
MISSOURI HOUSING
TRUST FUND
FINANCIAL STATEMENTS
JUNE 30, 2003



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis	3 - 4
 Financial Statements	
Balance Sheet	5
Statement Of Revenues And Expenses And Changes In Net Assets	6
Statement Of Cash Flows.....	7
Notes To Financial Statements.....	8 – 9

Rubin, Brown, Gornstein & Co. LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
St. Louis, MO 63105

T 314.290.3300
F 314.290.3400

www.rbg.com
rbg@rbg.com

Independent Auditors' Report

The Commissioners
Missouri Housing Trust Fund

We have audited the accompanying balance sheet of the Missouri Housing Trust Fund as of June 30, 2003 and 2002, and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Missouri Housing Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Trust Fund at June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Commissioners
Missouri Housing Trust Fund

The Management's Discussion and Analysis on pages 3 and 4 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Rubin, Brown, Gornstein & Co. LLP

St. Louis, Missouri
August 22, 2003

MISSOURI HOUSING TRUST FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Years Ended June 30, 2003 And 2002

Our discussion and analysis of Missouri Housing Trust Fund's financial performance provides an overview of the Trust Fund's financial activities for the fiscal year ended June 30, 2003 and 2002. Please read it in conjunction with the Trust Fund's financial statements and accompanying notes.

Financial Highlights

- Total assets increased 7% during the fiscal year ending June 30, 2003.
- Net assets decreased 3% as of June 30, 2003.
- Recording fee revenue increased 32% to \$5.3 million in fiscal year 2003.
- Grants totaled \$5.6 million in 2003, a decrease of 2% from 2002.

Overview Of The Financial Statements

This annual financial report consists of Management's Discussion & Analysis and the financial statements, including notes to the financial statements. The Trust Fund maintains its financial records on the accrual basis of accounting.

The following table summarizes the Trust Fund's assets, liabilities, and net assets as of June 30, 2003 and June 30, 2002.

Condensed Financial Information Assets, Liabilities And Net Assets (In Thousands)

	June 30,	
	2003	2002
Current Assets		
Investments	\$ 5,584	\$ 3,274
Other	92	331
Total Current Assets	5,676	3,605
Noncurrent Assets		
Investments	—	1,638
Other	376	401
Total Noncurrent Assets	376	2,039
Total Assets	\$ 6,052	\$ 5,644
Liabilities	\$ 578	\$ —
Restricted Net Assets	\$ 5,474	\$ 5,644

MISSOURI HOUSING TRUST FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)* For The Years Ended June 30, 2003 And 2002

Investments

Investments consist of U.S. government and agency fixed rate securities. The Trust Fund's investment policy emphasizes preservation of principal. At June 30, 2003 the Trust Fund had \$5.6 million in investments as compared to \$4.9 million at June 30, 2002.

Net Assets

The Trust Fund's net assets are restricted to use as authorized by section 215.035, RSMo, the Trust Fund enabling legislation.

Operating Activities

The following table summarizes the Trust Fund's revenues, expenses, and changes in net assets for 2003 and 2002.

Condensed Financial Information Revenues, Expenses And Changes In Net Assets *(In Thousands)*

	2003	2002
Revenues		
Recording fees	\$ 5,259	\$ 3,973
Interest income	261	264
Total Revenues	5,520	4,237
Expenses		
Grants	5,585	5,723
Administrative expenses	105	79
Total Expenses	5,690	5,802
Decrease In Net Assets	\$ (170)	\$ (1,565)

There was an increase of 32% in recording fee revenue in 2003 as compared to 2002. The timing of grant fund awards and disbursements resulted in a decrease in grants during fiscal year 2003.

Contacting Trust Fund's Financial Management

This financial report is designed to provide stakeholders in the Trust Fund with a general overview of the Trust Fund's finances and to show the Trust Fund's accountability for its resources. If you have questions about this report or need additional financial information, contact Marilyn Lappin, Deputy Director/Chief Financial Officer, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at mhdc.com.

MISSOURI HOUSING TRUST FUND

BALANCE SHEET

(In Thousands)

	June 30,	
	2003	2002
Assets		
Current Assets		
U.S. government and agency securities	\$ 5,584	\$ 3,274
Mortgage loans	23	23
Accrued interest receivable	69	85
Accounts receivable	—	223
Total Current Assets	5,676	3,605
Noncurrent Assets		
U.S. government and agency securities	—	1,638
Mortgage loans	376	401
Total Noncurrent Assets	376	2,039
Total Assets	\$ 6,052	\$ 5,644

Liabilities And Net Assets

Liabilities		
Accounts payable	\$ 578	\$ —
Net Assets		
Restricted	5,474	5,644
Total Liabilities And Net Assets	\$ 6,052	\$ 5,644

MISSOURI HOUSING TRUST FUND

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS *(In Thousands)*

	For The Years Ended June 30,	
	2003	2002
Operating Revenues		
Recording fees	\$ 5,259	\$ 3,973
Interest income	261	264
Total Operating Revenues	5,520	4,237
Operating Expenses		
Trust Fund grants	5,585	5,723
Administrative expenses	105	79
Total Operating Expenses	5,690	5,802
Net Loss	(170)	(1,565)
Net Assets - Beginning Of Year	5,644	7,209
Net Assets - End Of Year	\$ 5,474	\$ 5,644

MISSOURI HOUSING TRUST FUND

STATEMENT OF CASH FLOWS (In Thousands)

	For The Years Ended June 30,	
	2003	2002
Cash Flows From Operating Activities		
Interest income on mortgage loans	\$ 4	\$ 4
Principal repayments on mortgage loans	23	23
Recording fee revenue	5,259	3,973
Operating expenses	(4,889)	(5,641)
Net Cash Provided By (Used In) Operating Activities	397	(1,641)
Cash Flows From Investing Activities		
Proceeds from sale of investments	4,309	6,224
Purchase of investments	(5,153)	(4,951)
Income received on investments	447	368
Decrease in securities purchased under agreement to resell	—	—
Net Cash Provided By (Used In) Investing Activities	(397)	1,641
Change In Cash And Cash Equivalents	—	—
Cash And Cash Equivalents - Beginning Of Year	—	—
Cash And Cash Equivalents - End Of Year	\$ —	\$ —
Reconciliation Of Net Loss To Net Cash Provided By (Used In) Operating Activities:		
Net loss	\$ (170)	\$ (1,565)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Income - mortgage investments	(4)	(4)
Income - investments	(431)	(354)
Repayment of principal on mortgage loans	23	23
Interest received on mortgage investments	4	4
Change in fair value of investments	174	93
Change in assets and liabilities:		
Accounts receivable - other	223	162
Accounts payable	578	—
Net Cash Provided By (Used In) Operating Activities	\$ 397	\$ (1,641)

MISSOURI HOUSING TRUST FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2003 And 2002

1. Summary Of Significant Accounting Policies

The Missouri Housing Trust Fund (the Trust Fund) is authorized by section 215.035, RSMo to financially assist, by loans or grants, the development of housing stock and to provide housing assistance to persons and families with incomes at or below specified levels.

The following is a summary of the more significant accounting policies of the Trust Fund.

Basis Of Accounting

The Trust Fund maintains its financial records on the accrual basis of accounting. Pursuant to the requirements of the Governmental Accounting Standards Board, the Trust Fund's financial activities are included in the financial statements of the Missouri Housing Development Commission (the Commission).

The Trust Fund's financial statements have been prepared on the basis of the Governmental Proprietary Fund concept as set forth in Statement 1 of the Governmental Accounting Standards Board (GASB). The Governmental Proprietary Fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges.

The Trust Fund maintains its financial records on the accrual basis of accounting. The Trust Fund has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

Investments

Investments include U.S. government and agency securities and are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date.

At June 30, 2003 and 2002, these securities are unregistered investments for which the securities are held by the counterparty financial institution in the name of the Commission.

MISSOURI HOUSING TRUST FUND

Notes To Financial Statements (*Continued*)

2. Revenue From The State Of Missouri

In accordance with section 215.035, RSMo, the State of Missouri distributes to the Trust Fund a \$3 recording fee collected by the Missouri State Recorder's Office for each real estate related document filing.

3. Administrative Expenses

The Trust Fund reimburses the Commission for administrative costs not to exceed 2% of Trust Fund revenues.

4. Commitments

At June 30, 2003, the Trust Fund has outstanding program commitments of approximately \$4,100,000. These commitments represent Trust Fund grants that were approved prior to June 30, 2003 for which disbursement will be made in the subsequent fiscal year.