

DARDENNE TOWN SQUARE
TRANSPORTATION DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2020

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Independent Auditors' Report

To the Board of Directors
Dardenne Town Square Transportation Development District
Dardenne Prairie, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Dardenne Town Square Transportation Development District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A: this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of Dardenne Town Square Transportation Development District as of December 31, 2020, and the respective changes in the cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note A.

Emphasis of Matter

As discussed in Note E, the District's funds were not sufficient to satisfy its bond obligations, and the bond is currently in default and will continue to be in default until the District can fulfill the requirements of the bonds. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keiser, Eck & Braeckel LLP

O'Fallon, Illinois
June 28, 2021

Dardenne Town Square Transportation Development District
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET -
CASH BASIS
December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and cash equivalents	\$ 223,620	\$ 5	\$ 223,625	\$ -	\$ 223,625
Total assets	<u>\$ 223,620</u>	<u>\$ 5</u>	<u>\$ 223,625</u>	<u>\$ -</u>	<u>\$ 223,625</u>
FUND BALANCE					
Restricted for debt service	\$ -	\$ 5	\$ 5	\$ (5)	\$ -
Unassigned	223,620	-	223,620	(223,620)	-
Total fund balances	<u>\$ 223,620</u>	<u>\$ 5</u>	<u>\$ 223,625</u>	<u>\$ (223,625)</u>	<u>\$ -</u>
NET POSITION					
Restricted for debt service				\$ 5	\$ 5
Unrestricted				223,620	223,620
Total net position				<u>\$ 223,625</u>	<u>\$ 223,625</u>

The accompanying notes are an integral part of these statements.

Dardenne Town Square Transportation Development District
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – CASH BASIS
December 31, 2020

	General Fund	Debt Service Fund	Total Governmental Funds	Adjustments	Statement of Activities
Governmental Expenditures					
Trustee fees	\$ 6,408	\$ -	\$ 6,408	\$ -	\$ 6,408
Bank fees	721	-	721	-	721
Administrative expenses	8,668	-	8,668	-	8,668
Insurance expense	1,296	-	1,296	-	1,296
Legal and professional fees	3,894	-	3,894	-	3,894
Audit fees	2,500	-	2,500	-	2,500
Interest expense	-	620,374	620,374	-	620,374
Total governmental expenditures	23,487	620,374	643,861	-	643,861
Governmental revenues					
TDD sales tax revenue	333,632	-	333,632	-	333,632
City sales tax revenues	392,380	-	392,380	-	392,380
Interest income	640	6	646	-	646
Total governmental revenues	726,652	6	726,658	-	726,658
Net governmental revenue (expenditures)	703,165	(620,368)	82,797	-	82,797
Other financing sources (uses)					
Transfers in	-	620,245	620,245	-	620,245
Transfers out	(620,245)	-	(620,245)	-	(620,245)
Total other financing sources (uses)	(620,245)	620,245	-	-	-
CHANGE IN FUND BALANCES/NET POSITION	82,920	(123)	82,797	-	82,797
Fund balance/net position at January 1, 2020	140,700	128	140,828	-	140,828
Fund balance/net position at December 31, 2020	\$ 223,620	\$ 5	\$ 223,625	\$ -	\$ 223,625

The accompanying notes are an integral part of these statements.

Dardenne Town Square Transportation Development District

NOTES TO FINANCIAL STATEMENTS

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dardenne Town Square Transportation Development District (the “District”) is a political subdivision of the state of Missouri created under the Missouri Transportation Act, sections 238.200 through 238.275 of the revised statutes of Missouri. On August 25, 2005, pursuant to Section 238.235 of the TDD Act, the District adopted resolution No. 05-004 authorizing the District to impose a transportation development district sales tax (the “TDD Sales Tax”) at a rate of one-half of one percent (1/2%), which became effective October 1, 2005, following adoption of the TDD Sales Tax by the qualified voters of the District at an election held in accordance with Section 238.216 of the TDD Act, on all retail sales made in the District which are subject to the taxation pursuant to the provisions of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD act.

The Transportation Project includes the following: 1) construction of a new La-Le Drive and reconstruction of existing La-Le access drive; 2) reconstruction and widening of Henke Road and traffic signal plans; 3) construction of bridge for Old Route N over Route 40/61; 4) widening of Route N to three lanes from approximately Wingham Boulevard to the new La-Le Drive; 5) widening of Route N West and construction of the new South Outer Road; 6) reconstruction of Route N leading to the bridge overpass; 7) construction of new access point for the Phillips gas station; 8) utility relocation and other similar or related infrastructure or improvement in connection with items 1 through 7; and 9) related engineering, design and legal fees in connection with items 1 through 8 above.

A summary of significant accounting policies consistently applied in the preparation for the accompanying financial statements are as follows:

Reporting Entity

Generally accepted accounting principles requires the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is not a component unit of any other entity and as such is presented in the financial statements as a stand-alone entity.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e. statement of net position and statement of activities) report financial information on all the activities of the District. All of the District’s activities are classified as governmental activities, which normally are supported by tax revenues.

Dardenne Town Square Transportation Development District

NOTES TO FINANCIAL STATEMENTS

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

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

Governmental funds are used to account for the government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

The following are the District's Governmental Funds:

General Fund - The District internally maintains three separate funds that make up the General Fund, as follows:

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 sales tax.

Revenue Fund - The Revenue Fund contains a Transportation Development District Revenues Account, a Supplemental Revenues Account, and a Municipal Revenues Account.

Operating Fund - Moneys in the Operating Fund shall be disbursed by the Trustee from time-to-time upon receipt of a written request of the Authorized District Representative to pay costs of operating the District; maintaining the Transportation Project; paying the principal or interest on the Bonds; if no Bonds are outstanding, paying the principal or interest on the Notes; or any other lawful purpose of the District.

Dardenne Town Square Transportation Development District
NOTES TO FINANCIAL STATEMENTS

Debt Service Fund - The District internally maintains two separate funds that make up the Debt Service Fund, as follows:

Debt Service Fund - The Debt Service Fund shall contain a Debt Service Account, a Note Payment Account, and a Redemption Account. All amounts paid and credited to the Debt Service Fund shall be expended solely for the payment of principal, redemption premium, if any, and interest on the Bonds and Notes as the same mature and become due or upon the redemption thereof.

Debt Service Reserve Fund - Moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of principal and interest on the Bonds if moneys otherwise available for such purpose are insufficient to pay the same as they become due and payable.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It 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 accounting principles generally accepted in the United States of America. Under the cash basis, revenues are recognized when received rather than when earned, and expenditures/expenses are recognized when cash is disbursed rather than when the obligation is incurred.

Budgets and Budgetary Accounting

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

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 budget message describing the important features of the budget and major changes from the preceding year;

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;

The amount required for the payment of interest, amortization, and redemption charges on the debt of the District; and

A general budget summary.

The 2020 budget was approved at the regularly scheduled Board of Directors meeting.

Dardenne Town Square Transportation Development District

NOTES TO FINANCIAL STATEMENTS

Net Position

In government-wide financial statements, restricted net position consists of amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Unrestricted net position consists of all other net position reported in this category. When an expenditure is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund Balances – Governmental Funds

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the board. The District does not have any committed fund balances.

Assigned - amounts that the District's Board of Directors intend to use for specific purposes. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority. The District does not have any assigned fund balances.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, a negative unassigned fund balance may be reported.

In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications before using unassigned fund balances.

Interfund Activity

Interfund transfers are reported as other financing sources / (uses) in governmental funds. Interfund activity has been eliminated in the government-wide financial statements.

Dardenne Town Square Transportation Development District
NOTES TO FINANCIAL STATEMENTS

NOTE B | 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.

Deposits

At December 31, 2020, the carrying amount and the bank balance of the District's deposits was \$223,625. Any balance maintained in this account would be covered by the federal depository insurance up to \$250,000. 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.

NOTE C | SALES TAX

The District has imposed a sales tax pursuant to the TDD Act at a rate of one-half of one percent (1/2%), effective October 1, 2005, on all retail sales made in the District which are subject to the taxation pursuant to the provisions of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD Act.

NOTE D | COMMITMENTS

Effective November 21, 2006, the District has entered into an Intergovernmental Cooperation Agreement (the "Cooperation Agreement") with the City of Dardenne Prairie, Missouri (the "City") pursuant to which the City has authorized certain City Sales Tax Revenues and additional sources of revenue secured by the City in accordance with the Cooperation Agreement to be deposited into a Municipal Trust Fund and has authorized certain Supplemental City Sales Tax Revenues to be deposited into a Supplemental Municipal Trust Fund, which moneys on deposit in the Municipal Trust Fund and Supplemental Municipal Trust Fund shall be transferred to the Trustee and used to repay a portion of the TDD Obligations in accordance with the terms of the Cooperation Agreement.

Dardenne Town Square Transportation Development District
NOTES TO FINANCIAL STATEMENTS

The City Sales Tax Revenues means fifty percent (50%) of the total annual revenues received by the City from the aggregate sales taxes imposed by the City for general revenue purposes on the gross sales and services or proceeds received from the businesses and activities on the Property (Property means real property legally included within the boundaries of the District.), which current rate is one percent (1%), together with any sales taxes, fees or assessments subsequently enacted and imposed by the City for general revenue purposes on the Property. Supplemental City Sales Taxes means that percentage of the total annual revenues received by the City on or after March 1, 2008, from the aggregate sales taxes imposed by the City for general revenue purposes on the gross sales and service or proceeds received from the businesses and activities on the Property, which current rate is 1%, together with any sales taxes, fees or assessments subsequently enacted and imposed by the City for general revenue purposes on the Property in substitution of the foregoing, which percentage is over and above the percentage that constitutes City Sales Taxes, but which percentage over and above the percentage that constitutes City Sales Taxes shall not exceed nine and one half percent (9.5%) such that the combined percentage of the City Sales Taxes and Supplemental City Sales Taxes shall not exceed, in the aggregate, fifty-nine and one half percent (59.5%).

NOTE E | CONTINGENCIES AND EVENT OF DEFAULT

The Debt Service Reserve requirement at December 31, 2020, was \$1,546,968; however, the balance of the Debt Service Reserve account at December 31, 2020 was \$0. This represents a shortfall at December 31, 2020, of \$1,546,968. Draw down of this Reserve account has been necessary due to shortfall of revenues generated by the District's sales tax to service the District's debt requirements. The District completely depleted the Debt Service Reserve account in the year ending December 31, 2013. The District is no longer able to fulfill the requirements of the Dardenne Town Square Transportation Development Transportation Sales Tax Revenue Bonds, Series 2006 discussed in Note F.

Interest payments in the amount of \$412,500 were due on May 1, 2020 and November 1, 2020. As a result of insufficient revenues received from the District, a payment in the amount of \$294,449, was paid to the bondholders on May 1, 2020 and a payment in the amount of \$325,925, was paid to the bondholders on November 1, 2020. Failure to pay interest for the Bonds constituted an Event of Default on the Bonds pursuant to Section 701(c) of the Trust Indenture dated as of December 1, 2006. The bond is currently in default and will continue to be in default until the District can fulfill the requirements of the bonds.

NOTE F | LONG-TERM DEBT

On December 13, 2006, the District approved Bond Resolution No. 06-041 (the "Resolution") authorizing the issuance of the Dardenne Town Square Transportation Development District Transportation Sales Tax Revenue Bonds, Series 2006 (the "Bonds"), in the aggregate principal amount of \$17,560,000 to finance costs of a Transportation Project (including accrued interest thereon), fund a Debt Service Reserve, fund Capitalized Interest, fund one year's operation costs of the District, and pay costs related to the issuance of the Bonds. The Resolution also authorized the issuance of its Supplemental and Subordinate Transportation Sales Tax Revenue Notes, Series 2006 (the "Notes"), in an aggregate principal amount not to exceed \$4,000,000 to finance additional costs of the Transportation Project and to pay costs related to the issuance of the Notes.

Dardenne Town Square Transportation Development District
NOTES TO FINANCIAL STATEMENTS

Transportation Sales Tax Revenue Bonds

The Bonds were sold to the Purchaser at a price provided for in the Purchase Contract of \$16,936,486 (which takes into account the Purchaser's discount of \$395,100, less a net original issue discount of \$228,415), plus accrued interest, if any, to the date of delivery. The Bonds shall become due, subject to redemption and payment prior to their maturities on May 1 and shall bear interest computed on the basis of a 360-day year of twelve 30-day months.

At December 31, 2020, the balance of the Bonds was \$16,500,000 and bear interest at 5%.

In 2020, the District paid \$620,374 in interest expense on the Bonds. As detailed in Note E, during fiscal year ending December 31, 2020, the District was unable to pay the full amount of interest due, and according to the Trust Indenture, the bond is in default and is callable by the owners. The bond has not been called by the owners as of the date of the financial statements. The District has \$1,264,336 in unpaid interest on the bonds as of December 31, 2020.

The Bonds are subject to mandatory sinking fund redemption and payment prior to maturity pursuant to the Trust Indenture at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. The District shall redeem and pay, on May 1 in each of the following years, the following principal amounts of the bonds:

<u>Year ending December 31,</u>	<u>Principal</u>
Past due payments	\$ 2,090,000
2021	455,000
2022	505,000
2023	555,000
2024	610,000
2025	665,000
2026-2030	4,290,000
2031-2035	6,300,000
2036	<u>1,030,000</u>
	<u><u>\$ 16,500,000</u></u>

Dardenne Town Square Transportation Development District
NOTES TO FINANCIAL STATEMENTS

Sales Tax Revenue Notes

The Notes are payable from Supplemental TDD Sales Tax Revenues, and, on a subordinate basis to the Bonds, from TDD Revenues pledged to repayment of the Bonds. No payment of principal or interest on the Notes may be made from the TDD Revenues pledged to the repayment of the Bonds while the Bonds are Outstanding. "Supplemental TDD Sales Tax" means that portion of any TDD Sales Tax levied in accordance with the TDD Act by the District at a rate in excess of one half of one percent (1/2%) on all retail sales within the District that are subject to taxation pursuant to the TDD Act, provided that the TDD Sales Tax rate is increased in accordance with the Cooperation Agreement. The Notes bear interest at 7.5% and will mature on December 19, 2041. No payments on the Notes will be made until the Bonds are paid off. The District has \$7,555,662 in unpaid interest on the Notes as of December 31, 2020. The principal balance is \$4,009,018 at December 31, 2020.

NOTE G | RISKS AND UNCERTAINTIES

As a result of the Coronavirus Disease 2019 (COVID-19), which was declared a pandemic on March 11, 2020, the United States Federal Government, State and Local governments, and other countries around the world have taken measures that have suddenly limited economic output. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak all of which is uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the District's financial condition or results of operations is uncertain.

Dardenne Town Square Transportation Development District
SCHEDULE OF REVENUES COLLECTED AND EXPENDITURES PAID – GENERAL FUND –
BUDGET AND ACTUAL – CASH BASIS
Year ended December 31, 2020

	Budgeted amounts		Actual	Over (Under)
	Original	Final		
Revenues				
TDD sales tax revenues	\$ 330,000	\$ 328,211	\$ 333,632	\$ 5,421
City sales tax revenues	380,000	360,823	392,380	31,557
Interest income	-	650	640	(10)
Total revenues	710,000	689,684	726,652	36,968
Expenditures				
Bank fees	450	775	721	(54)
Trustee fees	3,900	4,272	6,408	2,136
Administrative expenses	8,667	8,667	8,668	1
Insurance expense	1,280	1,280	1,296	16
Legal and professional fees	7,553	7,353	3,894	(3,459)
Audit fees	2,500	2,700	2,500	(200)
Total expenditures	24,350	25,047	23,487	(1,560)
Revenues over expenditures	685,650	664,637	703,165	38,528
Other financing uses				
Transfers out	(685,650)	(620,374)	(620,245)	(129)
Net change in fund balance	\$ -	\$ 44,263	82,920	\$ 38,657
Fund balance at January 1, 2020			140,700	
Fund balance at December 31, 2020			\$ 223,620	

Dardenne Town Square Transportation Development District
SCHEDULE OF REVENUES COLLECTED AND EXPENDITURES PAID – DEBT SERVICE FUND –
BUDGET AND ACTUAL – CASH BASIS
Year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ -	\$ -	\$ 6	\$ 6
Expenditures				
Interest expense	685,650	620,374	620,374	-
Revenues over (under) expenditures	(685,650)	(620,374)	(620,368)	6
Other financing sources				
Transfers in	685,650	620,374	620,245	(129)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(123)	<u>\$ (123)</u>
Fund balance at January 1, 2020			<u>128</u>	
Fund balance at December 31, 2020			<u>\$ 5</u>	

Dardenne Town Square Transportation Development District
SCHEDULE OF REVENUES COLLECTED AND EXPENDITURES PAID – ALL FUNDS –
BUDGET AND ACTUAL – CASH BASIS
Year ended December 31, 2020

	Budgeted amounts		Actual	Over (Under)
	Original	Final		
Revenues				
TDD sales tax revenues	\$ 330,000	\$ 328,211	\$ 333,632	\$ 5,421
City sales tax revenues	380,000	360,823	392,380	31,557
Interest income	-	650	646	(4)
Total revenues	710,000	689,684	726,658	36,974
Expenditures				
Bank fees	450	775	721	(54)
Trustee fees	3,900	4,272	6,408	2,136
Administrative expenses	8,667	8,667	8,668	1
Insurance expense	1,280	1,280	1,296	16
Legal and professional fees	7,553	7,353	3,894	(3,459)
Audit fees	2,500	2,700	2,500	(200)
Interest expense	685,650	620,374	620,374	-
Total expenditures	710,000	645,421	643,861	(1,560)
Revenues over expenditures	-	44,263	82,797	38,534
Other financing sources (uses)				
Transfers in	685,650	620,374	620,245	(129)
Transfers out	(685,650)	(620,374)	(620,245)	(129)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ 44,263	82,797	\$ 38,534
Fund balance at January 1, 2020			140,828	
Fund balance at December 31, 2020			\$ 223,625	



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

To the Board of Directors
Dardenne Town Square Transportation Development District
Dardenne Prairie, Missouri

We have audited, 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, the financial statements of the governmental activities and each major fund of Dardenne Town Square Transportation Development District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002.

Dardenne Town Square Transportation Development District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keiser, Eck & Braeckel LLP

O'Fallon, Illinois

June 28, 2021

Dardenne Town Square Transportation Development District
SCHEDULE OF FINDINGS AND RESPONSES
Year ended December 31, 2020

Finding 2020-001

Condition:

The District's debt service reserve was below the requirement as stated in the Trust Indenture.

Criteria:

The Debt Service Reserve requirement at December 31, 2020 per the Trust Indenture was \$1,546,968; however, the balance of the Debt Service Reserve account was \$0.

Cause:

Sales tax revenue generated by the District is not sufficient to service the District's debt requirements. The District completely depleted the Debt Service Reserve account in the year ending December 31, 2013.

Effect:

The District is no longer able to fulfill the requirements of the Dardenne Town Square Transportation Development Transportation Sales Tax Revenue Bonds, Series 2006.

Recommendation:

We recommend the District restructure the Trust Indenture.

Management's Response:

The District requested the current owner of the shopping center seek the support of the retailers to increase the sales tax rate. As indicated by the current owner, the retailers do not support any increase in the sales tax rate. Further, under the current bond indenture, the District is obligated to use any additional moneys derived from an increase in the sales tax rate to make debt service payments on outstanding subordinate notes, not the Series 2006 Bonds. This provision of the bond indenture could not be amended without the consent of the current owner of the subordinate notes; however, the subordinate note owner has indicated they are not inclined to consent to such an amendment. Therefore, the District believes it has exhausted all of its options with respect to increasing the sales tax rate or restructuring the bond indenture.

Finding 2020-002

Condition:

As a result of insufficient revenues received from the District, the District was not able to pay the required interest payments on the bonds.

Criteria:

The District's bonds require interest payments in the amount of \$412,500 to be paid semi-annually on May 1st and November 1st. Failure to pay interest for the Bonds constituted an Event of Default on the Bonds pursuant to Section 701(c) of the Trust Indenture dated December 1, 2006. The District made an interest payment of \$294,449 on May 1, 2020 and \$325,925 on November 1, 2020.

Cause:

Sales tax revenue generated by the District is not sufficient to service the District's debt requirements.

Dardenne Town Square Transportation Development District
SCHEDULE OF FINDINGS AND RESPONSES
Year ended December 31, 2020

Effect:

If an Event of Default occurs and is continuing, the Trustee may, and shall upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (the "Owners"), by notice in writing delivered to the District, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable. Additionally, if an Event of Default has occurred and is continuing, the District, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the District pertaining thereto, and out of the same and any moneys received from any receiver of any part thereof pay and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including, but not limited to, (i) reasonable compensation to the Trustee, its agents and counsel, and (ii) any reasonable charges of the Trustee hereunder, and the Trustee shall apply the remainder of the moneys so received.

Recommendation:

We recommend the District restructure the Trust Indenture.

Management's Response:

The District requested the current owner of the shopping center seek the support of the retailers to increase the sales tax rate. As indicated by the current owner, the retailers do not support any increase in the sales tax rate. Further, under the current bond indenture, the District is obligated to use any additional moneys derived from an increase in the sales tax rate to make debt service payments on outstanding subordinate notes, not the Series 2006 Bonds. This provision of the bond indenture could not be amended without the consent of the current owner of the subordinate notes; however, the subordinate note owner has indicated they are not inclined to consent to such an amendment. Therefore, the District believes it has exhausted all of its options with respect to increasing the sales tax rate or restructuring the bond indenture.