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Financial Report, 2003

Hanley/Eager Road Transportation Development District

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CLAIRE C. McCASKILL
Missouri State Auditor

March 2, 2005

Richard B. Rothman
Blitz Bardgett & Deutsch, L.C.
120 South Central, Suite 1650
St. Louis, MO 63105-1742

RE: Hanley/Eager Road TDD of St. Louis County

Fiscal Period: One Year Ended December 31, 2003

Dear Mr. Rothman:

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

Blitz Bardgett & Deutsch, L.C.

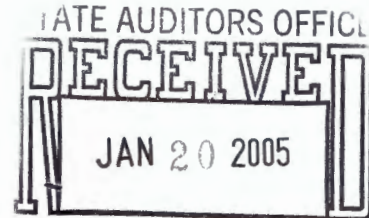
Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Thomas W. Rynard
Ellen W. Dunne
Marc H. Ellinger
Peter C. Palumbo III
Bret M. Kanis
Christopher O. Bauman

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358

January 18, 2005



CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Room 880
Jefferson City, MO 65101

Re: Hanley/Eager Road Transportation Development District (the "District")

To Whom It May Concern:

Enclosed please find the Audited Financial Report for the period ended December 31, 2003 for the District prepared by the accounting firm of Hochschild, Bloom & Company LLP. Also enclosed is a copy of the supplementary management report prepared by such accounting firm in connection with the enclosed Audited Financial Report.

Please let me know if you require any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Rothman", written over a horizontal line.

Richard B. Rothman

Enclosures

cc: Alan Skop, Executive Director of the District



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

July 13, 2004

Board of Directors
HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT

In planning and performing our audit of the financial statements of the **HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) for the year ended December 31, 2003, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency.

The memorandum that accompanies this letter entitled "Internal Control and Management Comments and Recommendations" summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 13, 2004 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel.

We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss these recommendations with you in greater detail at your convenience. Should you desire assistance in the implementation of these recommendations, please do not hesitate to contact us.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448



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HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
INTERNAL CONTROL AND MANAGEMENT
COMMENTS AND RECOMMENDATIONS

Findings for the period ended December 31, 2003:

1. COMMENT

The budget was presented in a single columnar format though the District has established various funds to account for its governmental activities.

RECOMMENDATION

We recommend the District adopt its budget in a fund format that follows the governmental financial reporting format and to clarify budgeted expenditures by fund.

2. COMMENT

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, will be effective for the District for the period beginning after June 15, 2003 (of the District's fiscal year ending December 31, 2004). This GASB Statement includes the reporting of management's discussion and analysis plus requires changes in the financial reporting format.

RECOMMENDATION

We recommend the District continue planning for the adoption of this GASB Statement by reviewing its accounting system and gathering data required to comply with the new financial reporting format.

**HANLEY/EAGER ROAD
TRANSPORTATION
DEVELOPMENT DISTRICT**

**FINANCIAL REPORT
(Audited)**

Period Ended December 31, 2003

**HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
FINANCIAL REPORT**

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

INDEPENDENT AUDITORS' REPORT

July 13, 2004

Board of Directors

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT

We have audited the accompanying financial statements of the **HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the period from inception (January 8, 2003) to December 31, 2003, as listed in the 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 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 opinion.

As described in Note A-3, the District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements present fairly, in all material respects, the assets and liabilities arising from cash transactions of the District as of December 31, 2003, and the revenues collected, expenditures paid and changes in fund balances for the period then ended, on the basis of accounting described in Note A-3.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448



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**HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
 COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH
 TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP
 DECEMBER 31, 2003**

	Governmental Fund Types			Account Group	Total (Memorandum Only)
	General Fund	Capital Projects Fund	Debt Service Funds	General Long-Term Debt	
ASSETS AND OTHER DEBITS					
Investments	\$ 113	317,375	121,600	-	439,088
Investments - restricted for debt service	-	-	300,249	-	300,249
Amount to be provided for retirement of general long-term debt	-	-	-	11,613,099	11,613,099
Amount available in Debt Service Funds	-	-	-	421,849	421,849
Total Assets And Other Debits	\$ 113	317,375	421,849	12,034,948	12,774,285
LIABILITIES AND FUND BALANCES					
Liabilities					
Transportation revenue notes	-	-	-	12,034,948	12,034,948
Fund balances					
Unreserved - undesignated	113	317,375	121,600	-	439,088
Reserved - debt service	-	-	300,249	-	300,249
Total Fund Balances	113	317,375	421,849	-	739,337
Total Liabilities And Fund Balances	\$ 113	317,375	421,849	12,034,948	12,774,285

**HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE PERIOD FROM INCEPTION (JANUARY 8, 2003) TO DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>	<u>Total (Memorandum Only)</u>
REVENUES				
Investment income	\$ -	1,454	625	2,079
EXPENDITURES				
Capital outlay	5,678,595	5,199,079	-	10,877,674
Debt service - bond issue costs	-	-	295,328	295,328
Debt service - interest paid	-	-	68,335	68,335
Debt service - interest accretion	-	-	56,353	56,353
Total Expenditures	<u>5,678,595</u>	<u>5,199,079</u>	<u>420,016</u>	<u>11,297,690</u>
REVENUES UNDER EXPENDITURES				
	<u>(5,678,595)</u>	<u>(5,197,625)</u>	<u>(419,391)</u>	<u>(11,295,611)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	113	-	68,335	68,448
Operating transfers out	-	-	(68,448)	(68,448)
Proceeds from bond issue	5,678,595	5,515,000	785,000	11,978,595
Proceeds from interest accretion	-	-	56,353	56,353
Total Other Financing Sources (Uses)	<u>5,678,708</u>	<u>5,515,000</u>	<u>841,240</u>	<u>12,034,948</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES				
	113	317,375	421,849	739,337
FUND BALANCES, JANUARY 8				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31				
	<u>\$ 113</u>	<u>317,375</u>	<u>421,849</u>	<u>739,337</u>

**HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET - ALL GOVERNMENTAL FUND TYPES
FOR WHICH OFFICIAL BUDGETS HAVE BEEN ADOPTED
FOR THE PERIOD FROM INCEPTION (JANUARY 8, 2003) TO DECEMBER 31, 2003**

	<u>Capital Projects Fund</u>			<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES						
Investment income	\$ -	1,454	1,454	-	39	39
EXPENDITURES						
Capital outlay	5,515,000	5,199,079	(315,921)	-	-	-
Debt service - bond issue costs	-	-	-	299,189	295,328	(3,861)
Total Expenditures	<u>5,515,000</u>	<u>5,199,079</u>	<u>(315,921)</u>	<u>299,189</u>	<u>295,328</u>	<u>(3,861)</u>
REVENUES OVER (UNDER) EXPENDITURES	(5,515,000)	(5,197,625)	317,375	(299,189)	(295,289)	3,900
OTHER FINANCING SOURCES						
Proceeds from bond issue	<u>5,515,000</u>	<u>5,515,000</u>	-	<u>299,189</u>	<u>299,189</u>	-
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>317,375</u>	<u>317,375</u>	<u>-</u>	<u>3,900</u>	<u>3,900</u>
FUND BALANCES, JANUARY 8		-			-	
FUND BALANCES, DECEMBER 31		<u>\$ 317,375</u>			<u>3,900</u>	

See notes to financial statements

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District), established in 2003, is a political subdivision duly organized under the laws of the State of Missouri. The District operates under the direction of a Board of Directors. The District was formed for the purpose of construction of certain transportation projects to serve a new commercial redevelopment project in the City of Brentwood, Missouri (the City). Generally, the District is authorized to impose a sales tax within its boundaries and issue revenue notes payable from this sales tax.

The more significant accounting policies consistently applied by the District in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all component units for which the District may or may not be financially accountable and, as such, be includable within the District's financial statements. In accordance with GASB Statement No. 14, the District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units to be included in the District's reporting entity.

2. Fund Accounting

The District uses funds and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following fund type and account group are used by the District:

Governmental Fund Types

General Fund - The General Fund accounts for all activities except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is to be used for the acquisition, construction or maintenance of major capital facilities and public improvements.

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Account Group

General Long-Term Debt Account Group - This account group accounts for all long-term debt for which the District is obligated.

3. Basis of Accounting

The accounts of the District are maintained using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recognized only when cash is received or paid.

4. Budgetary Data

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

- a. A proposed budget is submitted to the Board of Directors. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenues of the preceding year plus any unreserved balance at the end of such year.
- b. The budget must be adopted by the Board of Directors.
- c. Budget amendments must be approved by the Board of Directors. There were no amendments to the current year budget.
- d. All annual appropriations lapse at fiscal year-end.

5. Total Columns on Combined Financial Statements

The total columns on the combined financial statements are captioned "memorandum only" to indicate it is presented only to facilitate financial analysis. Data in these columns do not present the financial position or results of operations of the District in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation.

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>December 31</u> <u>2003</u>
Series 2003A capital appreciation transportation revenue notes of \$2,205,000, accretion rate 7.75%, due December 1, 2023.	\$ 2,261,353
Series 2003B transportation revenue notes, interest rate 6.75%, payable semi-annually June 1 and December 1, due December 1, 2033.	4,095,000
Series 2003C transportation revenue notes, interest rate 7.41%, payable semi-annually June 1 and December 1, due June 1, 2043.	<u>5,678,595</u>
	<u>\$12,034,948</u>

The notes, which are limited obligations of the District, are payable solely from certain bond proceeds, parking fees and sales tax revenues as provided in the indenture. The notes do not constitute a general obligation of the District, the City or Missouri Highways and Transportation Commission.

The following is a summary of the changes in the District's long-term debt:

	For The Period Ended December 31, 2003			<u>December 31</u> <u>2003</u>
	<u>January 8</u> <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	
Series 2003A capital appreciation transportation revenue notes	\$ -	2,205,000	-	2,205,000
Series 2003A capital appreciation transportation revenue notes – interest accretion	-	<u>56,353</u>	-	<u>56,353</u>
	-	2,261,353	-	2,261,353
Series 2003B transportation revenue notes	-	4,095,000	-	4,095,000
Series 2003C transportation revenue notes	-	<u>5,678,595</u>	-	<u>5,678,595</u>
	<u>\$ -</u>	<u>12,034,948</u>	<u>-</u>	<u>12,034,948</u>

NOTE C - INVESTMENTS

State statutes and debt covenants authorize the District to invest in obligations of the U.S. Treasury, U.S. agencies, various state and local governments, commercial paper, repurchase agreements and various other investment types.

The District's investments at December 31, 2003 are money market funds amounting to \$439,088 and guaranteed investment contract of \$300,249.

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - COMMITMENTS

At December 31, 2003, the District had a construction contract remaining outstanding in the amount of \$504,860.

NOTE E - RELATED PARTY TRANSACTIONS

The District has a construction contract with Don C. Musick Construction Company. This amounts to \$5,578,640 for the contract plus change orders. Don C. Musick is a board member for the District.

NOTE F - PENDING ACCOUNTING PRONOUNCEMENTS

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. In July 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Under the revised requirements, governmental financial statements will include management's discussion and analysis (MD&A), basic financial statements that present both government-wide and fund financial statements and required supplementary information.

MD&A introduces the financial statements by giving readers a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at year-end, including an analysis of budgetary change and results.

The government-wide financial statements will provide information about the primary government without displaying fund or fund types. The financial statements will distinguish between the governmental and business-type activities of the primary government.

The fund financial statements will provide information about the primary government's fund types. Governments will present separate financial statements for each fund category. A single set of notes will apply to both government-wide and fund financial statements.

The District is required to adopt these new standards in fiscal year 2004. The District has not completed the varied analyses required to estimate the financial statement impact of these new Statements.

SUPPLEMENTAL INFORMATION SECTION

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
SUPPLEMENTAL INFORMATION -
DEBT SERVICE FUNDS - COMBINING STATEMENT OF ASSETS AND
LIABILITIES ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 2003

	Debt Service Reserve Fund	Capitalized Interest Fund	Cost Of Issuance Fund	Totals
ASSETS				
Investments	\$ -	117,700	3,900	121,600
Investments - restricted for debt service	300,249	-	-	300,249
Total Assets	<u>\$ 300,249</u>	<u>117,700</u>	<u>3,900</u>	<u>421,849</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
	\$ -	-	-	-
Fund balances				
Unreserved - undesignated	-	117,700	3,900	121,600
Reserved - debt service	300,249	-	-	300,249
Total Fund Balances	<u>300,249</u>	<u>117,700</u>	<u>3,900</u>	<u>421,849</u>
Total Liabilities And Fund Balances	<u>\$ 300,249</u>	<u>117,700</u>	<u>3,900</u>	<u>421,849</u>

HANLEY/EAGER ROAD TRANSPORTATION DEVELOPMENT DISTRICT
SUPPLEMENTAL INFORMATION -
DEBT SERVICE FUNDS - COMBINING STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES
FOR THE PERIOD FROM INCEPTION (JANUARY 8, 2003) TO DECEMBER 31, 2003

	<u>Debt Service Reserve Fund</u>	<u>Capitalized Interest Fund</u>	<u>Cost Of Issuance Fund</u>	<u>Bond Payment Fund</u>	<u>Totals</u>
REVENUES					
Investment income	\$ 362	224	39	-	625
EXPENDITURES					
Debt service - bond issue costs	-	-	295,328	-	295,328
Debt service - interest paid	-	-	-	68,335	68,335
Debt service - interest accretion	-	-	-	56,353	56,353
Total Expenditures	-	-	295,328	124,688	420,016
REVENUES OVER (UNDER) EXPENDITURES	<u>362</u>	<u>224</u>	<u>(295,289)</u>	<u>(124,688)</u>	<u>(419,391)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	68,335	68,335
Operating transfers out	(113)	(68,335)	-	-	(68,448)
Proceeds from bond issue	300,000	185,811	299,189	-	785,000
Proceeds from interest accretion	-	-	-	56,353	56,353
Total Other Financing Sources (Uses)	<u>299,887</u>	<u>117,476</u>	<u>299,189</u>	<u>124,688</u>	<u>841,240</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	300,249	117,700	3,900	-	421,849
FUND BALANCES, JANUARY 8	-	-	-	-	-
FUND BALANCES, DECEMBER 31	<u>\$ 300,249</u>	<u>117,700</u>	<u>3,900</u>	<u>-</u>	<u>421,849</u>