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Basic Financial Statements and Management's Discussion and Analysis, 2006/2007/2008

BaratHaven Community Improvement District

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**BaratHaven Community
Improvement District**

Basic Financial Statements

And Management's Discussion and Analysis

**For The Years Ended December 31, 2006
and December 31, 2007**

And the Three Month Period Ended

March 31, 2008



**BaratHaven Community
Improvement District**

Basic Financial Statements

And Management's Discussion and Analysis

**For The Years Ended December 31, 2006
and December 31, 2007**

And the Three Month Period Ended

March 31, 2008

BaratHaven Community Improvement District

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To the Board of Directors
BaratHaven Community Improvement District

We have audited the accompanying financial statements of the governmental activities and each major fund of BaratHaven Community Improvement District for the years ended December 31, 2006 and December 31, 2007 and the three month period ended March 31, 2008, 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 provide 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 BaratHaven Community Improvement District as of December 31, 2006, December 31, 2007 and the three month period ended March 31, 2008 and the respective changes in financial position - cash basis, for the periods 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 September 25, 2008, on our consideration of BaratHaven Community Improvement 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.

Wade Stables P.C.
Certified Public Accountants

September 25, 2008
Hannibal, Missouri

Management's Discussion and Analysis

BaratHaven Community Improvement District

Management's Discussion and Analysis

For the Years Ended December 31, 2006 and December 31, 2007 and the Three Month Period Ended
March 31, 2008
(Unaudited)

The discussion and analysis of BaratHaven Community Improvement District's financial performance provides an overview and analysis of the District's financial statements for the years ended December 31, 2006 and December 31, 2007 and the three month period ended March 31, 2008. It should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of BaratHaven Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2006 by \$100. Of this amount, \$100 (unrestricted net assets) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of BaratHaven Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2007 by \$8,968. Of this amount, \$8,968 (unrestricted net assets) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of BaratHaven Community Improvement District exceeded its liabilities at the close of the three month period ended March 31, 2008 by \$42,562. Of this amount, \$42,562 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$8,868 for the year ended December 31, 2007. The primary reason for this is because the District received \$529,000 in proceeds from the issuance of Special Revenue Notes and collected \$14,173 in property tax which combined is more than they spent on expenses.
- The District's total net assets increased by \$33,594 for the three month period ended March 31, 2008. The primary reason for this is because the District collected more in property taxes than they spent on expenses.
- During the year ended December 31, 2006 the District issued Special Revenue Note R-1 in the amount of \$219,000 and Special Revenue Note R-2 for \$877,000.
- During the year ended December 31, 2007 the District issued an additional \$106,000 of Special Revenue Note R-1 for a total balance of \$325,000. The District also issued an additional \$423,000 of Special Revenue Note R-2 for a total balance of \$1,300,000.
- As of March 31, 2008 the District had a balance on Special Revenue Note R-1 of \$325,000 and R-2 of \$1,300,000.

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 BaratHaven Community Improvement 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 the 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 major funds.

Governmental Fund - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balance left at year-end that is available for spending. The funds are reported using the cash basis of accounting. This measurement focus reports on revenues received and expenditures paid

BaratHaven Community Improvement District

Management's Discussion and Analysis

For the Years Ended December 31, 2006 and December 31, 2007 and the Three Month Period Ended
March 31, 2008
(Unaudited)

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 BaratHaven Community Improvement District maintains five individual governmental funds. Information is presented in the Statement of Net Assets - Cash Basis, for the Special Trust Fund, the Revenue Fund, the Debt Service Fund, the Operating Fund, and the Project Fund, which are considered major funds.

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.

Special Trust Fund Budgeting Highlights

For the year ended December 31, 2006, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$0.

For the year ended December 31, 2007, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$9,900, resulting in a positive variance of \$9,900. The primary reason for this positive variance is that the District budgeted \$2,800 for administrative fees which were mostly paid from the Project Fund, \$4,100 for insurance expense which was paid from the Operating Fund and \$3,000 for audit fees which were not incurred during the year.

For the year ended December 31, 2006, actual revenues on a budgetary basis were \$100, compared to the budget amount of \$0. The \$100 positive variance was the result of the District not budgeting for the \$100 contribution from the Developer.

For the year ended December 31, 2007, actual revenues on budgetary basis were \$14,177, compared to the budget amount of \$20,000. The \$5,823 negative variance is a result of CID Property Tax Revenue being less than anticipated.

Revenue Fund Budgeting Highlights

For the year ended December 31, 2006, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$0.

For the year ended December 31, 2007, actual expenditures on a budgetary basis were \$1,146, compared to the final budget amount of \$0, resulting in a negative variance of \$1,146. The primary reason for this negative variance is that the District did not budget for trustee fees in the amount of \$1,146.

For the year ended December 31, 2006, actual revenues on a budgetary basis were \$0, compared to the budget amount of \$0.

For the year ended December 31, 2007, actual revenues on a budgetary basis were \$59, compared to the budget amount of \$0. The \$59 positive variance is a result of the District not budgeting for interest earnings.

Debt Service Fund Budgeting Highlights

For the year ended December 31, 2006, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$0.

For the year ended December 31, 2007, actual expenditures on a budgetary basis were \$266, compared to the final budget amount of \$10,100, resulting in a positive variance of \$9,834. The primary reason for this positive variance is that the District budgeted \$8,600 for interest expense but paid only \$266. The District also budgeted \$1,500 for trustee fees which were not paid from the Debt Service Fund.

BaratHaven Community Improvement District

Statement of Net Assets and Governmental
Funds Balance Sheet - Cash Basis
March 31, 2008

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Net Assets
Assets								
Cash and equivalents	\$ 410	\$ 37,396	\$ -	\$ 4,756	\$ -	\$ 42,562	\$ -	\$ 42,562
Total Assets	<u>\$ 410</u>	<u>\$ 37,396</u>	<u>\$ -</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ -</u>	<u>\$ 42,562</u>
Liabilities and Fund Balance / Net Assets								
Fund Balance:								
Reserved for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	410	37,396	-	4,756	-	42,562	(42,562)	-
Total Liabilities and Fund Balance	<u>\$ 410</u>	<u>\$ 37,396</u>	<u>\$ -</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ (42,562)</u>	<u>\$ -</u>
Net Assets:								
Restricted for debt service							\$ -	\$ -
Unrestricted							42,562	42,562
Total Net Assets							<u>\$ 42,562</u>	<u>\$ 42,562</u>

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

BaratHaven Community Improvement District

Statement of Net Assets and Governmental
Funds Balance Sheet - Cash Basis
December 31, 2007

	<u>Special Trust Fund</u>	<u>Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Operating Fund</u>	<u>Project Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets								
Cash and equivalents	\$ 2,917	\$ 7	\$ -	\$ 6,044	\$ -	\$ 8,968	\$ -	\$ 8,968
Total Assets	<u>\$ 2,917</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ -</u>	<u>\$ 8,968</u>	<u>\$ -</u>	<u>\$ 8,968</u>
Liabilities and Fund Balance / Net Assets								
Fund Balance:								
Reserved for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,917	7	-	6,044	-	8,968	(8,968)	-
Total Liabilities and Fund Balance	<u>\$ 2,917</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ -</u>	<u>\$ 8,968</u>	<u>\$ (8,968)</u>	<u>\$ -</u>
Net Assets:								
Restricted for debt service							\$ -	\$ -
Unrestricted							8,968	8,968
Total Net Assets							<u>\$ 8,968</u>	<u>\$ 8,968</u>

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

Barathaven Community Improvement District

Statement of Net Assets and Governmental
Funds Balance Sheet - Cash Basis
December 31, 2006

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Net Assets
Assets								
Cash and equivalents	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Total Assets	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>
Liabilities and Fund Balance / Net Assets								
Fund Balance:								
Reserved for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	100	-	-	-	-	100	(100)	-
Total Liabilities and Fund Balance	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ (100)</u>	<u>\$ -</u>
Net Assets:								
Restricted for debt service							\$ -	\$ -
Unrestricted							100	100
Total Net Assets							<u>\$ 100</u>	<u>\$ 100</u>

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

BaratHaven Community Improvement District

Statement of Activities and Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances - Cash Basis
For the Three Month Period Ended March 31, 2008

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/Expenses:								
Bank service charges	\$ -	\$ 6	\$ -	\$ 4	\$ -	\$ 10	\$ -	\$ 10
Administrative fees	-	-	-	1,325	-	1,325	-	1,325
Total Expenditures/Expenses	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ 1,335</u>
General Revenues:								
CID Revenues	\$ 34,830	\$ -	\$ -	\$ -	\$ -	\$ 34,830	\$ -	\$ 34,830
Interest income	14	44	-	41	-	99	-	99
Total General Revenues	<u>\$ 34,844</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 34,929</u>	<u>\$ -</u>	<u>\$ 34,929</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 34,844	\$ 38	\$ -	\$ (1,288)	\$ -	\$ 33,594	\$ -	\$ 33,594
Other Financing Sources (Uses)								
Transfers in	\$ -	\$ 37,351	\$ -	\$ -	\$ -	\$ 37,351	\$ -	\$ 37,351
Transfers out	(37,351)	-	-	-	-	(37,351)	-	(37,351)
Total Other Financing Sources (Uses)	<u>\$ (37,351)</u>	<u>\$ 37,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (2,507)	\$ 37,389	\$ -	\$ (1,288)	\$ -	\$ 33,594	\$ (33,594)	\$ -
Change in net assets	-	-	-	-	-	-	33,594	33,594
Fund balance/net assets:								
Beginning of Year	2,917	7	-	6,044	-	8,968	-	8,968
End of Year	<u>\$ 410</u>	<u>\$ 37,396</u>	<u>\$ -</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ -</u>	<u>\$ 42,562</u>

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

BaratHaven Community Improvement District

Statement of Activities and Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances - Cash Basis
For the Year Ended December 31, 2007

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/Expenses:								
Bank service charges	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 3	\$ -	\$ 3
Administrative fees	-	-	-	59	5,367	5,426	-	5,426
Insurance	-	-	-	4,100	-	4,100	-	4,100
Trustee fees	-	1,146	-	-	2,150	3,296	-	3,296
Project costs	-	-	-	-	523,633	523,633	-	523,633
Interest expense	-	-	266	-	-	266	-	266
Total Expenditures/Expenses	\$ -	\$ 1,146	\$ 266	\$ 4,162	\$ 531,150	\$ 536,724	\$ -	\$ 536,724
General Revenues:								
CID Revenues	\$ 14,173	\$ -	\$ -	\$ -	\$ -	\$ 14,173	\$ -	\$ 14,173
Revenue note proceeds	-	-	-	-	529,000	529,000	-	529,000
Developer contribution	-	-	-	-	2,150	2,150	-	2,150
Interest income	4	59	-	206	-	269	-	269
Total General Revenues	\$ 14,177	\$ 59	\$ -	\$ 206	\$ 531,150	\$ 545,592	\$ -	\$ 545,592
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,177	\$ (1,087)	\$ (266)	\$ (3,956)	\$ -	\$ 8,868	\$ -	\$ 8,868
Other Financing Sources (Uses)								
Transfers in	\$ -	\$ 11,360	\$ 266	\$ 10,000	\$ -	\$ 21,626	\$ -	\$ 21,626
Transfers out	(11,360)	(10,266)	-	-	-	(21,626)	-	(21,626)
Total Other Financing Sources (Uses)	\$ (11,360)	\$ 1,094	\$ 266	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 2,817	\$ 7	\$ -	\$ 6,044	\$ -	\$ 8,868	\$ (8,868)	\$ -
Change in net assets	-	-	-	-	-	-	8,868	8,868
Fund balance/net assets:								
Beginning of Year	100	-	-	-	-	100	-	100
End of Year	<u>\$ 2,917</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ -</u>	<u>\$ 8,968</u>	<u>\$ -</u>	<u>\$ 8,968</u>

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

BaratHaven Community Improvement District

Statement of Activities and Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances - Cash Basis
For the Year Ended December 31, 2006

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/Expenses:								
Insurance	\$ -	\$ -	\$ -	\$ -	\$ 4,100	\$ 4,100	\$ -	\$ 4,100
Project costs					1,091,900	1,091,900	-	1,091,900
Total Expenditures/Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,000</u>	<u>\$ 1,096,000</u>	<u>\$ -</u>	<u>\$ 1,096,000</u>
General Revenues:								
Revenue note proceeds	\$ -	\$ -	\$ -	\$ -	\$ 1,096,000	\$ 1,096,000	\$ -	\$ 1,096,000
Developer contribution	100	-	-	-	-	100	-	100
Total General Revenues	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,000</u>	<u>\$ 1,096,100</u>	<u>\$ -</u>	<u>\$ 1,096,100</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Other Financing Sources (Uses)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ (100)	\$ -
Change in net assets	-	-	-	-	-	-	100	100
Fund balance/net assets:								
Beginning of Year	-	-	-	-	-	-	-	-
End of Year	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>

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

BaratHaven Community Improvement District

Notes to Financial Statements

For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571, inclusive, of the Revised Statutes of Missouri, as amended (the "CID Act") and Ordinance No. 992 approved on February 15, 2006 (the "Approving Ordinance"), the City of Dardenne Prairie, Missouri (the "City") approved formation of the BaratHaven Community Improvement District (the "District") for the purpose of financing the construction of the project defined in the Intergovernmental Cooperation Agreement.

Pursuant to Resolution No. 06-010 the District entered into the Intergovernmental Cooperation Agreement by and among the City of Dardenne Prairie, the BaratHaven Transportation Development District, and the BaratHaven Community Improvement District.

BaratHaven is a mixed-use development, located in the City of Dardenne Prairie, Missouri. The 200-acre development is located south of WingHaven and west of Henning Road in St. Charles County, Missouri. Meredith Systems, LLC, BaratHaven Associates LLC, BaratHaven Development, LLC, Benton Company, LLC. and Great Rivers Greenway are the owners of all real property within the proposed development.

BaratHaven is expected to include 248 residential lots, consisting of 159 single-family residences and 89 single-family detached villas. The development will also include 17 acres of commercial/retail space along U.S. Highway 40-61. Barat Academy – a private, independent Catholic co-ed high school – will also be a part of the development. All of these portions of the development will be located within the District.

The development also boasts a 16-acre lake for fishing and recreation and a 97-acre park that meanders through the development.

In order to accommodate this development, significant transportation and public infrastructure improvements must be constructed. More specifically, the improvements include:

1. Construction of a collector road to be known as BaratHaven Boulevard;
2. Construction of an interior road system to serve the commercial/retail portion of the Development, which will provide access from BaratHaven Boulevard to the service road for U.S. Highway 40/61;
3. Construction of an interior loop road that provides access to that portion of the commercial/retail development located to the south of BaratHaven Boulevard;
4. Construction of a public parking lot to provide access to adjacent real property that has been and will be conveyed to Great Rivers Greenway;
5. That portion of the grading and storm water improvement that are required to serve the road system described in paragraphs (1) through (5) above;
6. Accompanying grading, drainage, pavement, curb, gutter, sidewalk, storm water facilities, signing, striping, lighting, landscaping or other similar or related improvements in connection with items (1) through (5) above;
7. Storm water facilities and improvements to the global detention area and grading and landscaping related to the storm water facilities and improvements, which are unrelated to the road system described in paragraphs (1) through (4) above; and
8. Accompanying professional fees, including without limitation engineering (civil, traffic, road design and geotechnical), surveying, soil testing, legal, architectural and administrative (project management, contract administration and administration of the proposed District).

BaratHaven Community Improvement District
Notes to Financial Statements
For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Statements of Net Assets and Governmental funds Balance Sheet - Cash Basis and Statements of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances - 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.

Governmental Funds

Special Trust 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 property taxes.

Revenue Fund – (a) Not later than the 15th calendar day of each month (or the preceding Business Day if the 15th is not a Business Day) while the CID Notes are outstanding, the CID shall cause to be transferred all available CID Revenues to the Trustee for deposit into the CID Revenue Account of the Revenue Fund. If the Trustee has not received all Available CID Revenues on or before the 20th calendar day of each month, the Trustee shall notify the CID and the Developer of such non-receipt.

(b) Pursuant to the Cooperation Agreement, not later than the 15th calendar day of each month (or the preceding Business Day if the 15th is not a Business Day) while the CID notes are outstanding, the City shall cause to be transferred all City Property Tax Revenues to the Trustee for deposit into the Municipal Revenue Account of the Revenue Fund. If the Trustee has not received all Property Tax Revenues on or before the 20th calendar day of each month, the Trustee shall notify the CID, the City and the Developer of such non-receipt.

BaratHaven Community Improvement District
Notes to Financial Statements
For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

(c) Moneys in the Revenue Fund (drawing first from the CID Revenue Account and second from the Municipal Revenue Account, unless otherwise specified herein) shall be disbursed by the Trustee on each Payment Date for the purposes and in the amounts as follows:

First, drawing only from the CID Revenue Account, the Annual Operating Fund Deposit to the Operating Fund;

Second, drawing only from the CID Revenue Account, an amount sufficient for payment of fees and expenses which are due and owing to the Trustee or any Paying Agent for the CID Notes upon delivery to the CID of an invoice for such amounts;

Third, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay past-due interest owing on any CID Notes;

Fourth, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the interest becoming due and payable on the CID notes on the next immediate Payment Date; and

Fifth, transfer to the Redemption Account all moneys then remaining in the Revenue Fund, which shall be applied to the payment of principal on all CID Notes that are subject to redemption on the next succeeding Payment Date pursuant to Section 302(b) hereof.

(d) Upon payment in full of the principal of and interest on the CID Notes (or provisions have been made for the payment thereof as specified herein), the fees, charges and expenses of the Trustee or any Paying Agent, and any other amounts required to be paid from the Revenue Fund, all amounts remaining on deposit in the (1) CID Revenue Account shall be paid to the trustee under the TDD Indenture or, if there are no TDD Notes outstanding, to the CID for deposit into the CID Trust Fund; and (2) Municipal Revenue Account shall be paid to the City.

Debt Service Fund – (a) All amounts paid and credited to the Debt Service Fund shall be expended solely for (1) the payment of the principal of and interest on the CID Notes as the same mature and become due or upon the redemption thereof, or (2) to purchase CID Notes for cancellation prior to maturity.

(b) The CID hereby authorizes and directs the Trustee to withdraw (to the extent available) sufficient moneys from the Debt Service Fund to pay the principal of and interest on the CID Notes as the same become due and payable and to make said moneys so withdrawn available to the Paying Agent for the purpose of paying said principal of and interest on the CID Notes.

(c) The Trustee shall use any moneys remaining in the Debt Service Fund to redeem all or part of the Outstanding CID notes and interest to accrue thereon prior to such redemption, in accordance with and to the extent permitted by ARTICLE III hereof, so long as said moneys are in excess of the amount required for payment of CID Notes theretofore matured or called for redemption.

(d) If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the CID Notes on any Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Payment Date, with interest thereon at the rate or rates specified in the CID notes to the extent permitted by law. If the moneys in the Debt Service Fund are insufficient to pay the principal of the CID Notes on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

BaratHaven Community Improvement District
Notes to Financial Statements
For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONCLUDED)

(e) Upon payment in full of the principal of and interest on the CID Notes (or provisions have been made for the payment thereof as specified herein), the fees, charges and expenses of the Trustee or any Paying Agent, and any other amounts required to be paid from the Revenue Fund, all amounts remaining on deposit in the Debt Service Fund shall be paid to be paid to the trustee under the TDD Indenture or, if there are no TDD Notes outstanding, to the CID for deposit into the CID Trust Fund.

Project Fund – Upon the acceptance by the CID of a Certificate of Reimbursable Project Costs and the issuance or endorsement of a CID Note pursuant to Section 203(c) hereof, the Developer shall be deemed to have advanced funds necessary to purchase such CID Note and the CID shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the Developer in full for such costs from the amounts deemed to be on deposit in the Project Fund. The CID shall promptly provide a copy of each Certificate of Reimbursable Project Costs and the Certificate of Substantial Completion (as defined in the Cooperation Agreement) to the Trustee upon the CID's approval thereof.

Operating Fund – Money in the Operating Fund shall be disbursed by the Trustee without inquiry or investigation from time to time upon receipt of a written request of the Authorized District Representative to pay CID Administrative Costs, principal of or interest on the CID Notes, or any other lawful purpose. Any CID Administrative Costs in excess of the Annual Operating Fund Deposit shall be carried forward for payment from the next deposit.

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 when received rather than when 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.

BaratHaven Community Improvement District

Notes to Financial Statements

For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

C) BUDGETS AND BUDGETARY ACCOUNTING (CONCLUDED)

- 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.
- 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 and 2007 budgets were approved at the regularly scheduled Board of Directors meetings.

D) FIXED ASSETS AND LONG-TERM LIABILITIES

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

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

2) CASH AND CASH EQUIVALENTS

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 March 31, 2008 is as follows:

BaratHaven Community Improvement District
Notes to Financial Statements
For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

2) CASH AND CASH EQUIVALENTS (CONCLUDED)

Deposits

At March 31, 2008, the carrying amount of the District's deposits was \$42,562 and the bank balance was \$42,562. The balance in the Special Trust Fund was \$410 at year end. Any balance maintained in this account would be covered by federal depository insurance up to \$100,000. All cash balances with the Trustee were invested in Fidelity U.S. Treasury Money Market accounts. Due to the short-term nature of investments, cash balances are classified as cash equivalents in the District's basic financial statements. The Fidelity U.S. Treasury Money Market Fund is not insured by federal depository insurance coverage. The Fund, however, invests only in direct obligations of the United States and repurchase agreements for direct obligations of the United States.

Investments

There were no investments at March 31, 2008.

3) COMMITMENTS

On December 1, 2006, the District entered into an Intergovernmental Cooperation Agreement between the City of Dardenne Prairie, BaratHaven Transportation Development District and the BaratHaven Community Improvement District.

Pursuant to this Agreement, Creek Valley, LLC and BaratHaven Development, LLC (collectively, the "Developer") and the City entered into an Annexation Agreement dated September 1, 2005 (the "Annexation Agreement"). Through the Annexation Agreement the Developer affirmed its agreement to construct certain transportation-related improvements and other public improvements within the City. The parties also agreed to create the Transportation Development District & Community Improvement District for the purpose of financing certain improvements.

4) LITIGATION

At March 31, 2008 there were no claims or lawsuits pending against the District.

5) TAXES

On February 17, 2006, pursuant to the CID Act, the CID adopted Resolution No. 06-004 authorizing the CID to impose a property tax on all real property within the CID Boundaries ("CID Property Tax"). Following are the rates the CID has imposed.

<u>Year</u>	<u>Rate</u>
2006	\$0.877 per \$100
2007	\$0.8555 per \$100
2008	\$0.8555 per \$100

6) LONG-TERM DEBT

During the year ended December 31, 2006 the District issued \$219,000 in Special Revenue Note R-1 and \$877,000 in Special Revenue Note R-2. The Special Revenue Notes bear interest at 9.25%.

During the year ended December 31, 2007 the District issued an additional \$106,000 of Special Revenue Note R-1 for a total balance of \$325,000. The District also issued an additional \$423,000 of Special Revenue Note R-2 during 2007 for a total balance of \$1,300,000.

BaratHaven Community Improvement District
Notes to Financial Statements
For the Years Ended December 31, 2006 and December 31, 2007 and
the Three Month Period Ended March 31, 2008

6) LONG-TERM DEBT (CONCLUDED)

At the three month period ended March 31, 2008 the balance of Special Revenue Note R-1 was \$325,000 and the balance of Special Revenue Note R-2 was \$1,300,000.

The payments are interest only unless enough excess funds exist to make principal payments. The total amount of interest that is past due as of March 31, 2008 is \$99,678. In 2007 the District paid \$266 in interest expense.

Special Revenue Note R-1, Series 2006

Revenue notes payable, January 1, 2006	\$	-
Notes issued		219,000
Revenue notes payable, December 31, 2006	\$	219,000
Notes issued		106,000
Revenue notes payable, December 31, 2007	\$	325,000
Notes issued		-
Revenue notes payable, March 31, 2008	\$	<u>325,000</u>

Special Revenue Note R-2, Series 2006

Revenue notes payable, January 1, 2006	\$	-
Notes issued		877,000
Revenue notes payable, December 31, 2006	\$	877,000
Notes issued		423,000
Revenue notes payable, December 31, 2007	\$	1,300,000
Notes issued		-
Revenue notes payable, March 31, 2008	\$	<u>1,300,000</u>

7) PROJECT COSTS

During the year ended December 31, 2006, the District approved five Certificates of Reimbursable Transportation Project Costs in the amount of \$1,096,000. During 2007, the Developer submitted three Certificates of Reimbursable Transportation Project Costs in the amount of \$529,000.

Following is a summary of improvements and projects within the District in 2006, 2007 and January 1 to March 31, 2008:

District improvements and project costs, January 1, 2006	\$	-
Improvements and project costs incurred in 2006		1,096,000
District improvements and project costs, December 31, 2006	\$	1,096,000
Improvements and project costs incurred in 2007		529,000
District improvements and project costs, December 31, 2007	\$	1,625,000
Improvements and project costs incurred from January 1 to March 31, 2008		-
District improvements and project costs, March 31, 2008	\$	<u>1,625,000</u>

Required Supplementary Information

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Special Trust Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
CID property tax revenue	\$ 20,000	\$ 20,000	\$ 14,173	\$ (5,827)
Interest income	-	-	4	4
Total Revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 14,177</u>	<u>\$ (5,823)</u>
Expenditures:				
Administrative fees	\$ 2,800	\$ 2,800	-	\$ 2,800
Insurance expense	4,100	4,100	-	4,100
Audit fees	3,000	3,000	-	3,000
Total Expenditures	<u>\$ 9,900</u>	<u>\$ 9,900</u>	<u>\$ -</u>	<u>\$ 9,900</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	-	-
Transfers out	(10,100)	(10,100)	(11,360)	(1,260)
Total Other Financing Sources (Uses)	<u>\$ (10,100)</u>	<u>\$ (10,100)</u>	<u>\$ (11,360)</u>	<u>\$ (1,260)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,817</u>	<u>\$ 2,817</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>100</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,917</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Special Trust Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	<u>Budgeted Amount Original</u>	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
CID property tax revenue	\$ 19,800	\$ -	\$ -	\$ -
Developer contributions	-	-	100	100
Total Revenues	<u>\$ 19,800</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Expenditures:				
Bank service charges	\$ 100	\$ -	\$ -	\$ -
Administrative fees	5,300	-	-	-
Insurance expense	3,200	-	-	-
Legal fees	1,500	-	-	-
Total Expenditures	<u>\$ 10,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(9,700)	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (9,700)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Revenue Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
Interest earnings	\$ -	\$ -	\$ 59	\$ 59
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 59</u>
Expenditures:				
Trustee fees	\$ -	\$ -	\$ 1,146	\$ (1,146)
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ (1,146)</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 11,360	\$ 11,360
Transfers out	-	-	(10,266)	(10,266)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 1,094</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Revenue Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Bank service charges	\$ -	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assets - At Beginning of the Year	-	-	-	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Debt Service Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Trustee fees	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
Interest expense	8,600	8,600	266	8,334
Total Expenditures	<u>\$ 10,100</u>	<u>\$ 10,100</u>	<u>\$ 266</u>	<u>\$ 9,834</u>
Other Financing Sources (Uses)				
Transfers in	\$ 10,100	\$ 10,100	\$ 266	\$ (9,834)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 10,100</u>	<u>\$ 10,100</u>	<u>\$ 266</u>	<u>\$ (9,834)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Debt Service Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Bank service charges	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Increase (Decrease) in Net Assets	\$ -	\$ -	\$ -	\$ -
Net Assets - At Beginning of the Year	-	-	-	
Net Assets - At End of the Year	\$ -	\$ -	\$ -	

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

Barathaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Operating Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
Interest earnings	\$ -	\$ -	\$ 206	\$ 206
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206</u>	<u>\$ 206</u>
Expenditures:				
Bank service charges	\$ -	\$ -	\$ 3	\$ (3)
Administrative expenses	-	-	59	(59)
Insurance	-	-	4,100	(4,100)
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,162</u>	<u>\$ (4,162)</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ 6,044</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,044</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Operating Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Bank service charges	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Increase (Decrease) in Net Assets	\$ -	\$ -	\$ -	\$ -
Net Assets - At Beginning of the Year	-	-	-	
Net Assets - At End of the Year	\$ -	\$ -	\$ -	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Project Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Revenue note proceeds	\$ -	\$ 457,250	\$ 529,000	\$ 71,750
Developer contributions	-	-	2,150	2,150
Total Revenues	\$ -	\$ 457,250	\$ 531,150	\$ 73,900
Expenditures:				
Administrative fees	\$ -	\$ 2,500	\$ 5,367	\$ (2,867)
Legal fees	-	8,000	-	8,000
Trustee fees	-	-	2,150	(2,150)
Project costs	-	446,750	523,633	(76,883)
Total Expenditures	\$ -	\$ 457,250	\$ 531,150	\$ (73,900)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Increase (Decrease) in Net Assets	\$ -	\$ -	\$ -	\$ -
Net Assets - At Beginning of the Year	-	-	-	
Net Assets - At End of the Year	\$ -	\$ -	\$ -	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
Project Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	<u>Budgeted Amount Original</u>	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Revenue note proceeds	\$ -	\$ 1,095,098	\$ 1,096,000	\$ 902
Total Revenues	<u>\$ -</u>	<u>\$ 1,095,098</u>	<u>\$ 1,096,000</u>	<u>\$ 902</u>
Expenditures:				
Administrative fees	\$ -	\$ 13,000	\$ -	\$ 13,000
Insurance expense	-	4,100	4,100	-
Legal fees	-	36,960	-	36,960
Trustee fees	-	2,000	-	2,000
Project costs	-	1,039,038	1,091,900	(52,862)
Total Expenditures	<u>\$ -</u>	<u>\$ 1,095,098</u>	<u>\$ 1,096,000</u>	<u>\$ (902)</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Other Supplementary Information

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
All Funds - Budget and Actual - Cash Basis
For the Year Ended December 31, 2007

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
CID property tax revenue	\$ 20,000	\$ 20,000	\$ 14,173	\$ (5,827)
Revenue note proceeds	-	457,250	529,000	71,750
Developer contributions	-	-	2,150	2,150
Interest income	-	-	269	269
Total Revenues	<u>\$ 20,000</u>	<u>\$ 477,250</u>	<u>\$ 545,592</u>	<u>\$ 68,342</u>
Expenditures:				
Bank service charges	\$ -	\$ -	\$ 3	\$ (3)
Legal fees	-	8,000	-	8,000
Trustee fees	1,500	1,500	3,296	(1,796)
Audit fees	3,000	3,000	-	3,000
Administrative fees	2,800	5,300	5,426	(126)
Insurance expense	4,100	4,100	4,100	-
Interest expense	8,600	8,600	266	8,334
Project costs	-	446,750	523,633	(76,883)
Total Expenditures	<u>\$ 20,000</u>	<u>\$ 477,250</u>	<u>\$ 536,724</u>	<u>\$ (59,474)</u>
Other Financing Sources (Uses)				
Transfers in	\$ 10,100	\$ 10,100	\$ 21,626	\$ 11,526
Transfers out	(10,100)	(10,100)	(21,626)	(11,526)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,868</u>	<u>\$ 8,868</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>100</u>	
Net Assets - At End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,968</u>	

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

BaratHaven Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
All Funds - Budget and Actual - Cash Basis
For the Year Ended December 31, 2006

	Budgeted Amount <u>Original</u>	Budgeted Amount <u>Final</u>	Actual	Variance - Favorable (Unfavorable)
Revenues:				
CID property tax revenue	\$ 19,800	\$ -	\$ -	\$ -
Revenue note proceeds	-	1,095,098	1,096,000	902
Developer contributions	-	-	100	100
Total Revenues	<u>\$ 19,800</u>	<u>\$ 1,095,098</u>	<u>\$ 1,096,100</u>	<u>\$ 1,002</u>
Expenditures:				
Bank service charges	\$ 100	\$ -	\$ -	\$ -
Legal fees	1,500	36,960	-	36,960
Trustee fees	-	2,000	-	2,000
Administrative fees	5,300	13,000	-	13,000
Insurance expense	3,200	4,100	4,100	-
Project costs	-	1,039,038	1,091,900	(52,862)
Total Expenditures	<u>\$ 10,100</u>	<u>\$ 1,095,098</u>	<u>\$ 1,096,000</u>	<u>\$ (902)</u>
Other Financing Sources (Uses)				
Transfers in	\$ 9,700	\$ -	\$ -	\$ -
Transfers out	(9,700)	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase (Decrease) in Net Assets	<u>\$ 9,700</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net Assets - At Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	
Net Assets - At End of the Year	<u>\$ 9,700</u>	<u>\$ -</u>	<u>\$ 100</u>	

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

BaratHaven Community Improvement District
Statement of Activities and Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances - Cash Basis
For the Twenty-Seven Month Period Ended March 31, 2008

	Special Trust Fund	Revenue Fund	Debt Service Fund	Operating Fund	Project Fund	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/Expenses:								
Bank service charges	\$ -	\$ 6	\$ -	\$ 7	\$ -	\$ 13	\$ -	\$ 13
Administrative fees	-	-	-	1,384	5,367	6,751	-	6,751
Insurance	-	-	-	4,100	4,100	8,200	-	8,200
Trustee fees	-	1,146	-	-	2,150	3,296	-	3,296
Project costs	-	-	-	-	1,615,533	1,615,533	-	1,615,533
Interest expense	-	-	266	-	-	266	-	266
Total Expenditures/Expenses	\$ -	\$ 1,152	\$ 266	\$ 5,491	\$ 1,627,150	\$ 1,634,059	\$ -	\$ 1,634,059
General Revenues:								
CID Revenues	\$ 49,003	\$ -	\$ -	\$ -	\$ -	\$ 49,003	\$ -	\$ 49,003
Revenue note proceeds	-	-	-	-	1,625,000	1,625,000	-	1,625,000
Developer contribution	100	-	-	-	2,150	2,250	-	2,250
Interest income	18	103	-	247	-	368	-	368
Total General Revenues	\$ 49,121	\$ 103	\$ -	\$ 247	\$ 1,627,150	\$ 1,676,621	\$ -	\$ 1,676,621
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,121	\$ (1,049)	\$ (266)	\$ (5,244)	\$ -	\$ 42,562	\$ -	\$ 42,562
Other Financing Sources (Uses)								
Transfers in	\$ -	\$ 48,711	\$ 266	\$ 10,000	\$ -	\$ 58,977	\$ -	\$ 58,977
Transfers out	(48,711)	(10,266)	-	-	-	(58,977)	-	(58,977)
Total Other Financing Sources (Uses)	\$ (48,711)	\$ 38,445	\$ 266	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 410	\$ 37,396	\$ -	\$ 4,756	\$ -	\$ 42,562	\$ (42,562)	\$ -
Change in net assets	-	-	-	-	-	-	42,562	42,562
Fund balance/net assets:								
January 1, 2006	-	-	-	-	-	-	-	-
March 31, 2008	<u>\$ 410</u>	<u>\$ 37,396</u>	<u>\$ -</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ -</u>	<u>\$ 42,562</u>

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

Compliance Section



Members:

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

J.D. Valbracht, CPA
M.J. Mudd, CPA
P.L. Richards, CPA
S.S. Straub, CPA

L.L. Kennett, CPA
B.J. Schmid, CPA
A.C. Failor, CPA
S.T. Brune, CPA
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
BaratHaven Community Improvement District

We have audited the financial statements of the governmental activities and each major fund of BaratHaven Community Improvement District, as of and for the years ended December 31, 2006 and December 31, 2007 and the three month period ended March 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 25, 2008. As described in our report on the financial statements, the BaratHaven Community Improvement 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 BaratHaven Community Improvement 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 BaratHaven Community Improvement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BaratHaven Community Improvement 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 BaratHaven Community Improvement 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 BaratHaven Community Improvement District's financial statements that is more than inconsequential will not be prevented or detected by the BaratHaven Community Improvement District's internal control.

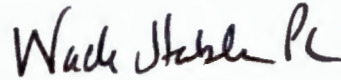
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the BaratHaven Community Improvement District's internal control.

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 BaratHaven Community Improvement 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.
Certified Public Accountants

September 25, 2008
Hannibal, Missouri