

Dardenne Town Square Transportation Development District

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended December 31, 2022

Dardenne Town Square Transportation Development District

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December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Dardenne Town Square Transportation Development District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Dardenne Town Square Transportation Development District's basic financial statements as listed in the table of contents.

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 the Dardenne Town Square Transportation Development District, as of December 31, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dardenne Town Square Transportation Development District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 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.

Responsibilities of Management 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 1, and for 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dardenne Town Square Transportation Development District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dardenne Town Square Transportation Development District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023, on our consideration of the Dardenne Town Square Transportation Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Dardenne Town Square Transportation Development 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 Dardenne Town Square Transportation Development District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

May 18, 2023
Hannibal, Missouri

Management's Discussion and Analysis

Dardenne Town Square Transportation Development District

Management's Discussion and Analysis For the Year Ended December 31, 2022 (Unaudited)

The discussion and analysis of Dardenne Town Square Transportation Development District's financial performance provides an overview and analysis of the District's financial statements for the year ended December 31, 2022. It should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of Dardenne Town Square Transportation Development District exceeded its liabilities at the close of the year ended December 31, 2022 by \$242,128. Of this amount, \$242,127 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of Dardenne Town Square Transportation Development District exceeded its liabilities at the close of the year ended December 31, 2021 by \$239,441. Of this amount, \$239,441 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$2,687 for the year ended December 31, 2022. The primary reason for this is because the District received \$826,951 in total revenues and spent \$824,264 on total expenses.
- The District's total net position increased by \$15,816 for the year ended December 31, 2021. The primary reason for this is because the District received \$791,958 in total revenues and spent \$776,142 on total expenses.
- The District did not issue any additional debt for the years ending December 31, 2022 or 2021.

Using This Special Purpose Framework

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

Combined Government-wide and Fund Financial Statements

Government-wide and Fund financial statements are combined as allowed by the Governmental Accounting Standards Board for special purpose governments. As such, these combined statements show each major fund as well as the primary government as a whole.

Governmental Funds - 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 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.

Dardenne Town Square Transportation Development District internally maintains six individual governmental funds, however, to conform with Governmental Accounting Standards, reporting is summarized into three major funds. Information is presented in the Governmental Funds Balance Sheet and Statement of Net Position - Cash Basis, for the General Fund, the Debt Service Fund, and the Project Fund, which are all considered major funds. The General Fund consists of: the Special Trust Fund, the Revenue Fund and the Operating Fund. The Debt Service Fund consists of: the Debt Service Fund and the Debt Service Reserve Fund. The Project Fund consists of: the Project Fund.

Dardenne Town Square Transportation Development District

Management's Discussion and Analysis For the Year Ended December 31, 2022 (Unaudited)

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.

The District as a Whole – Government-Wide Financial Analysis

The District's combined net position was \$242,128 as of December 31, 2022.

**Table 1
Summary of Net Position
at December 31, 2022 and 2021**

| | Governmental Activities | |
|--------------------------|--------------------------------|-------------|
| | 2022 | 2021 |
| Current and other assets | \$ 242,128 | \$ 239,441 |
| Total Assets | \$ 242,128 | \$ 239,441 |
| Net Position: | | |
| Restricted | \$ 1 | \$ - |
| Unrestricted | 242,127 | 239,441 |
| Total Net Position | \$ 242,128 | \$ 239,441 |

**Table 2
Changes in Net Position**

| | Governmental Activities | |
|--|--------------------------------|-------------|
| | 2022 | 2021 |
| Revenues and Other Financing Sources: | | |
| Taxes | \$ 824,108 | \$ 791,927 |
| Interest income | 2,843 | 31 |
| Total Revenues | \$ 826,951 | \$ 791,958 |
| Expenses and Other Financing Sources: | | |
| General government | \$ 26,249 | \$ 22,444 |
| Interest expense | 798,015 | 753,698 |
| Total Expenses | \$ 824,264 | \$ 776,142 |
| Increase (decrease) in Net Position | \$ 2,687 | \$ 15,816 |
| Net position at beginning of year | 239,441 | 223,625 |
| Net position at end of year | \$ 242,128 | \$ 239,441 |

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending December 31, 2022 and 2021, the District did not have any capital additions.

Dardenne Town Square Transportation Development District

Management's Discussion and Analysis For the Year Ended December 31, 2022 (Unaudited)

Debt

As of the year ended December 31, 2022, the District had \$16,500,000 in revenue bonds payable and \$4,009,018 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$798,015 during the year.

As of the year ended December 31, 2021, the District had \$16,500,000 in revenue bonds payable and \$4,009,018 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$753,698 during the year.

General Fund Budgeting Highlights

For the year ending December 31, 2022, actual expenditures on a budgetary basis were \$24,113 compared to the final budgeted amount of \$26,009. The primary reason for the \$1,896 positive variance is the result of the District budgeting too much for trustee fees.

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$22,444 compared to the final budgeted amount of \$23,427. The primary reason for the \$983 positive variance is the result of the District budgeting too much legal and professional fees.

For the year ending December 31, 2022, actual revenues on a budgetary basis were \$825,873 compared to the final budgeted amount of \$740,300. The primary reason for the \$85,573 positive variance is the result of the District not budgeting enough for city sales tax revenues.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$791,952 compared to the final budgeted amount of \$721,000. The primary reason for the \$70,952 positive variance is the result of the District not budgeting enough for city sales tax revenues.

Debt Service Fund Budgeting Highlights

For the year ending December 31, 2022, actual expenditures on a budgetary basis were \$800,151 compared to the final budgeted amount of \$715,000. The reason for the \$85,151 negative variance is the result of the District not budgeting enough for interest expense.

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$753,698 compared to the final budgeted amount of \$695,000. The reason for the \$58,698 negative variance is the result of the District not budgeting enough for interest expense.

For the year ending December 31, 2022, actual revenues on a budgetary basis were \$1,078 compared to the final budgeted amount of \$200. The reason for the \$878 positive variance is the result of the District not budgeting enough for interest income.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$6 compared to the final budgeted amount of \$200. The reason for the \$194 negative variance is the result of the District budgeting too much for interest income.

Project Fund Budgeting Highlights

For the year ending December 31, 2022, actual expenditures on a budgetary basis were \$0 compared to the final budgeted amount of \$0.

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$0 compared to the final budgeted amount of \$0.

Dardenne Town Square Transportation Development District

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

For the year ending December 31, 2022, actual revenues on a budgetary basis were \$0 compared to the final budgeted amount of \$0.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$0 compared to the final budgeted amount of \$0.

Economic Factors and Next Year's Budget

Local, national and international economic factors influence the District's revenues. Positive economic growth correlates with increased revenues from property taxes. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, and new construction and assessed valuation. The District has prepared its budget for the next fiscal year considering the economic factors discussed above.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District.

Dardenne Town Square Transportation Development District

Governmental Funds Balance Sheet and
Statement of Net Position - Cash Basis
December 31, 2022

| Assets | General Fund | Debt Service Fund | Project Fund | Total Major Funds | Adjustments | Statement of net position |
|---|-------------------------|----------------------------------|-------------------------|----------------------------------|---------------------|--------------------------------------|
| Cash and equivalents | \$ 242,127 | \$ 1 | \$ - | \$ 242,128 | \$ - | \$ 242,128 |
| Total Assets | <u>\$ 242,127</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 242,128</u> | <u>\$ -</u> | <u>\$ 242,128</u> |
| Liabilities and Fund Balances / Net Position | | | | | | |
| Fund Balance: | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | \$ - | \$ 1 | \$ - | \$ 1 | \$ (1) | \$ - |
| Capital Projects | - | - | - | - | - | - |
| Unassigned | 242,127 | - | - | 242,127 | (242,127) | - |
| Total Liabilities and Fund Balances | <u>\$ 242,127</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 242,128</u> | <u>\$ (242,128)</u> | <u>\$ -</u> |
| Net Position: | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | | | | | \$ 1 | \$ 1 |
| Capital Projects | | | | | - | - |
| Unrestricted | | | | | 242,127 | 242,127 |
| Total Net Position | | | | | <u>\$ 242,128</u> | <u>\$ 242,128</u> |

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

Dardenne Town Square Transportation Development District

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and

Statement of Activities - Cash Basis

For the Year Ended December 31, 2022

| | General Fund | Debt Service Fund | Project Fund | Total Major Funds | Adjustments | Statement of Activities |
|--|---------------------|---------------------|--------------|-------------------|-------------------|-------------------------|
| Expenditures/Expenses: | | | | | | |
| Trustee fees | \$ 2,136 | \$ 2,136 | \$ - | \$ 4,272 | \$ - | \$ 4,272 |
| Bank fees | 829 | - | - | 829 | - | 829 |
| Administrative expenses | 8,668 | - | - | 8,668 | - | 8,668 |
| Insurance expense | 1,200 | - | - | 1,200 | - | 1,200 |
| Legal and professional fees | 5,998 | - | - | 5,998 | - | 5,998 |
| Audit fees | 4,832 | - | - | 4,832 | - | 4,832 |
| Rebate calculation | 450 | - | - | 450 | - | 450 |
| Interest expense | - | 798,015 | - | 798,015 | - | 798,015 |
| Total Expenditures/Expenses | \$ 24,113 | \$ 800,151 | \$ - | \$ 824,264 | \$ - | \$ 824,264 |
| General Revenues: | | | | | | |
| TDD sales tax revenues | \$ 378,498 | \$ - | \$ - | \$ 378,498 | \$ - | \$ 378,498 |
| City sales tax revenues | 445,610 | - | - | 445,610 | - | 445,610 |
| Interest income | 1,765 | 1,078 | - | 2,843 | - | 2,843 |
| Total General Revenues | \$ 825,873 | \$ 1,078 | \$ - | \$ 826,951 | \$ - | \$ 826,951 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 801,760 | \$ (799,073) | \$ - | \$ 2,687 | \$ - | \$ 2,687 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | 799,074 | - | 799,074 | - | 799,074 |
| Transfers out | (799,074) | - | - | (799,074) | - | (799,074) |
| Total Other Financing Sources (Uses) | \$ (799,074) | \$ 799,074 | \$ - | \$ - | \$ - | \$ - |
| Net Change in Fund Balance | \$ 2,686 | \$ 1 | \$ - | \$ 2,687 | \$ (2,687) | \$ - |
| Change in net position | | | | | | |
| Fund balance/net position: | | | | | | |
| Beginning of Year | 239,441 | - | - | 239,441 | 2,687 | 2,687 |
| End of Year | \$ 242,127 | \$ 1 | \$ - | \$ 242,128 | \$ - | \$ 242,128 |

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

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District was organized and established by a Judgment and Order organizing a Transportation Development District entered on August 18, 2005, by the Circuit Court of the County of St. Charles, Missouri for the sole purpose of funding certain transportation improvements (the "Transportation Project").

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 on 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 provision of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD Act. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sales of service to telephone subscribers, whether local or long distance.

On November 1, 2006, the District entered into an Intergovernmental Cooperation Agreement (the "Cooperation Agreement") with the City of Dardenne Prairie, Missouri. According to the agreement, the City has authorized certain City Sales Tax Revenues and additional sources of revenue secured by the City in accordance with the Agreement to be deposited into a 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 Agreement. Also, the City and the District agreed to cooperate in causing the District to collect the TDD Sales Tax and to cause TDD Revenues to be transferred to the Trustee to be used to pay TDD administrative costs and debt service on the TDD Obligations issued to finance the Transportation Project, and to cause the District to dedicate such Transportation Project to the Missouri and Transportation Commission or the applicable local transportation authority.

A description of the Transportation Project is as follows:

- (1) construction of a new La-Le Drive in accordance with the plans as listed on Sheet C1.1 prepared by the Consulting Engineer dated January 3, 2006, and reconstruction of existing La-Le access drive in accordance with the plans as listed on Sheet C1.1 prepared by the Consulting Engineer dated August 4, 2006;
- (2) reconstruction and widening of Henke Road in accordance with the plans Sheet C1.1 prepared by the Consulting Engineer dated March 29, 2006 and Traffic Signal plans as listed on Sheet C1.0 prepared by EFK Moen dated March 20, 2006;
- (3) construction of bridge for Old Route N over Route 40/61 in accordance with plans prepared by EFK Moen dated March 20, 2006, Sheets S1.1 through S1.58A, including select revised Sheets S1.1A through S1.57B dated June 5, 2006 and Supplement to Bridge Plans in accordance with the plans as listed on Sheet C1.1 dated June 9, 2006;
- (4) widening of Route N to three lanes from approximately Winghaven Boulevard to the new La-Le Drive in accordance with the plans as listed on Sheet C1.1 dated June 5, 2006, including that Field Revision of certain sheets dated October 13, 2006 with Field Revisions of certain sheets dated August 11, 2006, June 20, 2006 and June 16, 2006 and Traffic Signal plans as listed on Sheet C4.0 prepared by EFK Moen dated August 11, 2006;
- (5) widening of Route N West and construction of the new South Outer Road in accordance with the plans as listed on Sheet C1.1 prepared by the Consulting Engineer dated September 1, 2006, and Field Revision for additional entrances to certain sheets dated October 11, 2006 and October 4, 2006;

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (6) reconstruction of Route N leading to the bridge overpass in accordance with the plans as listed on Sheet C1.1 prepared by the Consulting Engineer dated July 31, 2006, which also includes Field Revision to traffic barrier of certain sheets dated October 16, 2006, and Field Revision for drainage changes of certain sheets dated October 12, 2006 and September 26, 2006;
- (7) construction of new access point for the Phillips gas station in accordance with the plans as listed on Sheet C1.1 prepared by the Consulting Engineer dated July 18, 2006;
- (8) utility relocation and other similar or related infrastructure or improvement in connection with items 1 through 7 above; and
- (9) related engineering, design and legal fees in connection with items 1 through 8 above.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A) BASIS OF PRESENTATION

Special-purpose governments engaged in a single governmental program and having no component units may present financial statements as combining fund financial statements with government-wide statements. This is illustrated on the Governmental Funds Balance Sheet and Statement of Net Position - Cash Basis and the Governmental Fund Revenues, Expenditures and Changes in Fund Balances and Statement of Activities - Cash Basis.

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund statements are also presented on a cash basis of accounting. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

Governmental Funds

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

Dardenne Town Square Transportation Development District

Notes to Financial Statements
For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

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 taxes.

Revenue Fund - The Revenue Fund, which shall contain a TDD Revenues Account, a Supplemental TDD Revenues Account and a Municipal Revenues Account. Moneys in the Revenue Fund, drawing first from moneys in the TDD Revenues Account, second, from the moneys in the Supplemental TDD Revenues Account (but only with respect to clauses Ninth, Tenth and Eleventh below) and third, from the Municipal Revenues Account, on the fortieth (40th) day prior to each Payment Date shall be applied by the Trustee to the extent necessary for the purposes and in the amounts as follows:

First, for transfer to the Rebate Fund when necessary, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the District in accordance with the Tax Compliance Agreement;

Second, pay to the Trustee or any Paying Agent, an amount sufficient to pay any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the District of an invoice for such amounts (provided, however, that payments to the Trustee may not exceed \$4,000.00 in any calendar year);

Third, for transfer to the Operating Fund, fifty percent (50%) of the Annual Operating Fund Deposit;

Fourth, for transfer to the Debt Service Account of the Debt Service Fund, when necessary, an amount sufficient to pay past due interest, if any, owing on any Bonds;

Fifth, for transfer to the Debt Service Account of the Debt Service Fund an amount sufficient (taking into account moneys available in the Capitalized Interest Account) to pay the interest on the Bonds on the next succeeding Payment Date;

Sixth, for transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the principal of a premium, if any, due on the Bonds by their term, whether at maturity or for mandatory sinking fund purposes on the next succeeding Payment Date;

Seventh, for transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Fund is less than the Debt Service Requirement;

Eighth, for transfer to the Redemption Account of the Debt Service Fund, which shall be applied to the payment of principal of and accrued interest on all Bonds which are subject to redemption on the next succeeding Payment Date pursuant to Section 302(b) of the Trust Indenture;

Ninth, for transfer to the Note Payment Account of the Debt Service Fund an amount sufficient to pay the interest on the Notes on the next succeeding Payment Date;

Tenth, for transfer to the Note Payment Account of the Debt Service Fund an amount sufficient to pay the principal of a premium, if any, due on the Notes by their terms on the next succeeding Payment Date; and

Eleventh, for transfer to the Redemption Account of the Debt Service Fund, which shall be applied to the payment of the principal of and accrued interest on all Notes which are subject to redemption on the next succeeding Payment Date pursuant to Section 302(b) of the Trust Indenture.

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

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 of or interest on the Bonds; if no Bonds are outstanding, paying the principal of or interest on the Notes; or any other lawful purpose of the District.

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 the principal of, 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 the principal of and interest on the Bonds if moneys otherwise available for such purpose are insufficient to pay the same as they become due and payable. If the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up the deficiency. The Trustee may use moneys in the Debt Service Reserve fund for such purpose whether or not the amount in the Debt Service Reserve fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall be valued by the Trustee forty-five (45) days prior to each Payment Date (or if such date is not a Business Day, the immediately preceding Business Day). The Trustee shall give prompt written notice to the District if such amount is less than the Debt Service Reserve Fund Requirement. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any investments shall be valued at their fair market value (inclusive of accrued interest) on the date of valuation. Moneys in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Requirement shall be deposited by the Trustee without further authorization in the Debt Service Fund.

Project Fund - The Project Fund contains a Cost of Issuance Account, a Project Account and a Capitalized Interest Account. Moneys in the Project Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of a written request of the Authorized District Representative, which contains the statements, representations and certifications set forth in the form of such request attached as Exhibit B to the Trust Indenture. Any money remaining on deposit in the Project Account of the Project Fund when the portion of the Project financed with the proceeds of the Bonds is completed, as evidenced by a certificate delivered by the Authorized District Representative to the Trustee, shall be deposited into the Redemption Account of the Debt Service Fund and shall be used to redeem Bonds on the earliest possible date.

Moneys in the Cost of Issuance Account of the Project Fund shall be disbursed, from time to time by the Trustee, upon receipt of a written request of the District signed by the Authorized District Representative for the sole purpose of paying the costs of issuance of the Bonds. Any moneys remaining in the Cost of Issuance Account of the Project Fund on May 1, 2007 shall be deposited, without further authorization, into the Redemption Account of the Debt Service Fund and used to redeem Bonds on the earliest possible date.

Upon delivery to the Trustee of a written request of the Authorized District Representative to pay, or reimburse the District for payment of, the costs of the Project, which written request specifies that payment shall be made by endorsement of a Note and the issuance or endorsement of a Note pursuant to Section 203(c) of the Trust Indenture, the Owner of the Note shall be deemed to have advanced funds necessary to purchase such Note

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONCLUDED)

and the District shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the District in full for such costs from the amounts deemed to be on deposit in the Project Fund.

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 special purpose framework. Under the 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.
- 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 Board adopts a resolution

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) BUDGETS AND BUDGETARY ACCOUNTING (CONCLUDED)

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 2022 budget was approved at the regularly scheduled Board of Directors' meeting. Annual budgets are prepared and adopted by fund on a basis consistent with the cash basis of accounting for the major individual governmental funds. All annual appropriations lapse at fiscal year end.

D) CAPITAL ASSETS AND LONG-TERM LIABILITIES

In accordance with the cash basis of accounting, the government-wide and fund financial statements report capital asset additions as expenditures when cash is expended and debt proceeds are shown as other financing sources when cash is received. Debt principal payments are shown as expenditures when payments are made. Capital assets and long term liabilities are not maintained on these financial statements but long term debt is disclosed later in these notes to the financial statements.

E) FUND BALANCE AND NET POSITION

Net Position represents the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by laws or regulations of the government. All other net position that does not meet the definition of "restricted" are reported as unrestricted net position. It is the District's policy to expend restricted resources first if the restrictions are met.

Fund balances are classified as follows:

Nonspendable- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balance as of December 31, 2022.

Restricted- This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or law or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District had an ending balance of \$1 for restricted fund balances that consisted of the Debt Service Fund.

Committed- This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District had no committed resources as of December 31, 2022.

Assigned- This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Board through budgetary process. The District had no assigned resources as of December 31, 2022.

Unassigned- All amounts not included in other spendable classifications.

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E) FUND BALANCE AND NET POSITION (CONCLUDED)

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

2) CASH AND CASH EQUIVALENTS

The District complies with various regulations on deposits and investments, which are imposed by the state statutes as follows:

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may invest in bonds of the State of Missouri or any wholly owned corporation of the United States; or in other short-term obligations of the United States.

Cash of the District at December 31, 2022, is as follows:

Deposits

At December 31, 2022, the carrying amount of the District's deposits was \$242,128 and the bank balance was \$242,128. The balance of the Special Trust Fund was \$248 at year end. Any balance maintained in this account would be covered by federal depository insurance up to \$250,000. All cash balances with the Trustee were invested in Dreyfus Institutional Reserves Money Market accounts. Due to the short-term nature of investments, these balances are classified as cash equivalents in the District's basic financial statements. The Dreyfus Institutional Reserves 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.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. State statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Investments

There were no investments at December 31, 2022.

3) COMMITMENTS

Effective November 21, 2006, the District has entered into an Intergovernmental Cooperation Agreement with the City of Dardenne Prairie, Missouri (the "Cooperation Agreement") 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 Agreement.

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

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

3) COMMITMENTS (CONCLUDED)

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 services or proceeds received from the businesses and activities on the Property, 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 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%).

4) LITIGATION

At December 31, 2022, there were no claims or lawsuits pending against the District.

5) TAXES

The District has imposed a sales tax pursuant to the TDD Act at a rate of one-half of one percent (1/2%), effective October 1, 2005, (the "TDD Sales Tax") on all retail sales made in the District which are subject to the taxation pursuant to the provision of Sections 144.010 to 144.525, RSMo, with certain exceptions listed in the TDD Act. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sales of service to telephone subscribers, whether local or long distance.

6) CONTINGENCIES AND EVENT OF DEFAULT

The Debt Service Reserve requirement at December 31, 2022 was \$1,546,968; however, the balance of the Debt Service Reserve account at December 31, 2022 was \$0. This represents a shortfall at December 31, 2022 of \$1,546,968. Draw down of this Reserve account have been necessary due to the 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 ended 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 7.

Interest payments in the amount of \$412,500 were due on May 1, 2022 and November 1, 2022. As a result of insufficient revenues received from the District, a payment in the amount of \$395,223, was paid to the bondholders on May 1, 2022 and a payment in the amount of \$402,792, was paid to the bondholders on November 1, 2022. 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.

7) LONG-TERM DEBT

On December 13, 2006, Dardenne Town Square Transportation Development District (the "District") approved Bond Resolution No. 06-041 (the "Bond Resolution") authorizing the issuance of the Dardenne Town Square Transportation Development District Transportation Sales Tax Revenue Bonds, Series 2006 in the aggregate principal amount of \$17,560,000 (the "Bonds") 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, in an aggregate principal

Dardenne Town Square Transportation Development District

Notes to Financial Statements For the Year Ended December 31, 2022

7) LONG-TERM DEBT (CONTINUED)

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.

The Bonds were sold to the Purchaser at a price provided for in the Purchase Contract which shall be \$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, 2022, the balance of the Bonds was \$16,500,000 and bear interest at 5%.

Transportation Sales Tax Revenue Bonds

| | |
|--|----------------------|
| Revenue bonds payable, January 1, 2022 | \$ 16,500,000 |
| Notes issued | - |
| Notes retired | - |
| Revenue bonds payable, December 31, 2022 | <u>\$ 16,500,000</u> |

In 2022, the District paid \$798,015 in interest expense on the Bonds. As detailed in Note 6, during fiscal year ending December 31, 2022, the District was unable to pay the full amount of interest due, and according to the Trust Indenture, the bonds is in default and is callable by the owners. The bonds has not been called by the owners as of the date of the financial statements. The District has \$1,362,623 in unpaid interest on the bonds as of December 31, 2022.

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</u> | <u>Principal</u> |
|-------------------|----------------------|
| Past due payments | 3,050,000 |
| 2023 | 555,000 |
| 2024 | 610,000 |
| 2025 | 665,000 |
| 2026 | 725,000 |
| 2027 | 785,000 |
| 2028-2032 | 5,025,000 |
| 2033-2036 | 5,085,000 |
| | <u>\$ 16,500,000</u> |

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 as 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 \$9,067,526 in unpaid interest on the Notes as of December 31, 2022. The principal balance is \$4,009,018 at December 31, 2022.

Dardenne Town Square Transportation Development District

Notes to Financial Statements
For the Year Ended December 31, 2022

7) LONG-TERM DEBT (CONCLUDED)

Supplemental and Subordinate Transportation Sales Tax Revenue Notes

| | |
|--|---------------------|
| Revenue bonds payable, January 1, 2022 | \$ 4,009,018 |
| Notes issued | - |
| Notes retired | - |
| Revenue bonds payable, December 31, 2022 | <u>\$ 4,009,018</u> |

8) PROJECT COSTS

No project costs were incurred for the year ending December 31, 2022.

9) INTERFUND TRANSFERS

During the fiscal year ended December 31, 2022, the District had the following interfund transfers:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------|---------------------|----------------------|
| Governmental activities: | | |
| General Fund | \$ - | \$ (799,074) |
| Debt Service Fund | 799,074 | - |
| Project Fund | - | - |
| | <u>\$ 799,074</u> | <u>\$ (799,074)</u> |

During the year ended December 31, 2022, the District transferred funds from the General Fund to the Debt Service fund to make required debt payments.

10) SUBSEQUENT EVENTS

These financial statements considered subsequent events through May 18, 2023, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The long-term impact of the COVID-19 pandemic on TDD Sales Tax Revenues is difficult to determine at this point. The District cannot predict (a) the duration or extent of the COVID-19 pandemic; (b) the duration or expansion of related business closings, public health orders, regulations and legislation; (c) what effect the COVID-19 pandemic will continue to have on global, national, and local economies; (d) whether recent job losses resulting from COVID-19-related business closures will be temporary or permanent and what effect such losses will have on consumer confidence; or (e) the impact the COVID-19 pandemic will have on TDD Sales Tax Revenues available for appropriation by the District. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the TDD Sales Tax Revenues in the future is highly uncertain and cannot be predicted.

Other Information

Dardenne Town Square Transportation Development District

Statement of Revenues Collected and Expenditures Paid -

General Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2022

| | Budgeted Amount Original | Budgeted Amount Final | Actual | Variance - Favorable (Unfavorable) |
|--|--------------------------------|-----------------------------|---------------------|--|
| Revenues: | | | | |
| TDD sales tax revenues | \$ 360,000 | \$ 360,000 | \$ 378,498 | \$ 18,498 |
| City sales tax revenues | 380,000 | 380,000 | 445,610 | 65,610 |
| Interest income | 300 | 300 | 1,765 | 1,465 |
| Total Revenues | \$ 740,300 | \$ 740,300 | \$ 825,873 | \$ 85,573 |
| Expenditures: | | | | |
| Bank fees | \$ 780 | \$ 780 | \$ 829 | \$ (49) |
| Trustee fees | 4,000 | 4,000 | 2,136 | 1,864 |
| Administrative expenses | 8,667 | 8,667 | 8,668 | (1) |
| Insurance expenses | 1,280 | 1,280 | 1,200 | 80 |
| Legal and professional fees | 6,000 | 6,000 | 5,998 | 2 |
| Audit fees | 2,900 | 4,832 | 4,832 | - |
| Rebate calculation | - | 450 | 450 | - |
| Total Expenditures | \$ 23,627 | \$ 26,009 | \$ 24,113 | \$ 1,896 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - |
| Transfers out | (575,650) | (715,000) | (799,074) | (84,074) |
| Total Other Financing Sources (Uses) | \$ (575,650) | \$ (715,000) | \$ (799,074) | \$ (84,074) |
| Net Change in Fund Balance | \$ 141,023 | \$ (709) | \$ 2,686 | \$ 3,395 |
| Fund Balance - at beginning of the year | | 239,441 | 239,441 | |
| Fund Balance - at end of the year | | \$ 238,732 | \$ 242,127 | |

Dardenne Town Square Transportation Development District

Statement of Revenues Collected and Expenditures Paid -

Debt Service Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2022

| | Budgeted Amount Original | Budgeted Amount Final | Actual | Variance - Favorable (Unfavorable) |
|--|--------------------------------|-----------------------------|-------------------|--|
| Revenues: | | | | |
| Interest income | \$ 200 | \$ 200 | \$ 1,078 | \$ 878 |
| Total Revenues | <u>\$ 200</u> | <u>\$ 200</u> | <u>\$ 1,078</u> | <u>\$ 878</u> |
| Expenditures: | | | | |
| Interest expense | \$ 715,000 | \$ 715,000 | \$ 798,015 | \$ (83,015) |
| Trustee fees | - | - | 2,136 | (2,136) |
| Total Expenditures | <u>\$ 715,000</u> | <u>\$ 715,000</u> | <u>\$ 800,151</u> | <u>\$ (85,151)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | \$ 575,650 | \$ 715,000 | \$ 799,074 | \$ 84,074 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>\$ 575,650</u> | <u>\$ 715,000</u> | <u>\$ 799,074</u> | <u>\$ 84,074</u> |
| Net Change in Fund Balance | <u>\$ (139,150)</u> | \$ 200 | \$ 1 | \$ 170,103 |
| Fund Balance - at beginning of the year | | - | | |
| Fund Balance - at end of the year | | <u>\$ 200</u> | <u>\$ 1</u> | |

Dardenne Town Square Transportation Development District

Statement of Revenues Collected and Expenditures Paid -

Project Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2022

| | Budgeted Amount Original | Budgeted Amount Final | Actual | Variance - Favorable (Unfavorable) |
|--|--------------------------------|-----------------------------|--------|--|
| Revenues: | | | | |
| Interest income | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Project costs | \$ - | \$ - | \$ - | \$ - |
| Total Expenditures | \$ - | \$ - | \$ - | \$ - |
| Other Financing Sources (Uses) | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - |
| Transfers out | \$ - | \$ - | \$ - | \$ - |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - |
| Net Change in Fund Balance | \$ - | \$ - | \$ - | \$ - |
| Fund Balance - at beginning of the year | | | | |
| Fund Balance - at end of the year | \$ - | \$ - | \$ - | \$ - |

Dardenne Town Square Transportation Development District

Statement of Revenues Collected and Expenditures Paid -

All Funds - Budget and Actual - Cash Basis

For the Year Ended December 31, 2022

| | Budgeted Amount Original | Budgeted Amount Final | Actual | Variance - Favorable (Unfavorable) |
|--|--------------------------------|-----------------------------|-------------------|--|
| Revenues: | | | | |
| TDD sales tax revenues | \$ 360,000 | \$ 360,000 | \$ 378,498 | \$ 18,498 |
| City sales tax revenues | 380,000 | 380,000 | 445,610 | 65,610 |
| Interest income | 500 | 500 | 2,843 | 2,343 |
| Total Revenues | \$ 740,500 | \$ 740,500 | \$ 826,951 | \$ 86,451 |
| Expenditures: | | | | |
| Trustee fees | \$ 4,000 | \$ 4,000 | \$ 4,272 | \$ (272) |
| Bank fees | 780 | 780 | 829 | (49) |
| Administrative expenses | 8,667 | 8,667 | 8,668 | (1) |
| Insurance expense | 1,280 | 1,280 | 1,200 | 80 |
| Legal and professional fees | 6,000 | 6,000 | 5,998 | 2 |
| Audit fees | 2,900 | 4,832 | 4,832 | - |
| Rebate calculation | - | 450 | 450 | - |
| Interest expense | 715,000 | 715,000 | 798,015 | (83,015) |
| Total Expenditures | \$ 738,627 | \$ 741,009 | \$ 824,264 | \$ (83,255) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | \$ 575,650 | \$ 715,000 | \$ 799,074 | \$ 84,074 |
| Transfers out | (575,650) | (715,000) | (799,074) | (84,074) |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - |
| Net Change in Fund Balance | \$ 1,873 | \$ (509) | \$ 2,687 | \$ 169,706 |
| Fund Balance - at beginning of the year | | 239,441 | 239,441 | |
| Fund Balance - at end of the year | \$ 238,932 | \$ 238,932 | \$ 242,128 | |

Compliance Section



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INDEPENDENT AUDITOR'S 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 the 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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Dardenne Town Square Transportation Development District's basic financial statements, and have issued our report thereon dated May 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dardenne Town Square Transportation Development 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 Dardenne Town Square Transportation Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dardenne Town Square Transportation Development 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies (Findings 2022-01 and 2022-02).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dardenne Town Square Transportation Development 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 (Finding 2022-01 and 2022-02).

INDEPENDENT AUDITOR'S 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 (CONCLUDED)

Dardenne Town Square Transportation Development District's Responses to Findings

Dardenne Town Square Transportation Development District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Dardenne Town Square Transportation Development 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wade Stables P.C.
Wade Stables P.C.
Certified Public Accountants

May 18, 2023
Hannibal, Missouri

Dardenne Town Square Transportation Development District

Schedule of Findings and Responses For the Year Ended December 31, 2022

Finding 2022-01 Debt Service Reserve Requirement:

Condition:

The District's debt service reserve was below the requirement as stated in the Trust Indenture. The Debt Service Reserve requirement at December 31, 2022 per the Trust Indenture was \$1,546,968; however, the balance of the Debt Service Reserve account was \$0.

Reason Improvement Needed:

Sales tax revenue generated by the District is not sufficient to service the required debt requirements. The District completely depleted the Debt Service Reserve account in the year ending December 31, 2013. The District is longer able to fulfill the requirements of the Dardenne Town Square Transportation Development Sales Tax Revenue Bonds, Series 2006.

Recommendation:

We recommend the District restructure the Trust Indenture.

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, no 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 2022-02 Insufficient Revenues to Pay Required Interest Payments:

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. The District's bonds require interest payments in the amount of \$412,500 to be paid semi-annually on May 1 and November 1. 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 \$395,223 on May 1, 2022 and \$402,792 on November 1, 2022.

Reason Improvement Needed:

Sales tax revenue generated by the District is not sufficient to service the required debt requirements. 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, (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.

Dardenne Town Square Transportation Development District

Schedule of Findings and Responses For the Year Ended December 31, 2022

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.