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Comprehensive Annual Financial Report, 2006

City of Arnold

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SUSAN MONTEE, CPA
Missouri State Auditor

June 25, 2008

Glenda Loehr, Finance Officer
Re: City of Ballwin
14811 Manchester Road
Ballwin, MO 63011-4617

Fiscal Period: One Year Ended December 31, 2006

Dear Ms. Loehr:

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,

SUSAN MONTEE, CPA
STATE AUDITOR

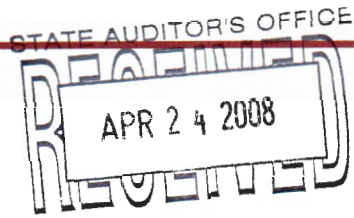
A handwritten signature in black ink that reads "Dana Wansing".

Dana Wansing
Staff Auditor II

Government Center
14811 Manchester Road
Ballwin, MO 63011-4617



(636) 227-8580
Fax: (636) 207-2320
www.ballwin.mo.us



April 21, 2008

Missouri State Auditor
Mr. Robert McArthur II
P O Box 869
Jefferson City, MO 65102

Att: Mr. McArthur II

Enclosed please find a copy of the 2006 audit report for the Ballwin Town Center Transportation District. The 2007 audit has yet to be conducted, but a copy of that audit will be sent to you upon its completion.

Respectfully,

Glenda Loehr
Finance Officer

Enclosure

**Ballwin Town Center Transportation
Development District**

Basic Financial Statements

And Management's Discussion and Analysis

Year Ended December 31, 2006



Wade Stables P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Ballwin Town Center Transportation
Development District**

Basic Financial Statements

And Management's Discussion and Analysis

Year Ended December 31, 2006

Ballwin Town Center Transportation Development District

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December 31, 2006

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Independent Auditors' Report

The Board of Directors
Ballwin Town Center Transportation Development District
Ballwin, Missouri

We have audited the accompanying financial statements of the governmental activities of Ballwin Town Center Transportation Development District as of and for the year ended December 31, 2006, 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 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 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 discussed in Note 1, the District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Ballwin Town Center Transportation Development District as of December 31, 2006 and the respective changes in financial position - cash basis, for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2007, on our consideration of the Ballwin Town Center Transportation Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,
Wade Stables P.C.
Wade Stables P.C.
Certified Public Accountants

November 23, 2007
Hannibal, Missouri

Management's Discussion and Analysis

Ballwin Town Center Transportation Development District

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

The discussion and analysis of the Ballwin Town Center Transportation Development District's financial performance provides an overview and analysis of the District's financial statements for the fiscal year ended December 31, 2006. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Ballwin Town Center Transportation Development District exceeded its liabilities at the close of the fiscal year ending December 31, 2006 and 2005 by \$6,106 and \$3,665, (net assets), respectively. Of this amount, \$6,106 and \$3,665 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- For the year ending December 31, 2006, the District's net assets increased by \$2,441. This increase was primarily the result of the TDD sales tax revenues received totaling \$154,937 and these revenues were more than the total expenditures incurred during the year for EATS payments, TDD revenues appropriated, administrative expenses and the 1% collection fee.

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 Ballwin Town Center Transportation Development District's basic financial statements. The District's financial statements are comprised of two components, combined government-wide and fund financial statements and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Combined Government-Wide and Fund Financial Statements

The fund financial statements provide detailed information about the only fund.

Governmental fund - All of the District's basic services are reported in a 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.

The Ballwin Town Center Transportation Development District maintains one individual governmental fund. Information is presented in the Statement of Net Assets - Cash Basis, which is considered a major fund.

Notes to 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 financial statements can be found immediately following the basic financial statements.

Ballwin Town Center Transportation Development District

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

The financial statements are prepared using the cash basis method of accounting. Under the cash basis, purchases of assets are expensed as project costs and recognized when cash is disbursed rather than when the obligation is incurred. For the year ending December 31, 2006, the District had not invested any moneys for property and improvements.

Debt

At fiscal year ending December 31, 2006, the District had no debt outstanding. The \$20,100,000 of City of Ballwin, Missouri Tax Increment Refunding and Improvement Revenue Bonds Series 2002A and Series 2002B (the "TIF Bonds") that were issued in May 2002 do not constitute a debt of the District and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation restriction.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the District's fiscal year on June 30, 2006, the governmental fund of the District reported a fund balance of \$6,106. The TDD sales tax revenues received are deposited into the Ballwin Town Center TDD Fund. The District's payments from this fund are as follows:

1. The District is required to remit a one percent (1%) collection fee to the City of Ballwin as the City does the collection of the sales tax for the District.
2. After deducting the one percent collection fee, the District then remits 50% of the TDD sales tax receipts to the City as economic activity taxes (EATS); this is required by law according to the TIF Act as the District is located within a TIF District.
3. The District then pays reasonable operating expenses, not to exceed \$20,000 per year and;
4. The District makes payments to the Trustee, while the Bonds are outstanding, of the balance in the account as of the last day of the preceding month.

Therefore, the District's balance of \$6,106 as of June 30, 2006 will be remitted to the Trustee in July 2006.

BALLWIN TOWN CENTER TDD FUND BUDGETING HIGHLIGHTS

The actual expenditures on a budgetary basis were \$152,629 compared to the budget amount of \$71,300 for the year ending December 31, 2006. The \$81,329 negative variance was primarily due the District spending more than budgeted for the EATS payments - \$11,692; this was offset by spending less than budgeted for administrative expenses - \$2,282. The District spent \$71,670 in debt payments for the TIF obligations and they did not budget for these expenditures.

The actual revenues on a budgetary basis were \$155,070 compared to the budget amount of \$130,070 for the year ending December 31, 2006. The \$25,000 positive variance was the result of the District receiving \$24,937 more than budgeted for the TDD sales tax income and \$63 more than budgeted for interest income.

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 and assessed valuation. 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.

Ballwin Town Center Transportation Development District

Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, 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, contact the District.

Ballwin Town Center Transportation Development District

Statement of Net Assets and Governmental

Funds Balance Sheet - Cash Basis

December 31, 2006

	<u>Ballwin Town Center TDD Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 6,106	\$ -	\$ 6,106
Total Assets	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 6,106</u>
Liabilities and Fund Balance / Net Assets			
Fund Balance: Unreserved	\$ 6,106	\$ (6,106)	\$ -
Total liabilities and fund balance	<u>\$ 6,106</u>	<u>\$ (6,106)</u>	<u>\$ -</u>
Net Assets: Unrestricted		\$ 6,106	\$ 6,106
Total Net Assets		<u>\$ 6,106</u>	<u>\$ 6,106</u>

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

Ballwin Town Center Transportation Development District
 Statements of Activities and Governmental Fund Revenues, Expenditures, and
 Changes in Fund Balances - Cash Basis
 For the Year Ended December 31, 2006

	<u>Ballwin Town Center TDD Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures / Expenses:			
1% collection fee	\$ 1,549	\$ -	\$ 1,549
Administrative expenses	2,718	-	2,718
EATS payments	76,692	-	76,692
TDD revenues appropriated	71,670	-	71,670
	<hr/>	<hr/>	<hr/>
Total Expenditures / Expenses	\$ 152,629	\$ -	\$ 152,629
	<hr/>	<hr/>	<hr/>
General Revenues:			
TDD Sales Tax Revenues	\$ 154,937	\$ -	\$ 154,937
Interest Income	133	-	133
	<hr/>	<hr/>	<hr/>
Total General Revenues	\$ 155,070	\$ -	\$ 155,070
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,441	\$ (2,441)	\$ -
Change in net assets	-	2,441	2,441
Fund balance/net assets:			
Beginning of Year	3,665	-	3,665
	<hr/>	<hr/>	<hr/>
End of Year	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 6,106</u>

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

Ballwin Town Center Transportation Development District

Notes to Financial Statements
December 31, 2006

1) Summary of Significant Accounting Policies

Reporting Entity

On April 26, 2001, the Circuit Court of the County of St. Louis (the "Circuit Court") issued an Order (the "Order"), which established the District as a political subdivision pursuant to and in accordance with the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the "TDD Act").

Pursuant to the Order, (a) the District was established for the purpose of providing tax revenues to fund construction and implementation of the "Project," as defined in the Order, and additional projects within the Redevelopment Area that constitute "projects" under the TDD Act, and (b) the District has only those powers, rights, and obligations set forth in the Order and such implied powers, rights, and obligations necessary to the execution thereof and necessary and appropriate to its purpose described in the Order and not inconsistent with the TDD Act.

The Project is described as follows: 1. The construction of a connector road, which shall consist of a loop road connecting Seven Trails Drive and Kehrs Mill in Ballwin, Missouri, including a traffic signal at Holloway and Kehrs Mill and related improvements. 2. Any additional "project" within the meaning of Section 238.202.1(5) that is contemplated by the "Ballwin Town Center Tax Increment Financing (TIF) Redevelopment Plan," as approved by the City's Board of Aldermen on October 11, 1999, pursuant to Ordinance No. 99-52, as such plan may from time to time be amended.

Pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "TIF Act"), the City and the Developer (Regency/DS Ballwin L.L.C.) have entered into the Amended and Restated Redevelopment Agreement dated as of June 13, 2000 as amended by the First Amendment to the Amended and Restated Redevelopment Agreement dated as of May 21, 2002 (as amended, the "Redevelopment Agreement") for the purpose of implementing a redevelopment project (the "Redevelopment Project" as defined in the Redevelopment Agreement) located in the Redevelopment Project Sub-Area 2A of the "Redevelopment Area" (as defined in the Redevelopment Agreement), providing for the payment of a portion of the costs of construction of such Redevelopment Project, and providing for the creation of the District to fund the Transportation Project defined herein through the imposition of a transportation development district sales tax to be applied to pay debt service on the District's obligations allocable to a portion of the cost of the Transportation Project.

Pursuant to the provisions of the TDD Act and the Redevelopment Agreement, the District has imposed a sales tax of one quarter of one cent on retail sales, effective October 1, 2001, in accordance with Section 238.235 of the TDD Act. Sales tax is due on all retail sales made in the District which are subject to the taxation pursuant to the provision of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD Act. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sales of service to telephone subscribers, whether local or long distance.

Pursuant to Section 3.15 of the Redevelopment Agreement and pursuant to a notice dated November 30, 2000, the City elected to undertake the construction of the Transportation Project, and the Developer has advanced a total of \$850,000 (the "Advance") to pay costs associated with constructing the Transportation Project, including costs of related improvements, all as provided in the Redevelopment Agreement, which Transportation Project constitutes a "project" under Section 238.202.1(5) of the TDD Act.

The Advance was made in two installments, consisting of a payment of \$400,000 on May 9, 2001 and another payment in the amount of \$450,000 on August 23, 2001. The District issued two promissory notes ("TDD Notes") to the Developer pursuant to the Redevelopment Agreement and the TDD Act to evidence the District's obligation to reimburse the Developer for the Advance.

Pursuant to the TIF Act and the Redevelopment Agreement, the City issued \$20,100,000 principal amount of City of Ballwin, Missouri, Tax Incremental Refunding and Improvement Revenue Bonds, Series 2002 (Ballwin Town

Ballwin Town Center Transportation Development District

Notes to Financial Statements

December 31, 2006

1) Summary of Significant Accounting Policies (Continued)

Reporting Entity (Concluded)

Center Redevelopment Project)(the "TIF Bonds"), in part to refund the TDD Notes and to finance certain Transportation Project Costs included as part of the Redevelopment Project.

The District and the City, in its capacity as the local transportation authority, are authorized to enter into a contract to provide for the City's collection of the TDD Sales Tax and deposit of all proceeds of the TDD Sales Tax into a special trust account to pay Transportation Project Costs, including District administrative costs and debt service on the portion of the TIF Bonds related to the Transportation Project.

The City and the District previously entered into a Sales Tax Collection Agreement dated as of October 1, 2001, which provides for the collection of the TDD Sales Tax and the use of the proceeds. The parties hereto intend for the Intergovernmental Cooperation Agreement to replace the Collection Agreement and intend that the Collection Agreement shall terminate upon the execution of the Intergovernmental Cooperation Agreement.

In accordance with the provisions of the TDD Act and the Redevelopment Agreement, the District is authorized to remit to the City the proceeds of the TDD Sales Tax as reimbursement and for actual costs incurred by the City and the Developer in the construction and implementation of the Transportation Project until satisfaction of the last of the TIF Bonds.

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 Board (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

Special-purpose governments engaged in a single governmental program and having no component units may present financial statements as combining fund financial statements with government-wide statements. This is illustrated on page 4 for Statements of Net Assets - Cash Basis and page 5 for Statements of Activities - Cash Basis.

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 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.

Ballwin Town Center Transportation Development District

Notes to Financial Statements

December 31, 2006

1) Summary of Significant Accounting Policies (Continued)

A) Basis of Presentation (Concluded)

Governmental Funds

Fund - The Special Trust 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. The District does not maintain any other funds.

B) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. 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 Principles (GAAP). Under cash basis, revenues are recognized by when cash is received rather than when the revenue is earned and expenditures are recognized when cash is disbursed rather than when the obligation is incurred.

C) Budgets and Budgetary Accounting

The District 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.
- 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.

Ballwin Town Center Transportation Development District

Notes to Financial Statements

December 31, 2006

1) Summary of Significant Accounting Policies (Continued)

C) Budgets and Budgetary Accounting (Concluded)

- 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 2006 budget was approved at the regular scheduled Board of Directors meetings.

D. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to 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.

The financial statements are prepared using the cash basis method of accounting. Under the cash basis, purchases of assets are expensed as project costs and recognized when cash is disbursed rather than when the obligation is incurred.

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, 2006 is as follows:

Deposits

At year-end, the carrying amounts of the District's deposits were \$6,016 for December 31 2006, and the bank balances were \$6,016. Of the bank balances, \$6,016 was covered by federal depository insurance.

Investments

The District held no investments as of December 31, 2006.

Ballwin Town Center Transportation Development District

Notes to Financial Statements
December 31, 2006

3) Commitments

The District has entered into an Intergovernmental Cooperation Agreement with the City of Ballwin, Missouri (the "Cooperation Agreement") pursuant to which the City will collect, enforce and administer the TDD Sales Tax and will deposit the proceeds of the TDD Sales Tax in a segregated trust fund (the "TDD Trust Fund"). Because the District is located within a tax increment financing district formed under the TIF Act, 50% of the TDD Sales Taxes collected (hereinafter defined as the "TIF Portion of TDD Sales Tax Revenues") are required to be paid to the City for deposit to the accounts relating to the tax increment financing. The Cooperation Agreement provides that from the remaining 50% of the TDD Sales Taxes collected (the "TDD Revenues"), the City shall retain a collection fee equal to 1% of the TDD Sales Tax collected by the City and up to \$20,000 shall be retained under the Cooperation Agreement to fund the District's operating expenses. The TDD Revenues, less the City's collection fee and the annual sum of up to \$20,000, are pledged under the Cooperation Agreement to payment of the Bonds.

4) Litigation

At December 31, 2006, there were no claims or lawsuits pending against the District.

5) Taxes

The District has imposed a sales tax pursuant to the TDD Act at a rate of 1/4 of one percent, effective October 1, 2001, (the "TDD Sales Tax") on all retail sales made in the District which are subject to the taxation pursuant to the provision of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD Act. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sales of service to telephone subscribers, whether local or long distance.

6) The Bonds

The City of Ballwin, Missouri determined that it was in the best interest of the City to issue its Tax Increment Refunding and Improvement Revenue Bonds, Series 2002A and Series 2002B (Ballwin Town Center Redevelopment Project) in the aggregate principal amount of \$20,100,000 (the "Bonds") to provide funds for the purpose of (a) refunding the TIF Notes, plus accrued interest thereon, (b) refunding the TDD Notes, plus accrued interest thereon, (c) providing additional financing for the Transportation Project and the Redevelopment Project, (d) funding capitalized interest on the Bonds, (e) funding a debt service reserve fund for the Bonds and (f) paying the costs of issuance of the Bonds.

On May 21, 2002, the Board of Aldermen of the City adopted Ordinance No. 02-28 (the "Bond Ordinance"), authorizing the issuance of the Bonds pursuant to a Trust Indenture for the above purposes.

In consideration of the City's financing of the construction of the Transportation Project, the District agrees for the term of the Intergovernmental Cooperation Agreement (the "Agreement") the City shall collect, deposit and transfer TDD Revenues as follows:

1. First, deduct the cost of collection of the TDD Sales Tax, in an amount not to exceed one percent (1% of the total amount collected); and
2. Second, deposit one-half of the remaining proceeds of the TDD Sales Tax into the Sub-Area 2A EATs Subaccount of the Redevelopment Project Sub-Area 2A Account relating to the TIF Bonds; and
3. Third, deduct the District's reasonable operating costs (in an amount not to exceed \$20,000 annually); and
4. Fourth, deposit the remaining proceeds constituting TDD Revenues into the Ballwin Town Center TDD Fund held by the City.

The District further agrees it will not encumber or pledge on a superior or parity lien basis, any portion of the TDD Revenues collected and deposited in such a manner that would be inconsistent with the terms of the Agreement.

Ballwin Town Center Transportation Development District

Notes to Financial Statements
December 31, 2006

6) The Bonds (Concluded)

The District's obligation to pay a portion of debt service on the TIF Bonds for Transportation Project Costs is payable only from TDD Revenues on deposit in the Ballwin Town Center TDD Fund and from no other source. The District shall have no obligation to pay any debt service on the TIF Bonds after the satisfaction in full of the TIF Bonds. In accordance with the provisions of the TDD Act and the Redevelopment Agreement, the District is authorized to remit to the City of Ballwin, Missouri the proceeds of the TDD Sales Tax as reimbursement and for actual costs incurred by the City and the Developer in the construction and implementation of "transportation projects" as defined in the TIF Act until satisfaction of the last of the TIF Bonds.

Required Supplementary Information

Ballwin Town Center Transportation Development DistrictStatement of Revenues Collected and Expenditures Paid -
Budget and Actual - Cash Basis
Year Ended December 31, 2006

	<u>Budgeted Amount Original/Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
TDD sales tax income	\$ 130,000	\$ 154,937	\$ 24,937
Interest income	70	133	63
Total Revenues	<u>\$ 130,070</u>	<u>\$ 155,070</u>	<u>\$ 25,000</u>
Expenditures:			
1% collection fee	\$ 1,300	\$ 1,549	\$ (249)
Administrative expenses	5,000	2,718	2,282
EATS payments	65,000	76,692	(11,692)
TDD revenues appropriated	-	71,670	(71,670)
Total Expenditures	<u>\$ 71,300</u>	<u>\$ 152,629</u>	<u>\$ (81,329)</u>
Increase (Decrease) in Net Assets	<u>\$ 58,770</u>	<u>\$ 2,441</u>	<u>\$ (56,329)</u>
Net Assets - at beginning of the year		<u>3,665</u>	
Net Assets - at end of the year		<u>\$ 6,106</u>	

Compliance Section



Members:

American Institute of CPAs
PCPS Alliance for CPA Firms
Missouri Society of CPAs
Illinois CPA Society

J.D. Valbracht, CPA
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R.A. Deien, CPA

Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Ballwin Town Center Transportation Development District
Ballwin, Missouri

We have audited the financial statements of the governmental activities and each major fund of Ballwin Town Center Transportation Development District, as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 23, 2007. As described in our report on the financial statements, the Ballwin Town Center Transportation Development District prepares its financial statements on the basis of cash receipts and disbursements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with the U.S. generally accepted accounting principles 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 Ballwin Town Center Transportation Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ballwin Town Center Transportation Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ballwin Town Center Transportation Development District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ballwin Town Center Transportation Development District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a material misstatement of the Ballwin Town Center Transportation Development District's financial statements that is more than inconsequential will not be prevented or detected by the Ballwin Town Center Transportation Development District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Ballwin Town Center Transportation Development District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ballwin Town Center Transportation Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this specified party.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

November 23, 2007
Hannibal, Missouri