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April 21, 2023

VIA ELECTRONIC MAIL

State Auditor's Office
ATTN: Local Government Unit
P.O. Box 869
Jefferson City, Missouri 65102

Director of Revenue
Harry S. Truman State Office Building
301 West High Street
Jefferson City, Missouri 65101

Re: Auto Plaza Community Improvement District

To Whom It May Concern:

Pursuant to Section 105.145 of the Revised Statutes of Missouri, as amended, enclosed are the audited financial statements for the above-referenced Districts for the fiscal year October 31, 2022.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

A solid black rectangular box redacting the signature of Shannon W. Creighton.

Shannon W. Creighton

SWC:etm
Enclosure

CERTIFICATION

I, Shannon W. Creighton, General Counsel, of the Auto Plaza Community Improvement District of the City of DeSoto, Missouri do attest, under oath, this report is a true and accurate account of all financial transactions for the year ended October 31, 2022 (audited).



of April, 2023



ERIN TIERNEY MEARA
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 8, 2025
ST. LOUIS COUNTY
COMMISSION #17194578

Name: Erin Tierney Meara
Commissioned in St. Louis County

My Commission Expires: March 8, 2025

Auto Plaza
Community Improvement District

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended October 31, 2022

Auto Plaza Community Improvement District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Auto Plaza Community Improvement District
De Soto, Missouri

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Auto Plaza Community Improvement District as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise Auto Plaza Community Improvement 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 Auto Plaza Community Improvement District, as of October 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 Auto Plaza Community Improvement 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

Change in Accounting Basis

As discussed in Note 10 to the financial statements, in the year ended October 31, 2022, the District adopted a policy of preparing its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and changes in financial position in accordance with accounting principles generally accepted in the United States of America.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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 Auto Plaza Community Improvement 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 Auto Plaza Community Improvement 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 April 13, 2023, on our consideration of Auto Plaza Community Improvement 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 Auto Plaza Community Improvement 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 Auto Plaza Community Improvement District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

April 13, 2023
Hannibal, Missouri

**Management's Discussion
and Analysis**

Auto Plaza Community Improvement District
Management's Discussion and Analysis
For the Year Ended October 31, 2022
(Unaudited)

The discussion and analysis of Auto Plaza Community Improvement District's financial performance provides an overview and analysis of the District's financial statements for the year ended October 31, 2022. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Auto Plaza Community Improvement District exceeded its liabilities at the close of the year ending October 31, 2022 by \$4,079. Of this amount, \$4,079 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of Auto Plaza Community Improvement District exceeded its liabilities at the close of the year ending October 31, 2021 by \$(708,810). Of this amount, \$(711,144) (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,745 for the year ended October 31, 2022. The primary reason for this is because the District received \$34,329 in total revenues and spent \$32,584 on total expenses. The District has a change in accounting basis amount of \$711,144.
- The District's total net position decreased by \$2,126 for the year ended October 31, 2021. The primary reason for this is because the District received \$23,292 in total revenues and spent \$25,418 on total expenses.
- The District did not have any additional debt for the years ending October 31, 2022 and 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 Auto Plaza Community Improvement 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 financial statements. This report also contains other supplementary 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 fund - 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.

Auto Plaza Community Improvement District internally maintains one individual governmental fund. Information is presented in the Governmental Funds Balance Sheet and Statement of Net Position - Cash Basis, for the General Fund, which is considered a major fund. The General Fund consists of: the Sales Tax Trust Fund.

Auto Plaza Community Improvement District

Management's Discussion and Analysis
For the Year Ended October 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 \$4,079 as of October 31, 2022.

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

	Governmental Activities	
	2022	2021
Current and other assets	\$ 4,079	\$ 2,334
Total Assets	\$ 4,079	\$ 2,334
Net position:		
Restricted	\$ -	\$ -
Unrestricted	4,079	2,334
Total Net Position	\$ 4,079	\$ 2,334

**Table 2
Changes in Net Position**

	Governmental Activities	
	2022	2021
General Revenues:		
Taxes	\$ 34,275	\$ 23,281
Interest income	54	11
Total General Revenues	\$ 34,329	\$ 23,292
Expenditures/Expenses:		
General government	\$ 4,457	\$ 6,956
Interest expense	28,127	18,462
Total Expenditures/Expenses	\$ 32,584	\$ 25,418
Change in Net Position	\$ 1,745	\$ (2,126)
Net Position, Beginning of Year	2,334	4,460
Net Position, End of Year	\$ 4,079	\$ 2,334

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending October 31, 2022 and 2021, the District did not have any additional investments in improvements and project costs.

Auto Plaza Community Improvement District
Management's Discussion and Analysis
For the Year Ended October 31, 2022
(Unaudited)

Debt

As of October 31, 2022, the District had \$711,144 in a promissory note payable. The District did not make any principal payments, but made interest payments of \$28,127 during the fiscal year.

As of October 31, 2021, the District had \$711,144 in a promissory note payable. The District did not make any principal payments, but made interest payments of \$18,462 during the fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

General Fund Budgeting Highlights

For the fiscal year ending October 31, 2022, actual expenditures on a budgetary basis were \$30,659 compared to the budgeted amount of \$32,584. The \$1,925 negative variance is mainly the result of the District not budgeting enough for interest expense.

For the fiscal year ending October 31, 2022, actual revenues on a budgetary basis were \$34,329 compared to the budgeted amount of \$34,329, resulting in a \$0 variance.

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 sales 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.

Auto Plaza Community Improvement District

Governmental Funds Balance Sheet/
Statement of Net Position - Cash Basis
October 31, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and equivalents	\$ 4,079	\$ -	\$ 4,079
Total Assets	<u>\$ 4,079</u>	<u>\$ -</u>	<u>\$ 4,079</u>
Liabilities and Fund Balance / Net Position			
Fund Balance:			
Restricted for:			
Debt Service	\$ -	\$ -	\$ -
Capital Projects	-	-	-
Unassigned	<u>4,079</u>	<u>(4,079)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 4,079</u>	<u>\$ (4,079)</u>	<u>\$ -</u>
Net Position:			
Restricted for:			
Debt Service		\$ -	\$ -
Capital Projects		-	-
Unrestricted		<u>4,079</u>	<u>4,079</u>
Total Net Position		<u>\$ 4,079</u>	<u>\$ 4,079</u>

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

Auto Plaza Community Improvement District
 Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and
 Statement of Activities - Cash Basis
 For the Year Ended October 31, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures / Expenses:				
Interest expense	\$ 28,127	\$ 28,127	\$ -	\$ 28,127
Legal fees	4,457	4,457	-	4,457
Total Expenditures / Expenses	<u>\$ 32,584</u>	<u>\$ 32,584</u>	<u>\$ -</u>	<u>\$ 32,584</u>
General Revenues:				
Sales tax revenues	\$ 27,811	\$ 27,811	\$ -	\$ 27,811
Use tax revenues	6,464	6,464	-	6,464
Interest income	54	54	-	54
Total General Revenues	<u>\$ 34,329</u>	<u>\$ 34,329</u>	<u>\$ -</u>	<u>\$ 34,329</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,745</u>	<u>\$ 1,745</u>	<u>\$ (1,745)</u>	<u>\$ -</u>
Change in net position	-	-	1,745	1,745
Fund balance / net position:				
Beginning of Year	(708,810)	(708,810)	-	(708,810)
Change in Accounting Basis	711,144	711,144	-	711,144
End of Year	<u>\$ 4,079</u>	<u>\$ 4,079</u>	<u>\$ -</u>	<u>\$ 4,079</u>

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

Auto Plaza Community Improvement District

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571, inclusive, of the Revised Statutes of Missouri, as amended (the "CID Act") and Ordinance No. 4112 approved on November 20, 2017 (the "Formation Ordinance"), the City of De Soto, Missouri (the "City") approved formation of the Auto Plaza Community Improvement District (the "District") for the purpose of financing the renovation, reconstruction and rehabilitation of a site located in the City and the boundaries of the District generally known as Auto Plaza Ford (the "Development") defined in the Cooperation Agreement.

On December 12, 2017, the Board of Directors of the District authorized the imposition of a one percent (1.0%) sales tax on all retail sales made within the District (the "CID Sales Tax"). The CID Sales Tax was approved by the qualified voters of the District at an election held on December 12, 2017. The CID Sale Tax began on April 1, 2018 and will remain in place for up to thirty-five (35) years.

On April 3, 2019, the District adopted Resolution 2019-1, issuing Promissory Note, Series 2019 (the "Note") in the principal amount not to exceed \$711,144, by and among the City, the District, Auto Plaza Holdings, L.L.C. ("Auto Plaza Holdings"), and C.N.D. Equipment, L.L.C. ("C.N.D. Equipment" and, collectively with Auto Plaza Holdings, the "Developer"), for the purpose of providing funds to (a) pay Reimbursable Project Costs and (b) pay the costs of issuing the Note.

The District project specifically includes demolition and site work, interior and exterior finishes, roof replacement, installation of wall signs and sign bands, reception/lounge renovation, storefront reconstruction, and service bay renovations of buildings and structures located in the blighted area of the District. The CID is comprised of three parcels, all of which are entirely contained in the CID boundary along with portions of right-of-way along Highway 21, Highway Y, and Clarke Street.

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.

Auto Plaza Community Improvement District

Notes to Financial Statements

For the Year Ended October 31, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 one separate fund that makes up the General Fund, as follows:

Sales Tax Trust Fund - The CID 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.

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.

Auto Plaza Community Improvement District

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- i. 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.
 - ii. 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.
- 2) 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.
 - 3) 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 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' meetings. 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 October 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 did not have any restricted fund balance as of October 31, 2022.

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 October 31, 2022.

Auto Plaza Community Improvement District

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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 October 31, 2022.

Unassigned- All amounts not included in other spendable classifications.

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 October 31, 2022 is as follows:

Deposits

At October 31, 2022, the carrying amount of the District's deposits was \$4,079 and the bank balance was \$4,079. The balance in the Sales Tax Trust Fund was \$4,079 at year end; any balance maintained in this account would be covered by federal depository insurance up to \$250,000.

Investments

There were no investments at year ending October 31, 2022.

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.

3) COMMITMENTS

Pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571, inclusive, of the Revised Statutes of Missouri, as amended (the "CID Act") and Ordinance No. 4112 approved on November 20, 2017 (the "Formation Ordinance"), the City of De Soto, Missouri (the "City") approved formation of the Auto Plaza Community Improvement District (the "District") for the purpose of financing the renovation, reconstruction and rehabilitation of a site located in the City and the boundaries of the District generally known as Auto Plaza Ford (the "Development") defined in the Cooperation Agreement.

The District is authorized under the CID Act to undertake the District Project, which includes certain improvements within the area and the remediation of blighting conditions within the District, and to impose the District Sales Tax, which will be used to reimburse the Developer for Reimbursable Project Costs and to pay the operating costs of the District.

Auto Plaza Community Improvement District

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

4) LITIGATION

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

5) TAXES

The District has imposed the CID Sales Tax, effective on April 1, 2018, in the amount of one percent (1%) and will remain in place for up to thirty-five (35) years, on all transactions which are taxable pursuant to the CID Act. Except for certain exceptions listed in the CID Act, the sales and use tax is imposed on all retail sales made in the District which are subject to taxation pursuant to Sections 144.010 to 144.527 of the Revised Statutes of Missouri, which includes sales or charges for all rooms, meals and drinks furnished at any hotel. Exceptions include sales of motor vehicles, trailers, boats or outboard motors and sales to or by public utilities and providers of communications, cable, or video services. The Missouri Department of Revenue (the "MODOR"), as collector of the CID Sales Tax, may withhold a collection fee equal to 1% of the CID Sales Tax Revenues collected. Pursuant to the CID Act, the District may not repeal the CID Sales Tax before the expiration date of the CID Sales Tax unless the repeal of such CID Sales Tax will not impair the District's ability to repay any liabilities the District has incurred, moneys the District has borrowed or obligations the District has issued to finance any improvements or services rendered for the District.

6) LONG-TERM DEBT

On April 3, 2019, the District adopted Resolution 2019-1, issuing Promissory Note, Series 2019 (the "Note") in the principal amount not to exceed \$711,144, by and among the City, the District, Auto Plaza Holdings, L.L.C. ("Auto Plaza Holdings"), and C.N.D. Equipment, L.L.C. ("C.N.D. Equipment" and, collectively with Auto Plaza Holdings, the "Developer"), for the purpose of providing funds to (a) pay Reimbursable Project Costs and (b) pay the costs of issuing the Note.

At the year ended October 31, 2022 the balance of Promissory Note, Series 2019 was \$711,144. The note bears interest at 3.00% and is scheduled to mature on April 1, 2039.

The payments are interest only unless enough excess funds exist to make principal payments. The total amount of interest that is past due as of October 31, 2022 is \$12,304. In 2022, the District paid \$28,127 in interest expense.

Promissory note outstanding at October 31, 2021	\$ 711,144
Plus: issuance of notes	-
Less: notes retired	-
Promissory note outstanding at October 31, 2022	<u>\$ 711,144</u>

7) PROJECT COSTS

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

8) INTERFUND TRANSFERS

During the fiscal year ended October 31, 2022, the District did not have any interfund transfers.

9) RELATED PARTIES

Two members of the Board of Directors for the District are also owners of the development company, which will be reimbursed for development costs associated with the District.

Auto Plaza Community Improvement District

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

10) CHANGE IN ACCOUNTING BASIS

During the year ended October 31, 2022, the District changed its accounting basis to use the cash basis of accounting when preparing its financial statements. This basis of accounting is consistent with the budgetary basis the District uses when preparing its budget. The following table represents the changes to the beginning fund balance due to this change in accounting basis:

	<u>Prior Year</u> <u>Fund Balance</u>	<u>Debt</u>	<u>Cash Basis</u> <u>Fund Balance</u>
General Fund	\$ (708,810)	\$ 711,144	\$ 2,334

11) SUBSEQUENT EVENTS

These financial statements considered subsequent events through April 13, 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 CID Sales and Use 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 CID Sales and Use 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 CID Sales and Use Tax Revenues in the future is highly uncertain and cannot be predicted.

Supplementary Information

Auto Plaza Community Improvement District
Statement of Revenues Collected and Expenditures Paid -
General Fund - Budget to Actual - Cash Basis
For the Year Ended October 31, 2022

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Sales tax revenues	\$ 20,000	\$ 27,811	\$ 27,811	\$ -
Use tax revenues	-	6,464	6,464	-
Interest income	10	54	54	-
Total Revenues	<u>\$ 20,010</u>	<u>\$ 34,329</u>	<u>\$ 34,329</u>	<u>\$ -</u>
Expenditures:				
Interest expense	\$ 13,010	\$ 25,402	\$ 28,127	\$ (2,725)
Audit fees	2,200	-	-	-
Insurance expense	800	800	-	800
Legal fees	4,000	4,457	4,457	-
Total Expenditures	<u>\$ 20,010</u>	<u>\$ 30,659</u>	<u>\$ 32,584</u>	<u>\$ (1,925)</u>
Increase (Decrease) in Net Position	<u>\$ -</u>	<u>\$ 3,670</u>	<u>\$ 1,745</u>	<u>\$ (1,925)</u>
Net Position - at beginning of the year		<u>2,334</u>	<u>2,334</u>	
Net Position - at end of the year		<u>\$ 6,004</u>	<u>\$ 4,079</u>	

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
Auto Plaza Community Improvement District
De Soto, 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 Auto Plaza Community Improvement District, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise Auto Plaza Community Improvement District's basic financial statements, and have issued our report thereon dated April 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Auto Plaza Community Improvement 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 Auto Plaza Community Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Auto Plaza Community Improvement 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Auto Plaza Community Improvement 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)

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

April 13, 2023
Hannibal, Missouri