

**Crestwood Square
Community Improvement District**

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended December 31, 2021

Crestwood Square Community Improvement District

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crestwood Square Community Improvement District
Crestwood, Missouri

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Crestwood Square Community Improvement District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Crestwood Square 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 the Crestwood Square Community Improvement District, as of December 31, 2021, 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 the Crestwood Square 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—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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 the Crestwood Square 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 the Crestwood Square 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 June 8, 2022, on our consideration of the Crestwood Square 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 the Crestwood Square 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 Crestwood Square Community Improvement District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

June 8, 2022
Hannibal, Missouri

**Management's Discussion
and Analysis**

Crestwood Square Community Improvement District

Management's Discussion and Analysis

For the Year Ended December 31, 2021

(Unaudited)

Financial Highlights

- The assets of Crestwood Square Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2021 by \$79,415. Of this amount, \$79,415 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of Crestwood Square Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2020 by \$74,812. Of this amount, \$74,812 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$4,603 for the year ended December 31, 2021. The primary reason for this is because the District received \$92,165 in total revenues and spent \$87,562 on total expenses.
- The District's total net position increased by \$5,930 for the year ended December 31, 2017. The primary reason for this is because the District received \$76,539 in total revenues and spent \$70,609 on total expenses.
- The District did not issue any additional debt for the years ending December 31, 2021 or 2020.

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 Crestwood Square 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 the 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.

Crestwood Square Community Improvement District internally maintains five individual governmental funds, however, to conform with Governmental Accounting Standards, reporting is summarized into three major funds. Information is presented in the Governmental Funds Balance Sheet and Statement of Net Position - Cash Basis. Information is presented in the Governmental Funds Balance Sheet and Statement of Net Position - Cash Basis, for the General Fund, the Debt Service Fund, and the Project Fund, which are all considered major funds. The General Fund consists of: the Special Trust Fund, the Revenue Fund, and the Operating Fund. The Debt Service Fund consists of: the Debt Service Fund. The Project Fund consists of: the Project Fund.

Crestwood Square Community Improvement District
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(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 \$79,415 as of December 31, 2021.

Table 1
Summary of Net Position
at December 31, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and other assets	\$ 79,415	\$ 74,812
Total Assets	<u>\$ 79,415</u>	<u>\$ 74,812</u>
Net position:		
Restricted	\$ -	\$ -
Unrestricted	79,415	74,812
Total Net Position	<u>\$ 79,415</u>	<u>\$ 74,812</u>

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020
General Revenues:		
Taxes	\$ 92,146	\$ 92,934
Interest income	19	180
Total revenues	<u>\$ 92,165</u>	<u>\$ 93,114</u>
Expenses:		
General government	\$ 9,116	\$ 9,694
Interest expense	78,446	69,943
Total expenses	<u>\$ 87,562</u>	<u>\$ 79,637</u>
Increase (decrease) in net position	\$ 4,603	\$ 13,477
Net Position at beginning of year	74,812	61,335
Net Position at end of year	<u>\$ 79,415</u>	<u>\$ 74,812</u>

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending December 31, 2021 and 2020, the District did not have any additional capital additions.

Crestwood Square Community Improvement District
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Debt

As of the year ended December 31, 2021, the District had \$1,658,154 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$78,446 during the year.

As of the year ended December 31, 2020, the District had \$1,658,154 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$69,943 during the year.

General Fund Budgeting Highlights

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$9,116 compared to the budgeted amount of \$11,660. The primary reason for the \$2,544 positive variance is the result of the District budgeting too much for legal and professional fees.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$92,165 compared to the budgeted amount of \$91,520. The primary reason for the \$645 positive variance is the District received more CID sales tax revenues than what was anticipated by the District.

Debt Service Fund Budgeting Highlights

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$78,446, compared to the budget amount of \$65,000. The reason for the \$13,446 negative variance is the result of the District not budgeting enough for interest expense.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$0, compared to the budget amount of \$0.

Project Fund Budgeting Highlights

For the year ending December 31, 2021, actual expenditures on a budgetary basis were \$0, compared to the budget amount of \$0.

For the year ending December 31, 2021, actual revenues on a budgetary basis were \$0, compared to the budget amount of \$0.

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 property 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.

Crestwood Square Community Improvement District

Governmental Funds Balance Sheet and
Statement of Net Position - Cash Basis
December 31, 2021

Assets	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Net Position
Cash and equivalents	\$ 79,415	-	-	\$ 79,415	-	\$ 79,415
Total Assets	\$ 79,415	-	-	\$ 79,415	-	\$ 79,415
Liabilities and Fund Balances / Net Position						
Fund Balance:						
Restricted for:						
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Unassigned	79,415	-	-	79,415	(79,415)	-
Total Liabilities and Fund Balances	\$ 79,415	-	-	\$ 79,415	\$ (79,415)	\$ -
Net Position:						
Restricted for:						
Debt Service					\$ -	-
Capital Projects					-	-
Unrestricted					79,415	79,415
Total Net Position					\$ 79,415	\$ 79,415

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

Crestwood Square Community Improvement District

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Activities
Expenditures/Expenses:						
Trustee fees	\$ 1,431	\$ -	\$ -	\$ 1,431	\$ -	\$ 1,431
Bank fees	180	-	-	180	-	180
Administrative expenses	5,000	-	-	5,000	-	5,000
Legal and professional fees	2,505	-	-	2,505	-	2,505
Interest expense	-	78,446	-	78,446	-	78,446
Total Expenditures/Expenses	\$ 9,116	\$ 78,446	\$ -	\$ 87,562	\$ -	\$ 87,562
General Revenues:						
CID sales tax revenues	\$ 90,955	\$ -	\$ -	\$ 90,955	\$ -	\$ 90,955
CID use tax revenues	1,191	-	-	1,191	-	1,191
Interest income	19	-	-	19	-	19
Total General Revenues	\$ 92,165	\$ -	\$ -	\$ 92,165	\$ -	\$ 92,165
Excess (Deficiency) of Revenues Over Expenditures	\$ 83,049	\$ (78,446)	\$ -	\$ 4,603	\$ -	\$ 4,603
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 78,446	\$ -	\$ 78,446	\$ -	\$ 78,446
Transfers out	(78,446)	-	-	(78,446)	-	(78,446)
Total Other Financing Sources (Uses)	\$ (78,446)	\$ 78,446	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 4,603	\$ -	\$ -	\$ 4,603	\$ (4,603)	\$ -
Change in net position						
Fund balance/net position:						
Beginning of Year	74,812	-	-	74,812	-	74,812
End of Year	\$ 79,415	\$ -	\$ -	\$ 79,415	\$ -	\$ 79,415

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

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a community improvement district and political subdivision, established pursuant to a Petition Authorizing the Formation of a Community Improvement District (the "Petition") filed with the City of Crestwood, Missouri (the "City"), which was approved by Ordinance No. 4016 passed by the Board of Aldermen of the City on December 12, 2006 (the "Establishing Ordinance"), in accordance with Sections 67.1401 through 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act").

Pursuant to a Development Contract dated as of December 12, 2006 (the "Developer Contract"), by and among the District, the City of and Crestwood Square Associates, L.P. (the "Developer"), the Developer agreed to cause the construction of the Project and in consideration thereof the parties agreed to apply the revenues described therein and herein to the payment of certain Project costs (referred to therein as "Reimbursable Project Costs").

The Project is described as follows:

Building Improvements - including, but not limited to, roof repair and replacement, HVAC repair and replacement, mechanical, electrical, plumbing, subdivision of tenant spaces, redesign of storefront entrances, façade renovations, floor, lighting, demolition and rebuilding of interior walls. Site Improvements – including, but not limited to, asphalt repair and replacement, site lighting repair and replacement, signage repair and replacement, curbing and striping. Soft Costs – including, but not limited to, funds paid to the City under the Preliminary Funding Agreement and other legal, architectural, civil engineering, and professional fees.

On February 20, 2007, the Board of Directors of the District adopted Resolution No. 2007-7 imposing a sales tax, approved by the voters of the District on February 20, 2007, at the rate of 1% on all retail sales made in the District that are subject to taxation pursuant to Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, with certain exceptions listed in the CID Act (the "CID Sales Tax"), for the purpose of financing the costs of certain improvements (the "Project") and paying the costs of formation and operation of the District.

On March 20, 2007, the Board of Directors of the District adopted Resolution No. 2007-9 (the "Note Resolution") pursuant to Section 67.1491 of the Act and Section 108.170 of the Revised Statutes of Missouri, as amended, authorizing the District to issue Taxable Sales Tax Revenue Notes, Series 2007, in an aggregate principal amount not to exceed \$2,020,000 (the "Notes"), for the purpose of paying Reimbursable Project Costs and pay costs related to the issuance of the Notes.

It is in the public interest and for the benefit of the District and the owners of the Notes that the District enter into this Indenture to provide for the issuance of the Notes, the disbursement of proceeds of the Notes, the deposit of the CID Sales Tax Revenues (as defined herein) levied by the District to secure the Notes, and the administration and payment of the Notes.

Pursuant to the Note Resolution, the District is authorized to execute and deliver this Indenture for the purpose of issuing and securing the Notes as hereinafter provided.

All things necessary to make the Notes, when authenticated by the Trustee and issued as in this Indenture provided, the valid, legal and binding obligations of the District, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues herein made for the security of the payment of the principal of and interest on the Notes issued hereunder, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Notes, subject to the terms hereof, have in all respects been duly authorized.

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.

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 three separate funds that make up the General Fund, as follows:

CID 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.

Revenue Fund – (a) Not later than the 15th day of each month (or the next Business Day thereafter if the 15th day is not a Business Day), the Depository shall pay or cause to be paid, subject to annual appropriation, all Net Proceeds as of the last day of the preceding month to the Trustee for deposit into the Revenue Fund. If the Depository has no Net Proceeds to transfer to the Trustee, the Depository shall so notify the District, the Developer and the Trustee in writing on or before the date on which such transfer would otherwise be required. The Trustee shall notify the District, the Depository, and the Developer if the Trustee has not received funds from the Depository on or before the 17th calendar day of each month.

(b) Moneys in the Revenue Fund on the 40th day prior to each Payment Date (the 10th day if all of the Notes are owned by the Developer or the Purchaser and, in each case if such date is not a Business Day, the immediately preceding Business Day) shall be applied by the Trustee for the purposes and in the amounts as follows:

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

First, to the payment of arbitrage rebate, if any, owed with respect to the Notes under Section 148 of the Internal Revenue Code of 1986, as amended, including any costs of calculating arbitrage rebate;

Second, to the payment of fees and expenses owing to the Trustee, upon delivery of an invoice for such amount;

Third, for transfer to the Operating Fund, 50% of the Annual Operating Fund Deposit;

Fourth, for transfer to the Note Payment Account, an amount sufficient to pay past-due interest, if any, on the Notes;

Fifth, for transfer to the Note Payment Account, an amount sufficient to pay the interest on the Notes on the next succeeding Payment Date;

Sixth, for transfer to the Note Payment Account, an amount sufficient to pay the principal of and premium, if any, due on the Notes by their terms on the next succeeding Payment Date; and

Seventh, for transfer to the Redemption Account, any remaining funds, which shall be used to redeem Notes in Authorized Denominations on the next succeeding Payment Date pursuant to Section 302(b) hereof.

Upon the payment in full of the principal of and interest on the Notes (or provision has been made for the payment thereof as specified in the Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under the Indenture, all amounts remaining on deposit in the Revenue Fund shall be paid to the District for application in accordance with the CID Act.

Operating Fund – Moneys in the Operating Fund shall be disbursed by the Trustee without inquiry or investigations from time to time upon receipt of a written request of the Authorized District Representative to pay costs of operating the District, paying the principal of or interest on the Notes, or any other lawful purpose of the District.

Debt Service Fund – All amounts paid and credited to the Debt Service Fund shall be expended solely for the payment of the principal of, redemption premium, if any, and interest on the Notes as the same mature and become due or upon the redemption thereof.

The District authorizes and directs the Trustee to withdraw (to the extent available) sufficient moneys from the Debt Service Fund to pay the principal of and interest on the Notes as the same become due and payable and to make said moneys so withdrawn available to the Paying Agent for the purpose of paying said principal of and interest on the Notes.

The Trustee shall use any moneys remaining in the Debt Service Fund to redeem all or part of the Notes Outstanding and interest to accrue thereon prior to such redemption, so long as said moneys are in excess of the amount required for payment of Notes theretofore matured or called for redemption. The Trustee, upon the written instructions from the District, signed by the Authorized District Representative, shall use moneys in the Redemption Account of the Debt Service Fund on a best efforts basis for the purchase of Notes in the open market to the extent practical for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of and interest on the Notes (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt

Crestwood Square Community Improvement District

Notes to Financial Statements For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONCLUDED)

Service Fund shall be paid to the District for deposit into the CID Trust Fund.

Project Fund – Upon the delivery to the Trustee of each Certificate of Reimbursable Costs and the endorsement of a Note pursuant to the Indenture, the Owner shall be deemed to have advanced funds necessary to purchase such Note and the District shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the Developer in full for such costs from the amounts deemed to be on deposit in the Project Fund.

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.
- 2) 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.
- 3) 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.
- 4) 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.

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) BUDGETS AND BUDGETARY ACCOUNTING (CONCLUDED)

- 5) 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 2021 budget was approved at the regularly scheduled Board of Directors' meeting. 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 December 31, 2021.

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 December 31, 2021.

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 December 31, 2021.

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 December 31, 2021.

Unassigned- All amounts not included in other spendable classifications.

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E) FUND BALANCE AND NET POSITION (CONCLUDED)

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 December 31, 2021 is as follows:

Deposits

At December 31, 2021, the carrying amount of the District's deposits was \$79,415 and the bank balance was \$79,415. The balance in the Special Trust Fund was \$250 at year end. Any balance maintained in this account would be covered by federal depository insurance up to \$250,000. All cash balances with the Trustee were invested in Fidelity U.S. Treasury Money Market accounts. Due to the short-term nature of investments, cash balances are classified as cash equivalents in the District's basic financial statements. The Fidelity U.S. Treasury Money Market Fund is not insured by federal depository insurance coverage. The Fund, however, invests only in direct obligations of the United States and repurchase agreements for direct obligations of the United States.

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.

Investments

There were no investments at December 31, 2021.

3) COMMITMENTS

Pursuant to a Development Contract dated as of December 12, 2006 (the "Developer Contract"), by and among the District, the City of and Crestwood Square Associates, L.P. (the "Developer"), the Developer agreed to cause the construction of the Project and in consideration thereof the parties agreed to apply the revenues described therein and herein to the payment of certain Project costs (referred to therein as "Reimbursable Project Costs").

Pursuant to the Development Agreement, the Developer agreed to prepare and submit the Plans and Specifications and to construct the Project in exchange for the District's agreement to impose the CID Sales Tax and to issue the Notes to finance the Project.

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

3) COMMITMENTS (CONCLUDED)

In connection with the design, development and construction of the project, the Developer has agreed to construct and implement a CID Project described as follows:

Building Improvements - including, but not limited to, roof repair and replacement, HVAC repair and replacement, mechanical, electrical, plumbing, subdivision of tenant spaces, redesign of storefront entrances, façade renovations, floor, lighting, demolition and rebuilding of interior walls.

Site Improvements – including, but not limited to, asphalt repair and replacement, site lighting repair and replacement, signage repair and replacement, curbing and striping. Soft Costs – including, but not limited to, funds paid to the City under the Preliminary Funding Agreement and other legal, architectural, civil engineering, and professional fees.

Pursuant to the Agreement, the Developer agrees to advance the costs of the CID Project to be constructed by the Developer in accordance with the Development Agreement with the District and the District agrees to issue CID Notes to reimburse the Company for such costs.

4) LITIGATION

At December 31, 2021 there were no claims or lawsuits pending against the District.

5) TAXES

The District has imposed a 1% sales tax on the receipts from the sale at retail of all tangible personal property or taxable services at retail within the CID, if such property and services are subject to taxation by the State of Missouri pursuant to the provisions of Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, except the sale or use of motor vehicles, trailers, boats or outboard motors, or to public utilities. The qualified voters of the CID approved the CID Sales Tax by election, which became effective on February 20, 2007, pursuant to Section 67.1545.3 of the CID Act. Effective starting in calendar year 2010, the State of Missouri collects and remits the CID Sales/Use Tax to the District and does not charge a collection fee.

6) LONG-TERM DEBT

The CID determined that it was in the best interests of the District to issue its Taxable Community Improvement District Sales Tax Revenue Note, Series 2007 (the "Notes") for the purpose of paying Reimbursable Project Costs, and pay costs related to the issuance of the Notes. The CID Note has an interest rate of nine percent (9%) and will mature on March 1, 2027.

As of December 31, 2021, the District had a CID Revenue Note payable in the amount of \$1,658,154. The District does not prepare an amortization schedule for debt as principal payments are made based on revenues available to the District. During the year ending December 31, 2021, the District did not make any principal payments, but made interest payments of \$78,446. As of December 31, 2021, the District had \$2,412,451 in unpaid interest.

Following is a summary of the Revenue Notes payable as of December 31, 2021:

Special Revenue Note R-1, Series 2007

Revenue notes payable, January 1, 2021	\$ 1,658,154
Notes retired	-
Revenue notes payable, December 31, 2021	<u>\$ 1,658,154</u>

Crestwood Square Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2021

7) PROJECT COSTS

No project costs were incurred for the year ending December 31, 2021.

8) INTERFUND TRANSFERS

During the fiscal year ended December 31, 2021, the District had the following interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General Fund	\$ -	\$ 78,446
Debt Service Fund	78,446	-
Project Fund	-	-
	<u>\$ 78,446</u>	<u>\$ 78,446</u>

During the year ended December 31, 2021, the District transferred funds from the General Fund to the Debt Service fund to make required debt payments.

9) SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 8, 2022, 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

Crestwood Square Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

General Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2021

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
CID sales tax revenues	\$ 74,000	\$ 90,020	\$ 90,955	\$ 935
CID use tax revenues	1,500	1,500	1,191	(309)
Interest income	-	-	19	19
Total Revenues	<u>\$ 75,500</u>	<u>\$ 91,520</u>	<u>\$ 92,165</u>	<u>\$ 645</u>
Expenditures:				
Bank fees	\$ 150	\$ 180	\$ 180	\$ -
Trustee fees	1,450	1,480	1,431	49
Administrative expenses	5,000	5,000	5,000	-
Audit fees	2,750	-	-	-
Legal and professional fees	5,000	5,000	2,505	2,495
Total Expenditures	<u>\$ 14,350</u>	<u>\$ 11,660</u>	<u>\$ 9,116</u>	<u>\$ 2,544</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(64,985)	(65,000)	(78,446)	(13,446)
Total Other Financing Sources (Uses)	<u>\$ (64,985)</u>	<u>\$ (65,000)</u>	<u>\$ (78,446)</u>	<u>\$ (13,446)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (3,835)</u>	<u>\$ 14,860</u>	<u>\$ 4,603</u>	<u>\$ (10,257)</u>
Fund Balances - at beginning of the year		<u>74,812</u>	<u>74,812</u>	
Fund Balances - at end of the year		<u>\$ 89,672</u>	<u>\$ 79,415</u>	

Crestwood Square Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

Debt Service Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2021

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Interest expense	\$ 65,000	\$ 65,000	\$ 78,446	\$ (13,446)
Total Expenditures	\$ 65,000	\$ 65,000	\$ 78,446	\$ (13,446)
Other Financing Sources (Uses)				
Transfers in	\$ 64,985	\$ 65,000	\$ 78,446	\$ 13,446
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 64,985	\$ 65,000	\$ 78,446	\$ 13,446
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (15)	\$ -	\$ -	\$ -
Fund Balances - at beginning of the year				
Fund Balances - at end of the year				

Crestwood Square Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

Project Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2021

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Project costs	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	\$ -	\$ -
Fund Balances - at beginning of the year				
Fund Balances - at end of the year	\$ -	\$ -	\$ -	\$ -

Crestwood Square Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

All Funds - Budget and Actual - Cash Basis

For the Year Ended December 31, 2021

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
CID sales tax revenues	\$ 74,000	\$ 90,020	\$ 90,955	\$ 935
CID use tax revenues	1,500	1,500	1,191	(309)
Interest income	-	-	19	19
Total Revenues	\$ 75,500	\$ 91,520	\$ 92,165	\$ 645
Expenditures:				
Trustee fees	\$ 1,450	\$ 1,480	\$ 1,431	\$ 49
Bank fees	150	180	180	-
Administrative expenses	5,000	5,000	5,000	-
Audit fees	2,750	-	-	-
Legal and professional fees	5,000	5,000	2,505	2,495
Interest expense	65,000	65,000	78,446	(13,446)
Total Expenditures	\$ 79,350	\$ 76,660	\$ 87,562	\$ (10,902)
Other Financing Sources (Uses)				
Transfers in	\$ 64,985	\$ 65,000	\$ 78,446	\$ 13,446
Transfers out	(64,985)	(65,000)	(78,446)	(13,446)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (3,850)	\$ 14,860	\$ 4,603	\$ (10,257)
Fund Balances - at beginning of the year		74,812	74,812	
Fund Balances - at end of the year		\$ 89,672	\$ 79,415	

Compliance Section



100 North Sixth Street • P.O. Box 796 • Hannibal, Missouri 63401-0796 • Phone (573) 221-5998 • Fax (573) 221-2044

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
Crestwood Square Community Improvement District
Crestwood, 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 Crestwood Square Community Improvement District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Crestwood Square Community Improvement District's basic financial statements, and have issued our report thereon dated June 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crestwood Square 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 Crestwood Square Community Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Crestwood Square 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 Crestwood Square 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

June 8, 2022
Hannibal, Missouri