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Financial Report, 2003

Kenilworth Transportation Development District

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

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2003

KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

May 31, 2005

Board of Directors
KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT

We have audited the accompanying financial statements of the **KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of December 31, 2003, and for the year then ended, 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 year then ended, on the basis of accounting described in Note A-3.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

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**KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM
CASH TRANSACTIONS - GOVERNMENTAL FUND TYPE
DECEMBER 31, 2003**

	<u>General Fund</u>
ASSETS	
Cash	<u>\$ 22,167</u>
LIABILITIES AND EQUITY	
Liabilities	\$ -
Equity	
Fund balance	<u>22,167</u>
	<u>\$ 22,167</u>

**KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>
REVENUES	
Sales tax	\$ 191,772
Investment income	28
Total Revenues	<u>191,800</u>
EXPENDITURES	
Administrative	17,312
Economic activity allocation	93,481
Debt service allocation	97,491
Total Expenditures	<u>208,284</u>
REVENUES UNDER EXPENDITURES	(16,484)
FUND BALANCE, JANUARY 1	<u>38,651</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 22,167</u></u>

**KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Sales tax	\$ 191,772	191,772	-
Investment income	32	28	(4)
Total Revenues	<u>191,804</u>	<u>191,800</u>	<u>(4)</u>
EXPENDITURES			
Administrative	17,441	17,312	(129)
Economic activity allocation	106,077	93,481	(12,596)
Debt service allocation	97,336	97,491	155
Total Expenditures	<u>220,854</u>	<u>208,284</u>	<u>(12,570)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (29,050)</u>	(16,484)	<u>12,566</u>
FUND BALANCE, JANUARY 1		<u>38,651</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 22,167</u>	

KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT** (the District), incorporated in 2000, 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). The District is authorized to impose a .25% sales tax within its boundaries.

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 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. The following fund type is used by the District:

Governmental Fund Type

General Fund -- The General Fund accounts for all activities.

3. Basis of Accounting

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

KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgetary Data

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

- a. The proposed budget is submitted to the Board of Directors for the fiscal year in December. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue 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 prior to the beginning of the fiscal year.
- c. Budget amendments must be approved by the Board of Directors. There were amendments to the current year budget.
- d. All annual appropriations lapse at fiscal year-end.

5. Risk Management

The District is exposed to various risks of loss, however, management believes that there are no significant losses to be insured.

NOTE B - CASH AND INVESTMENTS

State law requires that the District's deposits with financial institutions must be collateralized in an amount at least equal to the uninsured deposits. As of December 31, 2003, the District's bank deposits were fully insured or collateralized with securities held by the District or by the bank's agent in the District's name.

NOTE C - INTERGOVERNMENTAL AGREEMENT

On October 29, 2001, the City issued \$15,660,000 series 2001 tax increment refunding and improvement revenue bonds, interest rate at 5.7%, due May 1, 2022. The District has entered into an agreement with the City in which the sales tax goes to the City for repayment of the bonds and other costs. Repayment of part of these bonds is apportioned in accordance with the agreement between the economic activity allocation and the debt service allocation. Fifty percent of the sales tax revenue is allocated to economic activity and the remainder (less administrative costs) is allocated to debt service. The bonds, therefore, are not included in the accompanying financial statements. At December 31, 2003, the balance of the bonds was \$15,060,000.

KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - 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 2003, 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.