



1001 Boardwalk Springs Place  
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To: Home Owners of the BaratHaven Subdivision

### **Why Am I Receiving This Letter?**

Records indicate you are a property owner within the BaratHaven Subdivision. BaratHaven is located within a Community Improvement District (the "District"). Taxes for the District are summarized and collected by St. Charles County on the annual property tax statement you receive at the end of each year. You may have been subject to excess collection in the years 2012, 2014, 2015 and 2016, and could be eligible for a refund of excess amounts collected in those years. If you paid property taxes in those years, the average refund amount by year is estimated as follows:

**2012 - \$8.16**

**2014 - \$6.84**

**2015 - \$49.58**

**2016 - \$59.79**

### **Background**

In 2006, the BaratHaven Community Improvement District was approved by the Mayor and City Council of the City of Dardenne Prairie, authorizing various public improvements projects (grading, sewers, parking, collector road) in conjunction with the site work for the Great Rivers Greenway trail system, the main and unique public amenity of the subdivision. The developers of the subdivision paid for these improvements with the understanding that the District would repay them over time for performing the work. The District's repayment comes from levying an annual property tax levy on each of the properties within the subdivision. The original District board, comprised of the Mayor, an alderman and developer representatives, engaged legal counsel and an administrator for the District's ongoing operation. In 2006, the administrator filed the requisite notices with St. Charles County to establish and begin collection of the tax. Each year thereafter, the administrator also filed independent audits of the district's finances with the state.

Earlier this year, the Missouri State Auditor's Office began an audit of the District. In its audit, the State Auditor reports that the District's property tax was mischaracterized by St. Charles County as an assessment dating back to its inception in 2006, and thus, was not properly certified with the state as a real estate tax. The State Auditor has not taken issue with the duty of the District to levy and collect the taxes to satisfy its debt obligations, only the proper certification of the taxes. In conjunction with providing the certification of the District's property tax for 2017, the State Auditor determined what the levy rates would have been in prior years had the property tax been properly certified. In doing so, the State Auditor determined that the District received an excess collection totaling

\$34,397 (based upon the difference between the original assessed valuation of \$1.325 M for property within the District vs. the revised assessed valuation \$1.290 M as determined by the State Auditor).

### **What Happened?**

The District provided notices of the real estate tax levy to St. Charles County in 2006. The County mischaracterized the original notice as a special assessment instead of a real estate levy. As a result, the forms required for proper certification to the State were not provided to the District nor were they otherwise completed by the District. Notwithstanding correct characterization of the real property tax in each of the annual audits obtained by the District, this initial filing flaw went unnoticed up to the present year. While the District endeavored to follow procedures of the State and the County, the omission of obtaining the correct state tax rate certification remained as a technical oversight on the part of the District and the County.

### **What Should Have Happened?**

After the District filed the notices in 2006, the County should have sent the correct forms to the District for State certification of the property tax. The State would then have had the correct filing of the District's tax rate from the initial year of the District. The District and the County could have discovered the erroneous original filing then, and in each subsequent year, but they did not. Using the State's methodology for re-calculation, the amount of tax collected for the time period in question would have been approximately 2.5% less (\$34,397).

### **What is the District Doing?**

As soon as the State Auditor's Office noted this issue in its audit, the District has worked with the County and the State Auditor's Office to properly certify the tax rate going forward (2017 and beyond). The 2017 tax rate certificate was submitted and has received approval by the State Auditor's Office. With respect to the \$34,397 collected in previous years that the State Auditor's Office identified as excess collections in 2012, 2014, 2015 and 2016, **the District will offer a full refund to all affected taxpayers within the District.** The average refund by tax year is noted above. Refunds will be made available through the District's administrator (see attached instruction sheet with details of filing requirements and procedures). While the current Board members have only recently assumed their respective offices, they recognize this past oversight and the resulting situation. The District is firmly committed to resolving these issues as quickly as possible. Contact information is included on the instruction sheet should you have any other questions.

### **Other Advisory Issues**

In its report, the State Auditor's Office also noted the County's lack of assessment in recent years on several small commercial properties within the District. While it is not within the power of the District to assess these properties, the District brought this issue to the County's attention in those years and is awaiting a correction. The State Auditor's Office noted that debt service to the current noteholders has been inadequate. Several commercial projects advanced by the developers in past years were not approved by the City. In addition, the continuing contraction of the retail segment has hindered any development activity on the commercial property. The State Auditor's Office noted that more detailed documentation of the original allocation between the District and the BaratHaven Transportation Development District ("TDD") is advisable and be kept on future projects. The District did provide an allocation of the original costs to be reimbursed by the District (\$1.6M) and the costs to be reimbursed by the TDD (\$2.6M), but not down to individual vendor invoice levels. There are no future contemplated projects.