The District's actual revenues on a budgetary basis were \$2,522,413 as compared to the budget amount of \$4,349,072. The negative variance of \$1,826,659 was mainly due to issuing less revenue notes than anticipated for District projects and improvements.

Winghaven Transportation Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2004
(Unaudited)

Local, national and international economic factors influence the District's revenues. Positive economic growth correlates with increased revenues from sales taxes. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, assessed valuation, and Enterprise Fund revenues. The District has enjoyed steady growth in recent years and hopes to continue the trend in the next fiscal year. The District has prepared its budget for the next fiscal year considering the economic factors discussed above.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, please contact the District.

Basic Financial Statements

Winghaven Transportation Development District
Statement of Net Assets - Cash Basis
December 31, 2004

	Governmental Activities
<hr/>	
Assets	
Cash	\$ <u>6,446</u>
Fund Equity	
Retained earnings:	
Unreserved	\$ <u>6,446</u>

The accompanying notes to financial statements are an integral part of this statement.

Winghaven Transportation Development District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Governmental Activities
Revenues:	
TDD sales tax income	\$ 92,198
Revenue note borrowings	2,430,215
Total Revenues	<u>\$ 2,522,413</u>
Expenditures:	
Administrative expense	\$ 15,323
Bank fees	286
Insurance	1,785
Interest expense	1,565
Legal expense	15,931
Postage	12
Revenue bond principal repayment	6,001
Trolley expense	205,898
Winghaven projects and improvements	2,278,099
Total Expenditures	<u>\$ 2,524,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,487)</u>
Fund Balance, January 1, 2004	<u>\$ 8,933</u>
Fund Balance, December 31, 2004	<u><u>\$ 6,446</u></u>

**Notes to the
Financial Statements**

Winghaven Transportation Development District
Notes to Financial Statements
For the Year Ended December 31, 2004

1) Summary of Significant Accounting Policies

The Winghaven Transportation Development District (the District) is a political subdivision of the state of Missouri created under the Missouri Transportation Development District Act, sections 238.200 through 238.275 of the Revised Statutes of Missouri. The Winghaven Transportation Development District, Missouri (District) operates under a Board of Trustees for the purpose of financing the Transportation Projects in Fractional Sections 12 and 13 and part of U.S. Surveys 1641 and 1669, Township 46 North Range 2 East of the Fifth Principal Meridian, City of O'Fallon, St. Charles, MO. The District began collecting sales tax on December 1, 2003. The District was created to levy certain taxes, for the purpose of funding the Winghaven Transportation projects. Projects of the District include:

Project A - Technology Drive Enhancements – Roads, storm sewer piping, curbs, signals, sidewalks, and landscaping.

Project B - Traffic signal installation at Lakeside Shoppes

Project C -Traffic signal installation at Phoenix Parkway

Project D - Trolley – shuttle system

Project E – Pedestrian crossing – Two pedestrian crossings over Winghaven Boulevard for enhanced access to country club.

Project F – Median Beautification – Landscaping along Winghaven Boulevard and Phoenix Parkway.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The basic financial statements include only fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the District as a whole or major individual fund.

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance

Winghaven Transportation Development District
Notes to Financial Statements
For the Year Ended December 31, 2004

A. Basis of Presentation (Concluded)

with special regulations, restrictions or limitations. The fund statements are also presented on a cash basis of accounting.

The following is a brief description of the specific funds used by the District.

Governmental Funds

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. Revenues are derived primarily from sales taxes.

B. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and Fund Financial Statements are prepared using the cash basis of accounting, a basis of accounting other than Generally Accepted Accounting Principals (GAAP). Under the cash basis, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

C. Budgets and Budgetary Accounting

The District Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Section 67 of the Missouri Revised Statutes, the budget officer, as designated by the District, prepares and adopts an annual budget which represents the complete financial plan for the ensuing budget year. The budget includes at least the following information:
 - a) A budget message describing the important features of the budget and major changes from the preceding year;
 - b) Estimated revenues to be collected from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, activity and object;
 - c) The amount required for the payment of interest, amortization, and redemption charges on the debt of the District;
 - d) A general budget summary.
- 2) In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.
- 3) The District may revise, alter, increase or decrease the items in the proposed budget, subject to such limitations as may be provided by law provided, that in no event, shall the total authorized expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

Winghaven Transportation Development District
Notes to Financial Statements
For the Year Ended December 31, 2004

C. Budgets and Budgetary Accounting (Concluded)

- 4) The District shall, before the beginning of the fiscal year, approve the budget and approve or adopt such orders, motions, resolutions or ordinances as may be required to authorize the budgeted expenditures and produce the revenues in the budget.
- 5) After the District has approved the budget and approved or adopted the orders, motions, resolutions or ordinances required to authorize the expenditures proposed in the budget, the District shall not increase the total amount authorized for expenditure from any fund, unless the District Council adopts a resolution setting forth the facts and reasons making the increase necessary and approves or adopts an order, motion resolution or ordinance to authorize the expenditures.

The District approved the fiscal year 2004 budget at their regularly scheduled meeting.

D. Fixed Assets And Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) should be accounted for in the General Fixed Asset Account Group, rather than in governmental funds. The District has not maintained records of its fixed assets and therefore, the General Fixed Asset Account Group required by generally accepted accounting principles as applicable to governments is not included in these financial statements.

2) Cash and Investments

The District complies with various restrictions on deposits and investments which are imposed by the state statutes as follows:

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may invest in bonds of the State of Missouri or any wholly owned corporation of the United States; or in other short-term obligations of the United States.

Cash of the District at December 31, 2004 is as follows:

Deposits

At year-end, the carrying amount of the District's deposits was \$6,446 and the bank balance was \$6,446. Of the bank balance, \$6,446 was covered by federal depository insurance.

Investments

The District held no investments during the year.

Winghaven Transportation Development District
Notes to Financial Statements
For the Year Ended December 31, 2004

3) Taxes

A Transportation Development District Sales Tax of five eighths of one percent on all retail sales is collected by the City and remitted to the Development District. No Development District Sales Tax is levied on utilities, vehicles, or telephones. If the Board approves, the District tax could increase to 1%.

4) Related Parties

The District and the City of O'Fallon 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 collection of the sales tax. The City earns a collection fee for the sales tax collected monthly.

5) Long-Term Debt

Ordinance #2003-10, adopted October 27, 2003, authorized the Winghaven Transportation Development District to issue up to \$3,657,718 of revenue notes. The notes have been issued through UMB Bank and bear interest at prime plus two and one half percent. As of December 31, 2004, the District had issued a total of \$2,940,461 in revenue notes. In 2004, the District issued \$2,278,099 in revenue notes for District Improvements and projects, \$146,514 for operation of the trolley system and \$5,602 for legal expenses.

Following is a summary of revenue notes issued in 2004:

Revenue notes payable, January 1, 2004	\$ 516,247
Notes issued	2,430,215
Notes retired	<u>(6,001)</u>
Revenue notes payable, December 31, 2004	<u>\$ 2,940,461</u>

6) Winghaven Improvements and Projects

The District has spent a total of \$2,794,346 on improvements and projects within the District as of December 31, 2004. Once the projects are completed, the roads and sidewalks will be dedicated to the City.

Following is a summary of improvements and projects within the District in 2004:

District improvements and project costs, January 1, 2004	\$ 516,247
Improvements and project cost incurred in 2004	2,278,099
Improvements dedicated to the City of O'Fallon	<u>-</u>
District improvements and project costs, December 31, 2004	<u>\$ 2,794,346</u>

7) Litigation

There are no pending or threatened claims against the District.

Supplementary Information

Winghaven Transportation Development District
 Statement of Revenues, Expenditures And Changes
 in Fund Balances - Cash Basis - Budget and Actual - General Fund
 Year Ended December 31, 2004

	General Fund		
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues Received			
Transportation development district sales tax	\$ 187,072	\$ 92,198	\$ (94,874)
Note proceeds	4,162,000	2,430,215	(1,731,785)
Total Revenues Received	<u>\$ 4,349,072</u>	<u>\$ 2,522,413</u>	<u>\$ (1,826,659)</u>
Expenditures Disbursed			
District Administration			
Administrative fees	\$ 17,000	\$ 14,969	\$ 2,031
Collection fees	400	354	46
Bank fees	300	286	14
Legal and professional fees	9,400	15,932	(6,532)
Insurance	1,800	1,785	15
Miscellaneous	100	12	88
Payment of debt service on a note/bond	158,072	7,566	150,506
Developer project reimbursements	4,162,000	2,483,997	1,678,003
Total Expenditures Disbursed	<u>\$ 4,349,072</u>	<u>\$ 2,524,901</u>	<u>\$ 1,824,171</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (2,488)</u>	<u>\$ (2,488)</u>
Fund Balance January 1, 2004		8,933	
Fund Balance December 31, 2004		<u>\$ 6,445</u>	