

---

---

***MISSOURI HOUSING***  
***TRUST FUND***  
***FINANCIAL STATEMENTS***  
***JUNE 30, 2002***

---

---

## Contents

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 2
<b>Management's Discussion And Analysis</b> .....	3 - 4
 <b>Financial Statements</b>	
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

## **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, 2002 and 2001, and the 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, 2002 and 2001, 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.

As described in Note 1 to the financial statements, the Trust Fund adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *“Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,”* Statement No. 37, *“Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus,”* and Statement No. 38, *“Certain Financial Statement Note Disclosures”* as of and for the year ended June 30, 2002. This results in a change in the format and content of the basic financial statements and accompanying notes to the financial statements.

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 27, 2002

# MISSOURI HOUSING TRUST FUND

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ending June 30, 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, 2002. Please read it in conjunction with the Trust Fund's financial statements and accompanying notes.

### Financial Highlights

- Total assets decreased 22% at June 30, 2002 as compared to the prior year at June 30, 2001.
- Net assets decreased \$1.5 million (22%) as of June 30, 2002.
- Recording fee revenue declined 11% in fiscal year 2002.
- Grants totaled \$5.7 million in 2002, an increase of 29% from 2001.

### 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, 2002 and June 30, 2001.

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

	June 30,	
	2002	2001
<b>Current Assets</b>		
Investments	\$ 3,274	\$ 6,278
Other	331	507
<b>Total Current Assets</b>	<b>3,605</b>	<b>6,785</b>
<b>Non-Current Assets</b>		
Investments	1,638	—
Other	401	424
<b>Total Non-Current Assets</b>	<b>2,039</b>	<b>424</b>
<b>Total Assets</b>	<b>\$ 5,644</b>	<b>\$ 7,209</b>
<b>Liabilities</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Restricted Net Assets</b>	<b>5,644</b>	<b>7,209</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 5,644</b>	<b>\$ 7,209</b>

# MISSOURI HOUSING TRUST FUND

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)* Year Ending June 30, 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, 2002 the Trust Fund had \$4.9 million in investments as compared to \$6.3 million at June 30, 2001.

### Net Assets

The Trust Fund's net assets are restricted to use as authorized by Section 215.035 of the Missouri statutes that created the Trust Fund.

### Operating Activities

The following table summarizes the Trust Fund's revenues, expenses, and changes in net assets for 2002 and 2001.

<b>Condensed Financial Information</b>		
<b>Revenues, Expenses And Changes In Net Assets (In Thousands)</b>		
	<u>2002</u>	<u>2001</u>
<b>Revenues</b>		
Recording fees	\$ 3,973	\$ 4,470
Interest income	264	560
<b>Total Revenues</b>	<u>4,237</u>	<u>5,030</u>
<b>Expenses</b>		
Grants	5,723	4,431
Administrative expenses	79	95
<b>Total Expenses</b>	<u>5,802</u>	<u>4,526</u>
<b>Increase (Decrease) In Net Assets</b>	<u>\$(1,565)</u>	<u>\$ 504</u>

There was some decline in recording fee revenue in 2002 as compared to 2001. Grants increased as a result of completion of grant awards from funds available from the current and prior year funds.

### 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 Robert R. Smith, Deputy Director/Controller, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at [mhdc.com](http://mhdc.com).

# MISSOURI HOUSING TRUST FUND

## BALANCE SHEET

*(In Thousands)*

<b>Assets</b>		
	<b>June 30,</b>	
	<b>2002</b>	<b>2001</b>
<b>Current Assets</b>		
U.S. government and agency securities	<b>\$ 3,274</b>	\$ 6,278
Mortgage loans	<b>23</b>	23
Accrued interest receivable	<b>85</b>	99
Accounts receivable	<b>223</b>	385
<b>Total Current Assets</b>	<b>3,605</b>	6,785
<b>Noncurrent Assets</b>		
U.S. government and agency securities	<b>1,638</b>	—
Mortgage loans	<b>401</b>	424
<b>Total Noncurrent Assets</b>	<b>2,039</b>	424
<b>Total Assets</b>	<b>\$ 5,644</b>	\$ 7,209
<b>Liabilities And Net Assets</b>		
<b>Liabilities</b>	<b>\$ —</b>	\$ —
<b>Net Assets</b>		
Restricted	<b>5,644</b>	7,209
<b>Total Liabilities And Net Assets</b>	<b>\$ 5,644</b>	\$ 7,209

# MISSOURI HOUSING TRUST FUND

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

	For The Years	
	Ended June 30,	
	2002	2001
<b>Operating Revenues</b>		
Recording fees	\$ 3,973	\$ 4,470
Interest income	264	560
<b>Total Operating Revenues</b>	<b>4,237</b>	5,030
<b>Operating Expenses</b>		
Trust Fund grants	5,723	4,431
Administrative expenses	79	95
<b>Total Operating Expenses</b>	<b>5,802</b>	4,526
<b>Net Income (Loss)</b>	<b>(1,565)</b>	504
<b>Net Assets - Beginning Of Year</b>	<b>7,209</b>	6,705
<b>Net Assets - End Of Year</b>	<b>\$ 5,644</b>	\$ 7,209

# MISSOURI HOUSING TRUST FUND

## STATEMENT OF CASH FLOWS (In Thousands)

	<b>For The Years</b>	
	<b>Ended June 30,</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash Flows From Operating Activities</b>		
Interest income on mortgage loans	\$ 4	\$ 5
Principal repayments on mortgage loans	23	23
Recording fee revenue	3,973	4,470
Operating expenses	(5,641)	(5,002)
<b>Net Cash Used In Operating Activities</b>	<b>(1,641)</b>	<b>(504)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	6,224	5,728
Purchase of investments	(4,951)	(5,704)
Income received on investments	368	478
Decrease in securities purchased under agreement to resell	—	2
<b>Net Cash Provided By Investing Activities</b>	<b>1,641</b>	<b>504</b>
<b>Increase (Decrease) In Cash And Cash Equivalents</b>	<b>—</b>	<b>—</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>—</b>	<b>—</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Reconciliation Of Net Income (Loss) To Net Cash Used In Operating Activities:</b>		
Net income (loss)	\$ (1,565)	\$ 504
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Income - mortgage investments	(4)	(5)
Income - investments	(354)	(474)
Loss on disposal of property and equipment	—	4
Repayment of principal on mortgage loans	23	23
Interest received on mortgage investments	4	5
Change in fair value of investments	93	(81)
Change in assets and liabilities:		
Accounts receivable - other	162	(385)
Accounts payable	—	(95)
<b>Net Cash Used In Operating Activities</b>	<b>\$ (1,641)</b>	<b>\$ (504)</b>

# MISSOURI HOUSING TRUST FUND

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2002 And 2001

### 1. Summary Of Significant Accounting Policies

The Missouri Housing Trust Fund (the Trust Fund) was created by Section 215.035 of the Missouri statutes and is authorized 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.

The Trust Fund has adopted GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" (Statement No. 34) for the year ended June 30, 2002. Statement No. 34 requires the Trust Fund to make several changes to the presentation of its basic financial statements in addition to requiring the section for Management's Discussion and Analysis as required supplementary information to precede the financial statements. In order to comply with the requirements of Statement No. 34, the balance sheet has been modified to report a classified balance sheet and the statement of revenues, expenses and changes in net assets has been formatted to report operating and non-operating revenues and expenses.

## **MISSOURI HOUSING TRUST FUND**

---

### Notes To Financial Statements (*Continued*)

The 2001 financial statements contain the reclassification of certain amounts, which have been made in order to conform to the classifications used in 2002.

#### **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, 2002 and 2001, these securities are unregistered investments for which the securities are held by the counterparty financial institution in the name of the Commission.

#### **2. Revenue From The State Of Missouri**

In accordance with Section 215.035 of the Missouri statutes, 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, 2002, the Trust Fund has outstanding program commitments of \$4,500,000. These commitments represent Trust Fund grants that were approved prior to June 30, 2002 for which disbursement will be made in the subsequent fiscal year.