

**O'Fallon Retail Walk
Community Improvement District**

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended December 31, 2020

O'Fallon Retail Walk Community Improvement District

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December 31, 2020

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

Independent Auditor's Report

To the Board of Directors
O'Fallon Retail Walk Community Improvement District
O'Fallon, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of O'Fallon Retail Walk Community Improvement District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 O'Fallon Retail Walk Community Improvement District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Independent Auditor's Report (Concluded)

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.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise O'Fallon Retail Walk Community Improvement District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3-6 and 19-27, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the O'Fallon Retail Walk 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 O'Fallon Retail Walk 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 O'Fallon Retail Walk Community Improvement District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

June 28, 2021
Hannibal, Missouri

**Management's Discussion
and Analysis**

O'Fallon Retail Walk Community Improvement District

Management's Discussion and Analysis For the Year Ended December 31, 2020 (Unaudited)

The discussion and analysis of O'Fallon Retail Walk Community Improvement District's financial performance provides an overview and analysis of the District's financial statements for the year ended December 31, 2020. It should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of O'Fallon Retail Walk Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2020 by \$416,348. Of this amount, \$55,993 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of O'Fallon Retail Walk Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2019 by \$419,643. Of this amount, \$58,729 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position decreased by \$3,295 for the year ended December 31, 2020. The primary reason for this is because the District received \$258,671 in total revenues and spent \$261,966 on total expenses.
- The District's total net position decreased by \$3,380 for the year ended December 31, 2019. The primary reason for this is because the District received \$266,715 in total revenues and spent \$270,095 on total expenses.
- The District did not issue any additional debt for the years ending December 31, 2020 and 2019.

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 O'Fallon Retail Walk 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.

The O'Fallon Retail Walk Community Improvement District internally maintains six individual governmental funds, however, to conform with Governmental Accounting Standards, reporting is summarized into three major funds. Information is presented in the 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 Sales Tax Trust Fund,

O'Fallon Retail Walk Community Improvement District

Management's Discussion and Analysis For the Year Ended December 31, 2020 (Unaudited)

the Revenue Fund, and the Operating Fund. The Debt Service Fund consists of: the Debt Service Fund and the Debt Service Reserve Fund. Internal fund information is shown as other supplementary information.

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 \$416,348 as of December 31, 2020.

Table 1
Summary of Net Position
at December 31, 2020 and 2019

	Governmental Activities	
	2020	2019
Current and other assets	\$ 416,348	\$ 419,643
Total Assets	\$ 416,348	\$ 419,643
Net position:		
Restricted	\$ 360,355	\$ 360,914
Unrestricted	55,993	58,729
Total Net Position	\$ 416,348	\$ 419,643

Table 2
Changes in Net Position

	Governmental Activities	
	2020	2019
General Revenues:		
Taxes	\$ 257,393	\$ 259,110
Interest income	1,278	7,605
Total revenues	\$ 258,671	\$ 266,715
Expenses:		
General government	\$ 14,310	\$ 15,564
Interest expense	217,656	219,531
Revenue bond principal repayment	30,000	35,000
Total expenses	\$ 261,966	\$ 270,095
Increase (decrease) in net position	\$ (3,295)	\$ (3,380)
Net Position at beginning of year	419,643	423,023
Net Position at end of year	\$ 416,348	\$ 419,643

O'Fallon Retail Walk Community Improvement District

Management's Discussion and Analysis For the Year Ended December 31, 2020 (Unaudited)

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending December 31, 2020 and 2019, the District did not have any additional capital additions.

Debt

As of the year ended December 31, 2020, the District had \$7,380,134 in revenue bonds payable. The District made principal payments of \$30,000 and interest payments of \$217,656 during the year.

As of the year ended December 31, 2019, the District had \$7,410,134 in revenue bonds payable. The District made principal payments of \$35,000 and interest payments of \$219,531 during the year.

General Fund Budgeting Highlights

For the year ending December 31, 2020, actual expenditures on a budgetary basis were \$14,310 compared to the budgeted amount of \$14,261. The primary reason for the \$49 negative variance is the result of the District budgeting too much for bank fees and insurance expenses.

For the year ending December 31, 2019, actual expenditures on a budgetary basis were \$15,564 compared to the budgeted amount of \$18,336. The primary reason for the \$2,772 positive variance is the result of the District budgeting for legal and professional fees that were not incurred during the fiscal year.

For the year ending December 31, 2020, actual revenues on a budgetary basis were \$257,613 compared to the budgeted amount of \$259,410. The primary reason for the \$1,797 negative variance is the result of the District budgeting too much for CID sales tax revenue.

For the year ending December 31, 2019, actual revenues on a budgetary basis were \$260,354 compared to the budgeted amount of \$263,135. The primary reason for the \$2,781 negative variance is the result of the District budgeting too much for CID sales tax revenue.

Debt Service Fund Budgeting Highlights

For the year ending December 31, 2020, actual expenditures on a budgetary basis were \$247,656, compared to the budget amount of \$246,188. The reason for the \$1,468 negative variance is the result of the District not budgeting enough for interest expense.

For the year ending December 31, 2019, actual expenditures on a budgetary basis were \$254,531, compared to the budget amount of \$252,594. The primary reason for the \$1,937 negative variance is the result of the District not budgeting enough for revenue bond/note principal repayment.

For the year ending December 31, 2020, actual revenues on a budgetary basis were \$998, compared to the budget amount of \$1,030. The reason for the \$32 negative variance is the result of the District budgeting too much for interest income.

For the year ending December 31, 2019, actual revenues on a budgetary basis were \$6,027, compared to the budget amount of \$6,610. The reason for the \$583 negative variance is the result of the District budgeting too much for interest income.

O'Fallon Retail Walk Community Improvement District
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Project Fund Budgeting Highlights

For the year ending December 31, 2020, actual expenditures on a budgetary basis were \$0, compared to the budget amount of \$0.

For the year ending December 31, 2019, actual expenditures on a budgetary basis were \$0, compared to the budget amount of \$0.

For the year ending December 31, 2020, actual revenues on a budgetary basis were \$60, compared to the budget amount of \$60, resulting in \$0 variance.

For the year ending December 31, 2019, actual revenues on a budgetary basis were \$334, compared to the budget amount of \$360. The reason for the \$26 negative variance is the result of the District budgeting too much for interest income.

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.

O'Fallon Retail Walk Community Improvement District

Governmental Funds Balance Sheet and
Statement of Net Position - Cash Basis
December 31, 2020

Assets	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Net Position
Cash and equivalents	\$ 55,993	\$ 339,688	\$ 20,667	\$ 416,348	\$ -	\$ 416,348
Total Assets	\$ 55,993	\$ 339,688	\$ 20,667	\$ 416,348	\$ -	\$ 416,348
Liabilities and Fund Balances / Net Position						
Fund Balance:						
Restricted for:						
Debt Service	\$ -	\$ 339,688	\$ -	\$ 339,688	\$ (339,688)	\$ -
Capital Projects	-	-	20,667	20,667	(20,667)	-
Unassigned	55,993	-	-	55,993	(55,993)	-
Total Liabilities and Fund Balances	\$ 55,993	\$ 339,688	\$ 20,667	\$ 416,348	\$ (416,348)	\$ -
Net Position:						
Restricted for:						
Debt Service					\$ 339,688	\$ 339,688
Capital Projects					20,667	20,667
Unrestricted					55,993	55,993
Total Net Position					\$ 416,348	\$ 416,348

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

O'Fallon Retail Walk Community Improvement District

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Activities
Expenditures/Expenses:						
Trustee fees	\$ 3,498	\$ -	\$ -	\$ 3,498	\$ -	\$ 3,498
Bank fees	195	-	-	195	-	195
Administrative expenses	6,895	-	-	6,895	-	6,895
Insurance expense	1,296	-	-	1,296	-	1,296
Audit fees	2,426	-	-	2,426	-	2,426
Interest expense	-	217,656	-	217,656	-	217,656
Revenue bond/note principal repayment	-	30,000	-	30,000	-	30,000
Total Expenditures/Expenses	\$ 14,310	\$ 247,656	\$ -	\$ 261,966	\$ -	\$ 261,966
General Revenues:						
CID sales tax revenues	\$ 256,359	\$ -	\$ -	\$ 256,359	\$ -	\$ 256,359
CID use tax revenues	1,034	-	-	1,034	-	1,034
Interest income	220	998	60	1,278	-	1,278
Total General Revenues	\$ 257,613	\$ 998	\$ 60	\$ 258,671	\$ -	\$ 258,671
Excess (Deficiency) of Revenues Over Expenditures	\$ 243,303	\$ (246,658)	\$ 60	\$ (3,295)	\$ -	\$ (3,295)
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 246,039	\$ -	\$ 246,039	\$ -	\$ 246,039
Transfers out	(246,039)	-	-	(246,039)	-	(246,039)
Total Other Financing Sources (Uses)	\$ (246,039)	\$ 246,039	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (2,736)	\$ (619)	\$ 60	\$ (3,295)	\$ 3,295	\$ -
Change in net position					(3,295)	(3,295)
Fund balance/net position:						
Beginning of Year	58,729	340,307	20,607	419,643	-	419,643
End of Year	\$ 55,993	\$ 339,688	\$ 20,667	\$ 416,348	\$ -	\$ 416,348

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

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The O'Fallon Retail Walk Community Improvement District (the "District") is a community improvement district and political subdivision, established pursuant to a Petition for Establishment of the O'Fallon Retail Walk Community Improvement District (the "Petition") filed with the City of O'Fallon, Missouri (the "City") on or about January 29, 2015, which was approved by Ordinance No. 6081 passed by the City Council of the City on March 26, 2015, in accordance with Sections 67.1401 through 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act").

On January 5, 2016, the qualified voters of the District approved the imposition of a sales and use tax 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 and services within the District (the "District Project") and paying the costs of formation and operation of the District.

Pursuant to a Cooperation Agreement dated as of May 28, 2015 (as amended from time to time, the "Cooperation Agreement") by and among the District, the City and PEBB O'Fallon LLC (the "Developer"), the Developer agreed to design and construct the Project on behalf of the District and to advance all costs and expenses necessary therefor and, in consideration thereof, the District agreed to issue its revenue note (the "Series 2016 Note") to reimburse the Developer.

On February 22, 2017, the Board of Directors determined it was in the best interest of the District for the Authority to issue its Sales Tax Revenue Bonds, Series 2017A (O'Fallon Retail Walk Community Improvement District Project) (the "Series 2017A Bonds") and its Taxable Subordinate Sales Tax Revenue Bonds, Series 2017B (O'Fallon Retail Walk Community Improvement District Project) (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017 Bonds"), for the purpose of providing funds to (a) refund the outstanding Series 2016 Note, (b) fund a debt service reserve fund to secure the Series 2017A Bonds, and (c) pay the costs of issuance of the Series 2017 Bonds.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

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 Statements of Net Position and Governmental funds Balance Sheet - Cash Basis and Statements of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances - Cash Basis.

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

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:

Sales Tax Trust Fund – The Sales Tax 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) On the 15th calendar day of each month (or the next Business Day thereafter if the 15th is not a Business Day) while the Bonds are Outstanding, the District has agreed pursuant to the Financing Agreement to transfer to the Trustee, subject to appropriation by the District, all Net Revenues, together with a written report, for deposit to the Revenue Fund. If the Trustee has not received Net Revenues on or before the 17th calendar day of each month, the Trustee shall notify the Authority, the District, the Purchaser and the initial purchaser of any Additional Bonds of such non-receipt.

(b) On the 40th day or such other day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment Date, the Trustee shall apply moneys in the Revenue Fund to the extent necessary for the purposes and in the amounts as follows:

First, transfer to the Operating Fund, an amount equal to the City Reimbursement Amount based on Net Revenues received by the Trustee for the immediately preceding sixth month period if not previously deposited and/or applied (said funds to be applied in accordance with Section 408(a));

Second, transfer to the applicable account within the Rebate Fund, when necessary, an amount sufficient to pay rebate, if any, with respect to the Tax-Exempt Bonds to the United States of America, owed under Section 148 of the Code, as directed in writing by the Authority in accordance with the Tax Compliance Agreement;

Third, pay to the Trustee or any Paying Agent, an amount sufficient to pay any fees and expenses which are due and owing to the Trustee or any Paying Agent with respect to the Bonds, upon delivery to the District of an invoice for such amounts (provided, however, that payments to the Trustee may not exceed \$3,600 in any calendar year except as otherwise provided in Section 802);

Fourth, transfer to the applicable account established in the Debt Service Fund for Senior Bonds, an amount sufficient to pay the interest due on the Senior Bonds on the next succeeding Interest Payment.

Fifth, transfer to the applicable accounts established in the Debt Service Reserve Fund for the Senior Bonds, an amount sufficient to pay the principal due on the Senior Bonds on the next succeeding Interest Payment Date by reason of stated maturity;

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

Sixth, if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund

Seventh, transfer to the applicable subaccount established in the Redemption Account of the Debt Service Fund for the Senior Bonds, all remaining amounts until (a) with respect to the Series 2017A Bonds, there is an amount sufficient to redeem the Series 2017A Bonds in accordance with the payment schedule (taking into account both the projected redemption on such Interest Payment Date and the cumulative redemptions to and including such Interest Payment Date) as set forth in Exhibit F and (b) with respect to Additional Bonds issued as Senior Bonds, the semi-annual and cumulative redemptions of said Additional bonds equal the amounts specified in the Supplemental Indenture authorizing the issuance of said Additional Bonds;

Eighth, beginning on the Interest Payment Date of June 1, 2018, transfer to the Operating Fund, 50% of the remaining portion of the Annual Operating Fund Deposit (after taking into account amounts deposited to the Operating Fund pursuant to paragraph *First* above) if no previously deposited and/or applied (said funds to be applied in accordance with Section 408(a));

Ninth, transfer to the Extraordinary Expense Fund, an amount (not to exceed \$10,000 per year) sufficient to cause the balance in said fund to equal \$20,000;

Tenth, transfer all remaining amounts to the applicable subaccount established in the Redemption Account of the Debt Service Fund for the Senior Bonds, which shall be applied to the payment of the principal of and accrued interest on the Senior Bonds which are subject to redemption pursuant to Section 302(b);

Eleventh, when no Senior Bonds remain Outstanding, transfer to the applicable account established in the Debt Service Fund for the Series 2017B Bonds, an amount sufficient to pay the interest due on the Series 2017B Bonds on the next succeeding Interest Payment Date;

Twelfth, when no Senior Bonds remain Outstanding, transfer to the applicable amounts established in the Debt Service Fund for the Bonds, an amount sufficient to pay the principal due on the Series 2017B Bonds on the next succeeding Interest Payment Date by reason of stated maturity; and

Thirteenth, when no Senior Bonds remain Outstanding, transfer all remaining amounts to the applicable subaccount established in the Redemption Account of the Debt Service Fund for the Series 2017B Bonds, which shall be applied to the payment of the principal of and accrued interest on the Series 2017B Bonds which are subject to redemption pursuant to Section 302(b) hereof.

If necessary, on the Business Day prior to each Interest Payment Date, the Trustee shall transfer from the Revenue Fund to the Debt Service Fund an amount sufficient to pay the principal of or interest on the Bonds due on the next Interest Payment Date; provided, however, that no principal of or interest on the Series 2017B Bonds shall be paid as long as any Senior Bonds remain Outstanding.

(c) Upon the payment in full of the principal of and interest due on the Bonds (or provision having been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under this Indenture, all amounts remaining on deposit in the Revenue Fund shall be paid to the District for deposit into the Community Improvement District Sales Tax Trust Fund.

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

Operating Fund – (a) Money 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 Operating Costs, pay the principal of or interest on the Bonds (provided, however that no moneys in the Operating Fund shall be disbursed to pay principal of interest on the Series 2017B Bonds while any Senior Bonds remain Outstanding) or any other lawful purpose of the District.

(b) In making payments and disbursements pursuant to this Section, the Trustee may conclusively rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent inspection or investigation in connection with the matters set forth in the written requests.

(c) Upon the payment in full of the principal of and interest due on the Bonds (or provision having been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under this Indenture, all amounts remaining on deposit in the Operating Fund shall be paid to the District for deposit into the Communist Improvement District Sales Tax Trust Fund.

Debt Service Fund – The District internally maintains two separate funds that make up the Debt Service Fund, as follows:

Debt Service Fund – (a) Except as otherwise provided herein, 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 Bonds as the same mature and become due or upon the redemption thereof.

(b) The Authority hereby authorizes and directs the Trustee to withdraw sufficient moneys from the applicable accounts within the Debt Service Fund to pay the principal of and interest on the Bonds 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 Bonds.

(c) The Trustee shall use any moneys remaining in the Debt Service Fund to redeem all or part of the Bonds Outstanding and interest to accrue thereon prior to such redemption, in accordance with and to the extent permitted by Article III hereof, so long as said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption; provided, however in no event shall Series 2017B Bonds be redeemed while any Senior Bonds are Outstanding (unless the requirements for the issuance of Additional bonds are satisfied pursuant to this Indenture, then the Series 2017B Bonds may be redeemed with the proceeds of such additional bonds while Senior Bonds are Outstanding). The Trustee, upon the written instructions from the District, signed by the Authorized District Representative, shall use moneys in the applicable accounts within the Redemption Account of the Debt Service Fund on a best efforts basis for the purchase of the bonds 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; provided, however that in no event shall Series 2017B Bonds be so purchased while any Senior Bonds are Outstanding.

(d) If the moneys in the applicable account of the Debt Service Fund are insufficient to pay all accrued interest on the applicable series of Senior Bonds (or, if no Senior Bonds are Outstanding, the Series 2017B Bonds) on any Interest Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege and any unpaid portion shall accrue to the next Interest Payment Date, with interest thereon at the rate or rates specified in the applicable series of Senior Bonds (or, if no Senior Bonds are Outstanding, the Series 2017B Bonds) to the extent permitted by law. If the moneys in the applicable account of the Debt Service Fund are insufficient to pay the principal of the applicable series of Senior Bonds (or, if no Senior Bonds are Outstanding, the Series 2017B Bonds) on the maturity date thereof, then such moneys shall be applied ratably, according to

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(e) Upon the payment in full of the principal of and interest due on the Bonds (or provision having been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Authority, the Trustee and any Paying Agents, and any other amounts required to be paid under this Indenture all amounts remaining on deposit in the Debt Service Fund shall be paid to the District for deposit into the Community Improvement District Sales Tax Trust Fund.

Debt Service Reserve Fund – (a) Except as otherwise provided in this Indenture, moneys in the applicable account of the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the applicable series of Senior Bonds if moneys otherwise available for such purpose hereof are insufficient to pay the same as they become due and payable, and to make the final payment on the applicable series of Senior bonds. The amounts on deposit in the Debt Service Reserve Fund shall be valued by the Trustee 45 days prior to each Interest Payment Date (or if such date is not a Business Day, the immediately preceding Business Day) and the Trustee shall give prompt written notice to the Authority and the District if such amount is less than the Debt Service Reserve Requirement. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any investments shall be valued at the lower of their original cost or their fair market value (inclusive of accrued interest thereon) on the date of valuation. Moneys in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Requirement on any valuation date shall be deposited by the Trustee without further authorization in the applicable account within the Debt Service Fund.

(b) Upon the payment in full of the principal of and interest due on the Senior Bonds (or provision having been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Authority, the Trustee and any Paying Agents, and any other amounts required to then be paid under this Indenture, all amounts remaining on deposit in the Debt Service Reserve Fund shall be paid to the District for deposit into the Community Improvement District Sales Tax Trust Fund.

Project Fund – (a) The funds on deposit in the Refunding Account of the Project Fund shall be transferred by the Trustee, without further authorization, on the date of issuance of the Series 2017 Bonds to the trustee under the 2016 Note Indenture, which moneys shall be applied on the date of issuance of the Series 2017 Bonds to the partial redemption of the Series 2016 Note.

(b) Moneys in the Costs of Issuance Account of the Project Fund shall be disbursed by the Trustee upon receipt of a written request of the District signed by the Authorized District Representative and containing the statements, representations and certifications set forth in the form of such request and otherwise substantially in such form, for the sole purpose of paying costs of issuance of the Series 2017 Bonds. Any moneys remaining on deposit in the Costs of Issuance Account of the Project Fund on September 1, 2017, shall, without further authorization, be deposited in the Series 2017A Subaccount of the Redemption Account of the Debt Service Fund and shall be used to redeem Series 2017A Bonds pursuant to Section 302(b) on the earliest possible date.

(c) In making payments and disbursements, the Trustee may conclusively rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent inspection or investigation in connection with the matters set forth in the written requests.

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONCLUDED)

Rebate Fund – (a) The Trustee shall deposit in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and in accordance with the written report of the Rebate Analyst (as defined in the Tax Compliance Agreement provided to the Trustee, the District and the Authority under the Tax Compliance Agreement. Subject to the transfer provisions provided in subsection (b) below, all money at any time deposited in the Rebate Fund and any income earned thereon shall be held in trust, to the extent required to pay arbitrage rebate to the federal government of the United States of America, and none of the Authority, the District or the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement.

(b) Pursuant to the Tax Compliance Agreement, the Trustee, in accordance with the written report of the Rebate Analyst provided to the Trustee, shall remit from the Rebate Fund rebate installments and the final rebate payments to the United States. The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Funds created under this Indenture or from other moneys provided to it. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any arbitrage rebate, or provision made therefor, shall be withdrawn and released to the District.

(c) Notwithstanding any other provision of this Indenture, including in particular this Article the obligation to remit arbitrage rebate to the United States and to comply with all other requirements of this Section, the preceding Section and the Tax Compliance Agreement shall survive the defeasance of payment in full of the Bonds.

Extraordinary Expense Fund – (a) Amounts on deposit in the Extraordinary Expense Fund shall be used only for the purpose of paying the fees, expenses and other costs, including legal fees, incurred by the authority in connection with an audit, questionnaire or other request for information from the Internal Revenue Service in connection with the Bonds. The Trustee will disburse moneys from the Extraordinary Expense Fund upon receipt by the Trustee of a written request signed by the Authorized Authority Representative, including invoices for such fees, expenses and other costs.

(b) In making payments and disbursements pursuant to this Section, the Trustee may conclusively rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent inspection or investigation in connection with the matters set forth in the written requests.

(c) Upon the payment in full of the principal of and interest due on the Bonds (or provision having been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under this Indenture, all amounts remaining on deposit in the Extraordinary Expense Fund with respect to the Bonds shall be paid to the District for deposit into the Community Improvement District Sales Tax Trust 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.

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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 2020 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.

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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, 2020.

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 had an ending balance of \$360,355 for restricted fund balances that consisted of the Debt Service Fund and the Project Fund.

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, 2020.

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, 2020.

Unassigned- All amounts not included in other spendable classifications.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

2) CASH AND CASH EQUIVALENTS

The District complies with various restrictions 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, 2020 is as follows:

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements For the Year Ended December 31, 2020

2) CASH AND CASH EQUIVALENTS (CONCLUDED)

Deposits

At December 31, 2020, the carrying amount of the District's deposits was \$416,348 and the bank balance was \$416,348. The balance in the Sales Tax Trust Fund was \$124 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, 2020.

3) COMMITMENTS

Pursuant to a Cooperation Agreement dated as of May 28, 2015 (as amended from time to time, the "Cooperation Agreement") by and among the District, the City and PEBB O'Fallon LLC (the "Developer"), the Developer agreed to design and construct the Project on behalf of the District and to advance all costs and expenses necessary therefor and, in consideration thereof, the District agreed to issue its revenue note (the "Series 2016 Note") to reimburse the Developer.

4) LITIGATION

At December 31, 2020, there were no claims or lawsuits pending against the District.

5) TAXES

On January 5, 2016, the qualified voters of the District approved the imposition of a sales and use tax 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 and services within the District (the "District Project") and paying the costs of formation and operation of the District. The CID Sales Tax applies to all receipts from the sale at retail of all tangible personal property or taxable services at retail within the District, if such property and services are subject to taxation by the State of Missouri pursuant to the provision of Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, except such CID Sales Tax shall not apply to the sales of use of motor vehicles, trailers, boats or outboard motors nor to public utilities.

6) LONG-TERM DEBT

On February 22, 2017, the Board of Directors determined it was in the best interest of the District for the Authority to issue its Sales Tax Revenue Bonds, Series 2017A (O'Fallon Retail Walk Community Improvement District Project) (the "Series 2017A Bonds") and its Taxable Subordinate Sales Tax Revenue Bonds, Series 2017B (O'Fallon Retail Walk Community Improvement District Project) (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017 Bonds"), for the purpose of providing funds to (a) refund the outstanding

O'Fallon Retail Walk Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2020

7) LONG-TERM DEBT (CONCLUDED)

Series 2016 Note, (b) fund a debt service reserve fund to secure the Series 2017A Bonds, and (c) pay the costs of issuance of the Series 2017 Bonds.

At the year ended December 31, 2020, the balance of the Sales Tax Revenue Bonds, Series 2017A was \$3,460,000 and bears interest at 6.25%. The balance of the Taxable Subordinate Sales Tax Revenue Bonds, Series 2017B was \$3,920,134 and bears interest at 4.50%. The sales tax revenue bonds will mature December 1, 2036.

The total amount of interest that is past due for the 2017A Bonds and 2017B Bonds as of December 31, 2020 is \$0 and \$699,896, respectively. In 2020 the District paid \$30,000 in principal payments and \$217,656 in interest expense. The District does not prepare an amortization schedule for debt as principal payments are made based on revenues available to the District.

	<u>Sales Tax Revenue Bonds, Series 2017A</u>	<u>Taxable Subordinate Sales Tax Revenue Bonds, Series 2017B</u>	<u>Total</u>
Balance at January 1, 2020	\$ 3,490,000	\$ 3,920,134	\$ 7,410,134
Bonds/notes issued	-	-	-
Bonds/notes repaid	(30,000)	-	(30,000)
Balance at December 31, 2020	<u>3,460,000</u>	<u>3,920,134</u>	<u>7,380,134</u>

8) SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 28, 2021, 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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

General Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2020

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
CID sales tax revenues	\$ 263,000	\$ 258,000	\$ 256,359	\$ (1,641)
CID use tax revenues	900	1,150	1,034	(116)
Interest income	-	260	220	(40)
Total Revenues	\$ 263,900	\$ 259,410	\$ 257,613	\$ (1,797)
Expenditures:				
Bank fees	\$ 185	\$ 163	\$ 195	\$ (32)
Trustee fees	3,500	3,498	3,498	-
Administrative expenses	6,895	6,895	6,895	-
Insurance expenses	1,280	1,280	1,296	(16)
Audit fees	2,425	2,425	2,426	(1)
Legal and professional fees	4,055	-	-	-
Total Expenditures	\$ 18,340	\$ 14,261	\$ 14,310	\$ (49)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(245,388)	(242,388)	(246,039)	(3,651)
Total Other Financing Sources (Uses)	\$ (245,388)	\$ (242,388)	\$ (246,039)	\$ (3,651)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 172	\$ 2,761	\$ (2,736)	\$ (5,497)
Fund Balances - at beginning of the year		58,729	58,729	
Fund Balances - at end of the year		\$ 61,490	\$ 55,993	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Debt Service Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2020

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ 6,100	\$ 1,030	\$ 998	\$ (32)
Total Revenues	<u>\$ 6,100</u>	<u>\$ 1,030</u>	<u>\$ 998</u>	<u>\$ (32)</u>
Expenditures:				
Interest expense	\$ 218,188	\$ 216,188	\$ 217,656	\$ (1,468)
Revenue bond/note principal repayment	33,000	30,000	30,000	-
Total Expenditures	<u>\$ 251,188</u>	<u>\$ 246,188</u>	<u>\$ 247,656</u>	<u>\$ (1,468)</u>
Other Financing Sources (Uses)				
Transfers in	\$ 245,388	\$ 242,388	\$ 246,039	\$ 3,651
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 245,388</u>	<u>\$ 242,388</u>	<u>\$ 246,039</u>	<u>\$ 3,651</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 300</u>	<u>\$ (2,770)</u>	<u>\$ (619)</u>	<u>\$ 2,151</u>
Fund Balances - at beginning of the year		<u>340,307</u>	<u>340,307</u>	
Fund Balances - at end of the year		<u>\$ 337,537</u>	<u>\$ 339,688</u>	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

Project Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2020

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ 60	\$ 60	\$ -
Total Revenues	\$ -	\$ 60	\$ 60	\$ -
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	\$ -	\$ 60	\$ 60	\$ -
Fund Balances - at beginning of the year		20,607	20,607	
Fund Balances - at end of the year		\$ 20,667	\$ 20,667	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Sales Tax Trust Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2020

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
CID sales tax revenues	\$ 263,000	\$ 258,000	\$ 256,359	\$ (1,641)
CID use tax revenues	900	1,150	1,034	(116)
Total Revenues	\$ 263,900	\$ 259,150	\$ 257,393	\$ (1,757)
Expenditures:				
Bank fees	\$ 185	\$ 163	\$ 195	\$ (32)
Total Expenditures	\$ 185	\$ 163	\$ 195	\$ (32)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(263,715)	(258,995)	(257,159)	1,836
Total Other Financing Sources (Uses)	\$ (263,715)	\$ (258,995)	\$ (257,159)	\$ 1,836
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (8)	\$ 39	\$ 47
Fund Balances - at beginning of the year		85		
Fund Balances - at end of the year		\$ 77	\$ 124	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Revenue Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2020

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ 200	\$ 174	\$ (26)
Total Revenues	\$ -	\$ 200	\$ 174	\$ (26)
Expenditures:				
Trustee fees	\$ 3,500	\$ 3,498	\$ 3,498	\$ -
Total Expenditures	\$ 3,500	\$ 3,498	\$ 3,498	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ 263,715	\$ 258,995	\$ 257,159	\$ (1,836)
Transfers out	(260,388)	(257,388)	(261,309)	(3,921)
Total Other Financing Sources (Uses)	\$ 3,327	\$ 1,607	\$ (4,150)	\$ (5,757)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (173)	\$ (1,691)	\$ (7,474)	\$ (5,783)
Fund Balances - at beginning of the year		43,910	43,910	
Fund Balances - at end of the year		\$ 42,219	\$ 36,436	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Operating Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2020

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ 60	\$ 46	\$ (14)
Total Revenues	\$ -	\$ 60	\$ 46	\$ (14)
Expenditures:				
Administrative expenses	\$ 6,895	\$ 6,895	\$ 6,895	\$ -
Insurance expenses	1,280	1,280	1,296	(16)
Audit fees	2,425	2,425	2,426	(1)
Legal and professional fees	4,055	-	-	-
Total Expenditures	\$ 14,655	\$ 10,600	\$ 10,617	\$ (17)
Other Financing Sources (Uses)				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,270	\$ 270
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 15,000	\$ 15,000	\$ 15,270	\$ 270
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 345	\$ 4,460	\$ 4,699	\$ 239
Fund Balances - at beginning of the year		14,734	14,734	
Fund Balances - at end of the year	\$	\$ 19,194	\$ 19,433	

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

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Debt Service Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2020

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Interest income	\$ -	\$ 280	\$ 10	\$ (270)
Total Revenues	\$ -	\$ 280	\$ 10	\$ (270)
Expenditures:				
Interest expense	\$ 218,188	\$ 216,188	\$ 217,656	\$ (1,468)
Revenue bond/note principal repayment	33,000	30,000	30,000	-
Total Expenditures	\$ 251,188	\$ 246,188	\$ 247,656	\$ (1,468)
Other Financing Sources (Uses)				
Transfers in	\$ 251,188	\$ 248,188	\$ 247,682	\$ (506)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 251,188	\$ 248,188	\$ 247,682	\$ (506)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ 2,280	\$ 36	\$ (2,244)
Fund Balances - at beginning of the year		734	734	
Fund Balances - at end of the year		\$ 3,014	\$ 770	

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
Debt Service Reserve Fund - Budget and Actual - Cash Basis
For the Year Ended December 31, 2020

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interest income	\$ 6,100	\$ 750	\$ 988	\$ 238
Total Revenues	<u>\$ 6,100</u>	<u>\$ 750</u>	<u>\$ 988</u>	<u>\$ 238</u>
Expenditures:				
Interest expense	\$ -	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(5,800)	(5,800)	(1,643)	4,157
Total Other Financing Sources (Uses)	<u>\$ (5,800)</u>	<u>\$ (5,800)</u>	<u>\$ (1,643)</u>	<u>\$ 4,157</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 300</u>	<u>\$ (5,050)</u>	<u>\$ (655)</u>	<u>\$ 4,395</u>
Fund Balances - at beginning of the year		<u>339,573</u>	<u>339,573</u>	
Fund Balances - at end of the year		<u>\$ 334,523</u>	<u>\$ 338,918</u>	

O'Fallon Retail Walk Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

All Funds - Budget and Actual - Cash Basis

For the Year Ended December 31, 2020

	Budgeted Amount		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
CID sales tax revenues	\$ 263,000	\$ 258,000	\$ 256,359	\$ (1,641)
CID use tax revenues	900	1,150	1,034	(116)
Interest income	6,100	1,350	1,278	(72)
Total Revenues	\$ 270,000	\$ 260,500	\$ 258,671	\$ (1,829)
Expenditures:				
Trustee fees	\$ 3,500	\$ 3,498	\$ 3,498	\$ -
Bank fees	185	163	195	(32)
Administrative expenses	6,895	6,895	6,895	-
Insurance expense	1,280	1,280	1,296	(16)
Audit fees	2,425	2,425	2,426	(1)
Legal and professional fees	4,055	-	-	-
Interest expense	218,188	216,188	217,656	(1,468)
Revenue bond/note principal repayment	33,000	30,000	30,000	-
Total Expenditures	\$ 269,528	\$ 260,449	\$ 261,966	\$ (1,517)
Other Financing Sources (Uses)				
Transfers in	\$ 245,388	\$ 242,388	\$ 246,039	\$ 3,651
Transfers out	(245,388)	(242,388)	(246,039)	(3,651)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 472	\$ 51	\$ (3,295)	\$ (3,346)
Fund Balances - at beginning of the year		419,643	419,643	
Fund Balances - at end of the year		419,694	416,348	

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

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
O'Fallon Retail Walk Community Improvement District
O'Fallon, 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 O'Fallon Retail Walk Community Improvement District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise O'Fallon Retail Walk Community Improvement District's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered O'Fallon Retail Walk Community Improvement District'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 O'Fallon Retail Walk Community Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of O'Fallon Retail Walk 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Fallon Retail Walk 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 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

**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)**

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 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 28, 2021
Hannibal, Missouri