

Truman's Marketplace
Community Improvement District

Basic Financial Statements
Together with
Independent Auditor's Report

For the Year Ended September 30, 2022

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT**

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To the Board of Directors of
Truman's Marketplace Community Improvement District
Grandview, Missouri

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Truman's Marketplace Community Improvement District (the CID), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CID'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 financial position of the governmental activities and each major fund of the CID, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 CID 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CID's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 CID'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 CID'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.

Required Supplementary information

Accounting principles generally accepted in the United States of America require that budgetary comparison information of the General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CID's basic financial statements. The accompanying budgetary comparison information of the Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information of the Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, on our consideration of the CID'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 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 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 the CID's internal control over financial reporting and compliance.

Hood and Associates CPAs PC

Kansas City, Missouri
March 7, 2023

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Funds Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets					
Restricted cash and investments	\$ -	\$ 346,540	\$ 346,540	\$ -	\$ 346,540
Receivables:					
Sales taxes receivable	-	66,607	66,607	-	66,607
Developer	8,092	-	8,092	-	8,092
Due from the City of Grandview, MO	3,800	-	3,800	-	3,800
Due from other funds	5,000	-	5,000	(5,000)	-
Special assessments	-	3,305,000	3,305,000	-	3,305,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,892</u>	<u>\$ 3,718,147</u>	<u>\$ 3,735,039</u>	<u>\$ (5,000)</u>	<u>\$ 3,730,039</u>
Liabilities, deferred inflows of resources, and fund balance/net position					
Liabilities:					
Due to the City of Grandview, MO	\$ 5,000	\$ 66,607	\$ 71,607	\$ -	\$ 71,607
Accounts payable	8,092	-	8,092	-	8,092
Due to other funds	-	5,000	5,000	(5,000)	-
Accrued interest payable	-	-	-	84,391	84,391
Long-term debt:					
Due in one year	-	-	-	75,000	75,000
Due in more than one year	-	-	-	3,177,723	3,177,723
Total liabilities	<u>13,092</u>	<u>71,607</u>	<u>84,699</u>	<u>3,332,114</u>	<u>3,416,813</u>
Deferred Inflows of resources:					
Unavailable revenue - special assessments	<u>-</u>	<u>3,305,000</u>	<u>3,305,000</u>	<u>(3,305,000)</u>	<u>-</u>
Fund balance/net position:					
Restricted	<u>3,800</u>	<u>341,540</u>	<u>345,340</u>	<u>(32,114)</u>	<u>313,226</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance/net position	<u>3,800</u>	<u>341,540</u>	<u>345,340</u>	<u>(32,114)</u>	<u>313,226</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 16,892</u>	<u>\$ 3,718,147</u>	<u>\$ 3,735,039</u>	<u>\$ (5,000)</u>	<u>\$ 3,730,039</u>

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF NET POSITION WITH
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022**

Total fund balances - governmental funds	\$	345,340
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Amounts reported for governmental activities in the statement of net position are different because:

Special assessments receivable are not available to pay for current period expenditures and are therefore deferred in the fund statements		3,305,000
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds payable, net of discount		(3,252,723)
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Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.		(84,391)
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Total net position	\$	<u>313,226</u>
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**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Funds Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:					
Sales taxes	\$ -	\$ 434,726	\$ 434,726	\$ -	\$ 434,726
Special assessments	-	373,420	373,420	(135,000)	238,420
Developer contributions	13,528	-	13,528	-	13,528
Interest income	-	779	779	-	779
	<u>13,528</u>	<u>808,925</u>	<u>822,453</u>	<u>(135,000)</u>	<u>687,453</u>
Total revenues					
	<u>13,528</u>	<u>808,925</u>	<u>822,453</u>	<u>(135,000)</u>	<u>687,453</u>
Expenditures/Expenses:					
Current:					
Community development:					
Administrative fee	5,000	-	5,000	-	5,000
Professional fees	13,528	-	13,528	-	13,528
Insurance	1,200	-	1,200	-	1,200
Debt service - City of Grandview, Missouri	-	455,855	455,855	-	455,855
Debt service:					
Principal	-	135,000	135,000	(135,000)	-
Interest and fiscal charges	-	213,000	213,000	(682)	212,318
Total expenditures/expenses	<u>19,728</u>	<u>803,855</u>	<u>823,583</u>	<u>(135,682)</u>	<u>687,901</u>
Excess of revenues over (under) expenditures/expenses	<u>(6,200)</u>	<u>5,070</u>	<u>(1,130)</u>	<u>682</u>	<u>(448)</u>
Other financing sources (uses):					
Transfer in (out)	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance/net position	<u>3,800</u>	<u>(4,930)</u>	<u>(1,130)</u>	<u>682</u>	<u>(448)</u>
Fund balance/net position, beginning of year	<u>-</u>	<u>346,470</u>	<u>346,470</u>	<u>(32,796)</u>	<u>313,674</u>
Fund balance/net position, end of year	<u>\$ 3,800</u>	<u>\$ 341,540</u>	<u>\$ 345,340</u>	<u>\$ (32,114)</u>	<u>\$ 313,226</u>

See Accompanying Notes to the Basic Financial Statements

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$	(1,130)
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Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments		(135,000)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		135,000
Original issue discount amortization		(2,323)

Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable		3,644
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Change in net position in governmental activities	\$	(448)
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**TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Truman's Marketplace Community Improvement District (the "CID") was established by Ordinance No. 6631 of the City Council of the City of Grandview, Missouri (the City) on September 25, 2013. The purpose of the CID is to fund, or assist in the funding of, certain services and improvements as allowed by Sections 67.1401 to 67.1571 Revised Statutes of Missouri in the City. The CID is the basic level of government, which has financial accountability and control over the activities related to the funding of the improvements.

The accounting and reporting policies of the CID conform to accounting principles generally accepted in the United States of America. The more significant accounting and reporting policies and practices employed by the CID are what follow.

Generally accepted accounting principles require that the basic financial statements present the CID (the primary government) and its component units. Component units are required to be included in the CID's reporting entity because of the significance of their operational or financial relationships with the CID. Based on the evaluation criteria, there are no component units related to the CID which should be accounted for in the basic financial statements.

B. Basis of Presentation

The CID's basic financial statements include both government-wide (reporting the CID as a whole) and fund financial statements (reporting the CID's major funds).

Government-wide financial statements

The statement of net position and the statement of activities display information about the CID, the primary government, as a whole. Governmental activities are generally financed through sales taxes and special assessments.

The government-wide statement of activities presents a comparison between revenues and expenses of the CID. The government-wide focus is more on the sustainability of the CID as an entity and the change in the CID's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the CID. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Both of the CID's funds are considered major funds.

The major governmental funds of the CID are described below:

General Fund is the primary operating fund of the CID. It accounts for all financial resources of the general government, except those required to be accounted for in the Debt Service Fund.

Debt Service Fund is used to account for resources to be used for the payment of principal, interest and related costs of certain revenue bonds and other long-term obligations.

TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the CID gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within sixty (60) days of year-end and available to pay obligations of the current period). This includes investment earnings and sales taxes.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgetary Basis Accounting and Information

An annual budget prepared under the modified accrual basis of accounting is adopted prior to the beginning of each fiscal year for the General Fund and Debt Service Fund. Under Missouri state law, control of budget appropriations is exercised at the fund level.

E. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The CID does not have any items that would be reported as deferred outflows of resources.

TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The CID has one item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. The debt service fund reports unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Net Position and Fund Balance Classifications

Government Wide - As noted previously, in the Government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The CID first utilizes restricted resources to finance qualifying activities.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Funds - Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the CID should honor constraints on the specific purposes for which amounts in those funds can be spent. The CID's policy is to use restricted resources first when an expenditure is incurred, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance - This portion of fund balance cannot be spent either because it is in non-spendable form or is required to be maintained intact.

Restricted Fund Balance - This portion of fund balance is restricted to specific purposes by state or federal laws, or externally imposed conditions by grantors and creditors. This portion of the CID's fund balance is restricted for debt service.

Committed Fund Balance - This portion of fund balance can be used only for the specific purposes determined by a resolution approved by the Board of Directors.

Assigned Fund Balance - The intended use of this portion of fund balance can be established by the Board of Directors.

Unassigned Fund Balance - This is the residual net resources after non-spendable, restricted, committed, and assigned.

TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

G. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Missouri State Statutes authorize the CID, with certain restrictions, to deposit funds in open accounts and time deposits and to invest in certificates of deposit; bonds of the state of Missouri, of the United States or of any wholly-owned corporation of the United States; or in other short-term obligations of the United States. Statutes also require that collateral pledged against deposits must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the CID or an independent third party and must be of the kind prescribed by State Statutes and approved by the State.

At September 30, 2022, the carrying values of deposits and the fair value of investments, which approximate cost, are summarized as follows:

Restricted cash and investments, held in trust	<u><u>\$ 346,540</u></u>
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Credit Risk

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. As of September 30, 2022, the CID's entire portfolio is held in cash or open-ended money market mutual funds that invest in U.S. Treasury obligations, government securities and repurchase agreements relating to such securities which are not subject to such risks.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the CID will not be able to recover 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 to a transaction, the CID will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The CID does not have a policy with respect to the management of custodial credit risk on cash deposits. As of September 30, 2022, there were no uninsured or uncollateralized cash deposits considered to be exposed to custodial credit risk.

Interest Rate Risk

The CID does not have a policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of September 30, 2022, the CID's entire investment portfolio is held in money market mutual funds with maturities of less than one year.

**TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Fair Value Measurements

The CID categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs such as third party pricing services for identical assets; Level 3 inputs are significant unobservable inputs. The CID's investments at September 30, 2022 categorized are as follows:

Investments	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 346,540	\$ 346,540	\$ -	\$ -

3. SALES TAX REVENUES

The source of revenue for the CID includes a Community Improvement District Sales Tax (CID sales tax), a special purpose tax levied pursuant to Section 67.1545 of the Missouri Community Improvement District Act, Sections 67.1401 to 67.1571 of the Missouri statutes. On October 2, 2013, the CID's Board of Directors passed Resolution No. 2013-03 which imposed, upon approval by the qualified voters of the CID, a three-quarters of one percent (0.75%) sales tax on retail sales in the CID for a maximum period of 40 years from the date on which such tax is first imposed. The qualified voters of the CID approved the sales tax in a mail-in ballot election as demonstrated by the Official Certification issued by the Jackson County Board of Election Commissioners on November 20, 2013. The sales tax became effective on April 1, 2014.

On February 27, 2015, the CID's Board of Directors adopted Resolution No. 2015-02, which authorized, upon approval by the qualified voters of the CID, an increase in the maximum CID sales tax rate from three-quarters of one percent (0.75%) to one percent (1.0%). The qualified voters of the CID approved an increase in the maximum CID sales tax rate from three-quarters of one percent (0.75%) to one percent (1.0%) as demonstrated by the Official Certification issued by the Jackson County Board of Election Commissioners on May 12, 2015. The current rate of the CID sales tax imposed by the Board of Directors is .75%.

4. LONG-TERM DEBT

The following is a summary of the change in long-term debt obligations for the year ended September 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Special assessment revenue bonds	\$ 3,440,000	\$ -	\$ 135,000	\$ 3,305,000	\$ 75,000
Discount	(54,600)	-	(2,323)	(52,277)	-
Total long-term debt	<u>\$ 3,385,400</u>	<u>\$ -</u>	<u>\$ 132,677</u>	<u>\$ 3,252,723</u>	<u>\$ 75,000</u>

**TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Special Assessment Revenue Bonds, Series 2015

In May 2015, The Industrial Development Authority of the City of Grandview, Missouri (the Authority) issued its \$4,145,000 Taxable Special Assessment Revenue Bonds (Truman's Marketplace Project-Shopping Center Area) Series 2015 for the purpose of providing funds to finance the project. The bonds are limited special obligations of the Authority payable solely from and secured as to the payments of principal and interest from bond proceeds, certain special assessments, City payments, and other sources. The bonds are scheduled to mature annually beginning on May 1, 2016 and continuing through May 1, 2045 in amounts ranging from \$50,000 to \$525,000. The bonds were split into three term bonds with fixed interest rate of 3.50% to 6.25%.

The bond trust indentures require the trustee to create special funds in the name of the CID. Assets of these funds totaling \$346,540 at September 30, 2022 consist of mutual funds and are included as restricted cash and investments in the accompanying financial statements.

As of September 30, 2022, the CID is in compliance with the provisions of the bond trust indenture relating to the maintenance of special reserves and accounts.

The following is a schedule of long-term debt maturities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 75,000	\$ 202,538	\$ 277,538
2024	75,000	199,163	274,163
2025	80,000	195,788	275,788
2026	85,000	192,188	277,188
2027	85,000	186,875	271,875
2028-2032	545,000	844,064	1,389,064
2033-2037	735,000	651,251	1,386,251
2038-2042	1,010,000	388,752	1,398,752
2043-2045	615,000	68,751	683,751
	<u>\$ 3,305,000</u>	<u>\$ 2,929,370</u>	<u>\$ 6,234,370</u>

5. PLEDGED REVENUES

In April 2015, the City, CID, Truman's Marketplace Transportation Development District (TDD), and Legacy Truman, LLC (the Developer) entered into a cooperative agreement pursuant to which certain revenues of the City, CID, and the TDD will be used to fund reimbursable project costs related to tax increment financing (TIF) project costs, CID reimbursable project costs, and TDD reimbursable project costs (collectively, the Project).

Under the agreement, the City shall receive an administrative fee in an amount not to exceed \$5,000 annually for City services performed in administration of CID sales tax revenue in accordance with this and other related agreements discussed below. In addition, the City shall pay for the operating costs of the CID in an amount not to exceed \$5,000 during each fiscal year. Any CID operating costs in excess of \$5,000 shall be paid by the Developer, who may seek reimbursement as reimbursable project cost.

For the year ended September 30, 2022, CID operating expenditures to be paid by the Developer totaled \$13,528. This amount is reported as developer contributions in the financial statements. Amounts due from the developer as of September 30, 2022 totaled \$8,092.

**TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

In April 2015, The Industrial Development Authority of the City of Grandview, Missouri (the Authority), the City, CID, and TDD entered into a financing agreement pursuant to which the City, CID, and TDD will transfer certain funds to be used to pay debt service on the \$20,200,000, Series 2015A Tax Exempt Tax Increment and Special Districts Revenue Bonds (Truman's Marketplace Project-Shopping Center Area). The bonds were issued by the Authority for the purpose of providing funds to finance the project. Additionally, the Authority is authorized to issue its Subordinate Taxable Tax Increment and Special Districts Revenue Bonds (Truman's Marketplace Project-Shopping Center Area) Series 2015B.

Under the agreement, the City will act as the agent for the CID in the collection and administration of the CID sales taxes. The City has established the Truman's Marketplace CID Revenue Fund. A portion of the CID Sales Tax will be captured as TIF revenue pursuant to Missouri's Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo 2010, as amended. The CID has agreed, subject to annual appropriation, to transfer, or direct the transfer, of CID sales tax revenues to the Trustee of the 2015A bonds.

In March 2019, the Authority, the City, CID, and TDD entered into a financing agreement pursuant to which the City, CID, and TDD will transfer certain funds to be used to pay debt service on the Not to Exceed \$2,360,000, Series 2019 Tax Exempt Tax Increment and Special Districts Revenue Bonds (Truman's Marketplace Project-Outlots Area). The bonds were issued by the Authority for the purpose of (a) currently refund a portion of the Series 2015B Bonds, (b) fund a debt service reserve fund for the Series 2019 bonds and (c) pay the costs of issuance of the 2019 bonds.

Under the agreement, the City will act as the agent for the CID in the collection and administration of the CID sales taxes and special assessments. The City has established the Truman's Marketplace CID Outlots Area Revenue Fund. A portion of the CID Sales Tax will be captured as TIF revenue pursuant to Missouri's Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo 2010, as amended. The CID has agreed, subject to annual appropriation, to transfer, or direct the transfer, of CID sales tax revenues and certain special assessments to the Trustee of the 2019 bonds.

Amounts transferred to the Trustee under the above agreements totaled \$455,855 for the year ended September 30, 2022.

Special Assessments

The Authority, the City, CID and Legacy Truman, LLC (the Developer) have entered into financing agreements related to the Series 2015 bonds and the Series 2019 bonds pursuant to which the CID will impose a CID special assessment tax. The CID special assessments will be levied and shall continue to be assessed and imposed in the amount of at least \$1.00 per square foot of gross leasable area of each building within the boundaries of the CID for a maximum period of forty (40) years, unless some lesser amount is approved by the CID and the City.

Under the agreements, subject to certain terms and conditions, the developer covenants and agrees that until final payment of the Series 2015 and Series 2019 bonds that it will not take any action, or allow any action to be taken, that effectively reduces the gross leasable square footage of any buildings in the Shopping Center Area subject to the CID special assessments to be no less than \$355,604 in 2016 and thereafter.

The City, subject to a covenant to request appropriation by the Board of Aldermen, has agreed that should the amount of special assessments revenues be insufficient to meet an upcoming scheduled Series 2015 bonds debt service payment that the City will fund the deficit.

**TRUMAN'S MARKETPLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

6. INTERFUND ACTIVITY

A summary of the CID's transfers for the year ended September 30, 2022, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 10,000	\$ -
Debt Service Fund	-	10,000
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

At September 30, 2022, amounts due to the General Fund from the Debt Service Fund of \$5,000 are related to the City's administrative fees of \$5,000.

7. COMMITMENTS AND CONTINGENCIES

The CID is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The CID has purchased commercial insurance to address its exposure to these risks. Settlements have not exceeded insurance coverage.

8. SUBSEQUENT EVENTS

The CID evaluated subsequent events through March 7, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:				
Developer contributions	\$ 16,300	\$ 16,300	\$ 13,528	\$ (2,772)
Total revenues	<u>16,300</u>	<u>16,300</u>	<u>13,528</u>	<u>(2,772)</u>
Expenditures:				
Current:				
Community development:				
Administrative fee	5,000	5,000	5,000	-
Professional fees	20,000	20,000	13,528	6,472
Insurance	1,300	1,300	1,200	100
Total expenditures	<u>26,300</u>	<u>26,300</u>	<u>19,728</u>	<u>6,572</u>
Excess of revenues over (under) expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(6,200)</u>	<u>3,800</u>
Other financing sources (uses):				
Transfer in (out)	10,000	10,000	10,000	-
Total other financing sources and uses	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,800	<u>\$ 3,800</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 3,800</u>	

GAAP is the budgetary basis used to prepare this schedule

**TRUMAN'S MARKETPLACE
COMMUNITY IMPROVEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
Sales taxes	\$ 450,000	\$ 450,000	\$ 434,726	\$ (15,274)
Special assessments	370,000	370,000	373,420	3,420
Interest income	1,000	1,000	779	(221)
Total revenues	821,000	821,000	808,925	(12,075)
Expenditures:				
Current:				
Community development:				
Debt service - City of Grandview, Missouri	536,250	536,250	455,855	80,395
Debt Service:				
Principal	65,000	65,000	135,000	(70,000)
Interest and fiscal charges	209,750	209,750	213,000	(3,250)
Total expenditures	811,000	811,000	803,855	7,145
Excess of revenues over (under) expenditures	10,000	10,000	5,070	(4,930)
Other financing sources (uses):				
Transfer in (out)	-	-	(10,000)	(10,000)
Total other financing sources and uses	-	-	(10,000)	(10,000)
Net change in fund balance	\$ 10,000	\$ 10,000	(4,930)	\$ (14,930)
Fund balance, beginning of year			346,470	
Fund balance, end of year			\$ 341,540	



**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 of
Truman's Marketplace Community Improvement District
Grandview, 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 the Truman's Marketplace Community Improvement District (the CID), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CID's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CID's internal control over financial reporting (internal control) to determine the 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 the CID's internal control. Accordingly, we do not express an opinion on the effectiveness of the CID'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CID'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 determination of financial statement amounts. 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*.

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 CID'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 CID's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood and Associates CPAs PC

Kansas City, Missouri
March 7, 2023