

University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial
Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2006

Financial Report, 2005

Kenilworth Transportation Development District

Follow this and additional works at: <https://irl.umsl.edu/cab>

Recommended Citation

Kenilworth Transportation Development District, "Financial Report, 2005" (2006). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 659.

<https://irl.umsl.edu/cab/659>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.



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

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2005

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
FINANCIAL REPORT**

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements and Fund Financial Statements:	
Balance Sheet - Cash Basis and Statement of Net Assets - Cash Basis	7
Statement of Revenues, Expenditures, and Change in Fund Balance - Cash Basis - Governmental Funds and Statement of Activities - Cash Basis	8
Notes to Financial Statements	9
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Cash Basis - General Fund	13
Notes to Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Cash Basis	14
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16



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

INDEPENDENT AUDITORS' REPORT

May 9, 2006

Board of Directors
KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT

We have audited the accompanying financial statements of the governmental activities and each major fund of the **KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 referred to above present fairly, in all material respects, the governmental activities and each major fund as of December 31, 2005, 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.

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

www.hbclp.com

 POLARIS
INTERNATIONAL

Member: Polaris International with Firms in Principal U.S. and International Cities

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hochschild, Bloan + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

As management of the Kenilworth Transportation Development District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the District's financial statements (attached).

FINANCIAL HIGHLIGHTS

- * The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$15,522.
- * The District's total net assets decreased by \$2,086.
- * As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$15,522.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by sales tax. The governmental activities of the District include collection of sales tax, economic activity allocation, and debt service.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only maintains governmental funds.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Since the District does not have any assets or hold any debt, there are no differences between the governmental funds and the governmental activities.

The District maintains only one governmental fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$15,522 at the close of the most recent fiscal year.

A condensed version of the statement of net assets - cash basis is as follows:

	<u>December 31</u>		<u>Increase (Decrease)</u>	
	<u>2005</u>	<u>2004</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Cash	\$ <u>15,522</u>	<u>17,608</u>	(2,086)	(11.8%)
NET ASSETS				
Unrestricted	\$ <u>15,522</u>	<u>17,608</u>	(2,086)	(11.8%)

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Governmental activities. Governmental activities decreased the District's net assets by \$2,086.

A condensed version of the statement of activities - cash basis is as follows:

	For The Years		Increase (Decrease)	
	Ended December 31		Amount	Percent
	<u>2005</u>	<u>2004</u>		
REVENUES				
Sales tax	\$187,625	198,532	(10,907)	(5.5%)
EXPENDITURES				
Administrative	26,756	29,227	(2,471)	(8.5)
Economic activity allocation	93,888	113,200	(19,312)	(17.1)
Debt service allocation	<u>69,067</u>	<u>60,664</u>	<u>8,403</u>	13.9
Total Expenditures	<u>189,711</u>	<u>203,091</u>	<u>(13,380)</u>	(6.6)
CHANGE IN NET ASSETS	(2,086)	(4,559)	2,473	54.2
NET ASSETS, JANUARY 1	<u>17,608</u>	<u>22,167</u>	<u>(4,559)</u>	(20.6)
NET ASSETS, DECEMBER 31	<u>\$ 15,522</u>	<u>17,608</u>	<u>(2,086)</u>	(11.8%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$15,522.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not revise its budget for the year. Revenues were \$12,375 under the budgeted amount of \$200,000. Expenditures were \$12,789 under the budgeted amount of \$202,500.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Sales tax will be the main source of revenue for the District. Debt service allocation and economic activity allocation will require the greatest usage of resources. These factors were considered in preparing the District's 2006 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Robert Klahr at 314-621-5070.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
BALANCE SHEET - CASH BASIS AND
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	Governmental Fund General Fund	Governmental Activities Statement Of Net Assets
ASSETS		
Cash	\$ 15,522	\$ 15,522
 LIABILITIES AND FUND BALANCE/NET ASSETS		
Liabilities	\$ -	-
Fund Balance		
Unreserved, reported in General Fund	15,522	-
Total Liabilities And Fund Balance	\$ 15,522	
Net Assets		
Unrestricted		\$ 15,522

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - CASH BASIS - GOVERNMENTAL FUND AND
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General Fund</u>
REVENUES	
Sales tax	<u>\$ 187,625</u>
EXPENDITURES	
Administrative	26,756
Economic activity allocation	93,888
Debt service allocation	<u>69,067</u>
Total Expenditures	<u>189,711</u>
REVENUES UNDER EXPENDITURES/CHANGE IN NET ASSETS	(2,086)
FUND BALANCE/NET ASSETS, JANUARY 1	<u>17,608</u>
FUND BALANCE/NET ASSETS, DECEMBER 31	<u><u>\$ 15,522</u></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. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets - cash basis and the statement of activities - cash basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets - cash basis and the statement of activities - cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting.

In the fund financial statements, all governmental funds utilize a “current financial resources” measurement focus as applied to the cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets - cash basis and statement of activities - cash basis and the fund financial statements, governmental activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as U.S. generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports only one governmental fund:

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

4. Risk Management

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

5. Concentrations

The District relies solely on sales tax revenues from stores within the District.

NOTE B - CASH

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, 2005, 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. In August of 2005, the City refunded the bonds and issued \$13,885,000 series 2005 tax increment refunding and improvement bonds, interest at 3.2% to 4.5%, 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, 2005, the balance of the bonds was \$13,885,000.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Sales tax	<u>\$ 200,000</u>	<u>187,625</u>	<u>(12,375)</u>
EXPENDITURES			
Administrative	27,000	26,756	(244)
Economic activity allocation	99,000	93,888	(5,112)
Debt service allocation	<u>76,500</u>	<u>69,067</u>	<u>(7,433)</u>
Total Expenditures	<u>202,500</u>	<u>189,711</u>	<u>(12,789)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$ (2,500)</u></u>	<u>(2,086)</u>	<u><u>414</u></u>
FUND BALANCE, JANUARY 1		<u>17,608</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 15,522</u></u>	

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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 no amendments to the current year budget.
- d. All annual appropriations lapse at fiscal year-end.

**KENILWORTH TRANSPORTATION
DEVELOPMENT DISTRICT
INTERNAL CONTROL AND COMPLIANCE**

INTERNAL CONTROL AND COMPLIANCE SECTION



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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

May 9, 2006

Board of Directors

KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT

We have audited the financial statements of the governmental activities and each major fund of the **KENILWORTH TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended December 31, 2005, and have issued our report thereon dated May 9, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

- 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

www.hbclp.com

 POLARIS
INTERNATIONAL

Member: Polaris International with Firms in Principal U.S. and International Cities

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS