

**Kenrick Plaza
Community Improvement District**

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended December 31, 2017

Kenrick Plaza Community Improvement District

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December 31, 2017

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Independent Auditor's Report

To the Board of Directors
Kenrick Plaza Community Improvement District
Shrewsbury, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Kenrick Plaza Community Improvement District as of and for the year ended December 31, 2017, 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 financial position of the governmental activities and each major fund of Kenrick Plaza Community Improvement

Independent Auditor's Report (Concluded)

District as of December 31, 2017, 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.

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 opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenrick Plaza Community Improvement District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3-5 and 13, 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 21, 2018, on our consideration of the Kenrick Plaza Community Improvement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kenrick Plaza Community Improvement District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

June 21, 2018
Hannibal, Missouri

**Management's Discussion
and Analysis**

Kenrick Plaza Community Improvement District

Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The discussion and analysis of Kenrick Plaza Community Improvement District's financial performance provides an overview and analysis of the District's financial statements for the year ended December 31, 2017. It should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of Kenrick Plaza Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2017 by \$5,181. Of this amount, \$5,181 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of Kenrick Plaza Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2016 by \$3,586. Of this amount, \$3,586 (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 \$1,595 for the year ended December 31, 2017. The primary reason for this is because the District received \$588,697 in total revenues and spent \$587,102 on total expenses.
- The District's total net position increased by \$3,515 for the year ended December 31, 2016. The primary reason for this is because the District received \$494,862 in total revenues and spent \$491,347 on total expenses.
- The District did not issue any debt for the years ending December 31, 2017 or 2016.

Using This Special Purpose Framework

The financial statements are presented on a basis of cash receipts and cash disbursements, an accounting basis 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 Kenrick Plaza Community Improvement District's basic financial statements. The District's financial statements are comprised of two components, combined government-wide and fund financial statements and notes to 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 Kenrick Plaza Community Improvement District internally maintains one individual governmental fund. Information is presented in the Statement of Net Position – Cash Basis, for the General Fund, which is considered a major fund. The General Fund consists of: the Special Trust Fund. Internal fund information is shown as other supplementary information.

Kenrick Plaza Community Improvement District

Management's Discussion and Analysis
For the Year Ended December 31, 2017
(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 were \$5,181 as of December 31, 2017.

Table 1
Summary of Net Position
at December 31, 2017 and 2016

	Governmental Activities	
	2017	2016
Current and other assets	\$ 5,181	\$ 3,586
Total Assets	<u>\$ 5,181</u>	<u>\$ 3,586</u>
Net position:		
Restricted	\$ -	\$ -
Unrestricted	5,181	3,586
Total Net Position	<u>\$ 5,181</u>	<u>\$ 3,586</u>

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
General Revenues:		
Taxes	\$ 576,123	\$ 482,653
City revenues	12,416	12,208
Interest income	158	1
Total revenues	<u>\$ 588,697</u>	<u>\$ 494,862</u>
Expenses:		
General government	\$ 12,078	\$ 9,128
EATS payments	287,512	241,119
CID revenue payments	287,512	241,100
Total expenses	<u>\$ 587,102</u>	<u>\$ 491,347</u>
Increase (decrease) in net position	\$ 1,595	\$ 3,515
Net Position at beginning of year	3,586	71
Net Position at end of year	<u>\$ 5,181</u>	<u>\$ 3,586</u>

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending December 31, 2017 and 2016, the District did not have any capital additions.

Kenrick Plaza Community Improvement District

Management's Discussion and Analysis

For the Year Ended December 31, 2017

(Unaudited)

Debt

During the years ending December 31, 2017 and 2016, the District did not have any debt. However, the CID is party to the issuance of the Tax Increment and Improvement District Revenue Bonds, Series 2016 with the City of Shrewsbury, Missouri. The debt is issued by the City of Shrewsbury, Missouri in an amount up to \$17,350,000. The monies on deposit in the District Revenues Account are pledged to the payment of the principal of and interest on the outstanding TIF obligations. These Bonds will provide funds to refund all of the outstanding Tax Increment Revenue Notes, Series A and Series B that financed Reimbursable Redevelopment Project Costs, fund a debt service reserve for the Bonds, and pay the costs of issuance of the Bonds.

General Fund Budgeting Highlights

For the year ending December 31, 2017, actual expenditures on a budgetary basis were \$587,102 compared to the budget amount of \$582,641. The primary reason for the \$4,461 negative variance is the result of the District not budgeting enough for CID revenue payments to the trustee and EATS payments.

For the year ending December 31, 2016, actual expenditures on a budgetary basis were \$491,347 compared to the budget amount of \$464,900. The primary reason for the \$26,447 negative variance is the result of the District not budgeting enough for CID revenue payments to the trustee and EATS payments.

For the year ending December 31, 2017, actual revenues on a budgetary basis were \$588,697 compared to the budget amount of \$582,416. The primary reason for the \$6,281 positive variance is the result of the District not budgeting enough for CID sales/use tax revenues.

For the year ending December 31, 2016, actual revenues on a budgetary basis were \$494,862 compared to the budget amount of \$465,000. The reason for the \$29,862 positive variance is the result of the District not budgeting enough for CID sales/use tax revenues and City revenues.

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.

Kenrick Plaza Community Improvement District

Governmental Funds Balance Sheet/
Statement of Net Position - Cash Basis
For the Year Ended December 31, 2017

	General Fund	Total Funds	Adjustments	Statement of Net Position
Assets				
Cash and equivalents	\$ 5,181	\$ 5,181	\$ -	\$ 5,181
Total Assets	<u>\$ 5,181</u>	<u>\$ 5,181</u>	<u>\$ -</u>	<u>\$ 5,181</u>

Liabilities and Fund Balances / Net Position

Fund Balance:				
Restricted for:				
Debt Service	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-
Unassigned	5,181	5,181	(5,181)	-
Total Liabilities and Fund Balances	<u>\$ 5,181</u>	<u>\$ 5,181</u>	<u>\$ (5,181)</u>	<u>\$ -</u>

Net Position:				
Restricted for:				
Debt Service	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-
Unrestricted	5,181	5,181	5,181	5,181
Total Net Position	<u>\$ 5,181</u>	<u>\$ 5,181</u>	<u>\$ 5,181</u>	<u>\$ 5,181</u>

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

Kenrick Plaza Community Improvement District

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	General Fund	Total Funds	Adjustments	Statement of Activities
Expenditures/Expenses:				
Bank fees	\$ 458	\$ 458	\$ -	\$ 458
Administrative expenses	7,769	7,769	-	7,769
EATS payments	287,512	287,512	-	287,512
CID revenue payments	287,512	287,512	-	287,512
Insurance expense	1,241	1,241	-	1,241
Collection fees	210	210	-	210
Audit fees	2,400	2,400	-	2,400
Total Expenditures/Expenses	\$ 587,102	\$ 587,102	\$ -	\$ 587,102
General Revenues:				
CID sales/use tax revenues	\$ 576,123	\$ 576,123	\$ -	\$ 576,123
City revenues	12,416	12,416	-	12,416
Interest income	158	158	-	158
Total General Revenues	\$ 588,697	\$ 588,697	\$ -	\$ 588,697
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,595	\$ 1,595	\$ (1,595)	\$ -
Change in net position			1,595	1,595
Fund balance/net position:				
Beginning of Year	3,586	3,586	-	3,586
End of Year	\$ 5,181	\$ 5,181	\$ -	\$ 5,181

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

Kenrick Plaza Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

On January 29, 2013, the Board of Aldermen of the City of Shrewsbury (the "City") passed Ordinance No. 2699 (the "Ordinance"), which formed the Kenrick Plaza Community Improvement District (the "District") as a political subdivision pursuant to and in accordance with the Missouri Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The Board of Aldermen of the City also adopted an ordinance approving the Kenrick Plaza Redevelopment Plan and Project (the "Redevelopment Plan") and adopting tax increment financing with respect to the Kenrick Plaza Redevelopment Area (the "Redevelopment Area") pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri, as amended (the "TIF Act").

The Redevelopment Area consists of the western portion of Kenrick Plaza (sometimes know a "Upper Kenrick Plaza", referred to herein as the "Shopping Center"), which is located along Watson Road approximately one mile west of the St. Louis city limits. The Shopping Center was redeveloped by Kenrick Developers, LLC pursuant to the Redevelopment Agreement date February 8, 2013 as amended and supplemented by a First Amendment to Redevelopment Agreement dated as of July 30, 2013 (collectively, the "Redevelopment Agreement"). The Shopping Center now consists of a Walmart Supercenter, a bank branch and an inline retail strip for other tenants.

The District has imposed a 1% sales and use tax (the "District Sales Tax") on all retailed sales made in the District that are subject to taxation pursuant to the provision of Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, with certain exceptions listed below, which such District Sales Tax will remain in place for 23 years from the date of December 13, 2013. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sale of service to telephone subscribers, either local or long distance.

On August 31, 2016, pursuant to Resolution 2016-001, the District approved the issuance by the City of the Tax Increment and Improvement District Revenue Bonds (Kenrick Plaza Redevelopment Project), Series 2016 (the "Bonds") in an amount up to \$17,350,000, for the purposes of refunding all of the outstanding Tax Increment Revenue Notes, Series A and Series B that financed Reimbursable Redevelopment Project Costs, fund a debt service reserve for the Bonds, and pay the costs of issuance of the Bonds.

All debt is included in the TIF; the District does not have any debt itself. Furthermore, EATS payments are calculated as half of the CID revenues and the CID revenue payments are calculated as the other half of the CID revenues less operating expenses.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure 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.

Kenrick Plaza Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION

Special-purpose governments engaged in a single governmental program and having no component units may present financial statements as combining fund financial statements with government-wide statements. This is illustrated on the 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.

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.

The following is a brief description of the specific funds used by the District.

Governmental Funds

General Fund – The District's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

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.

Kenrick Plaza Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

C) BUDGETS AND BUDGETARY ACCOUNTING (CONCLUDED)

- 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 Council 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 2017 budget was approved at the regularly scheduled Board of Directors' meeting.

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, 2017.

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, 2017.

Kenrick Plaza Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2017

F) FUND BALANCE AND NET POSITION (CONCLUDED)

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, 2017.

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, 2017.

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, 2017 is as follows:

Deposits

At December 31, 2017, the carrying amount of the District's deposits was \$5,181 and the bank balance was \$5,181. The bank balance in the Sales Tax Trust Fund was \$5,181 at year end. Any balance maintained in this account would be covered by federal depository insurance up to \$250,000.

Investments

There were no investments at December 31, 2017.

3) COMMITMENTS

The revenues generated by the District are committed to the repayment of the Tax Increment and Improvement District Revenue Bonds (Kenrick Plaza Redevelopment Project), issued by the City of Shrewsbury, Missouri.

Since the sales tax generated by the CID is considered an EATS tax, one half of all sales tax revenue generated by the District will be pledged to the TIF and will be deposited in the special allocation fund established by the City.

The remaining revenues generated by the CID, after deducting operating expenses of the CID, are pledged to paying the debt issued by the City and are considered CID revenue payments.

Kenrick Plaza Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2017

4) LITIGATION

At December 31, 2017 there were no claims or lawsuits pending against the District.

5) TAXES

The District has imposed a 1% sales and use tax (the "District Sales Tax") on all retail sales made in the District that are subject to taxation pursuant to the provision of Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, with certain exceptions listed below, which such District Sales Tax will remain in place for 23 years from the date of December 13, 2013. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sale of service to telephone subscribers, either local or long distance.

6) LONG-TERM DEBT

During the years ending December 31, 2017 and 2016, the District did not have any debt. However, the CID is party to the issuance of the Tax Increment and Improvement District Revenue Bonds, Series 2016 with the City of Shrewsbury, Missouri. The debt is issued by the City of Shrewsbury, Missouri in an amount up to \$17,350,000. The monies on deposit in the District Revenues Account are pledged to the payment of the principal of and interest on the outstanding TIF obligations. These Bonds will provide funds to refund all of the outstanding Tax Increment Revenue Notes, Series A and Series B that financed Reimbursable Redevelopment Project Costs, fund a debt service reserve for the Bonds, and pay the costs of issuance of the Bonds.

7) SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 21, 2018, the date the financial statements were available to be issued.

Supplementary Information

Kenrick Plaza Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

General Fund - Budget and Actual - Cash Basis

For the Year Ended December 31, 2017

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance - Favorable (Unfavorable)
Revenues:				
CID sales/use tax revenues	\$ 465,000	\$ 570,000	\$ 576,123	\$ 6,123
City revenues	-	12,416	12,416	-
Interest income	-	-	158	158
Total Revenues	\$ 465,000	\$ 582,416	\$ 588,697	\$ 6,281
Expenditures:				
Bank fees	\$ 355	\$ 410	\$ 458	\$ (48)
Administrative expenses	7,500	7,500	7,769	(269)
EATS payments	232,500	284,690	287,512	(2,822)
CID revenue payments	222,145	284,690	287,512	(2,822)
Insurance expense	-	1,241	1,241	-
Collection fees	-	-	210	(210)
Audit fees	-	2,400	2,400	-
Legal and professional fees	-	1,500	-	1,500
Collection fees	2,500	210	-	210
Total Expenditures	\$ 465,000	\$ 582,641	\$ 587,102	\$ (4,461)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (225)	\$ 1,595	\$ 1,820
Fund Balances - at beginning of the year		3,586	3,586	
Fund Balances - at end of the year	\$ -	\$ 3,361	\$ 5,181	

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

Compliance Section



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**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors
Kenrick Plaza Community Improvement District
Shrewsbury, 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 Kenrick Plaza Community Improvement District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Kenrick Plaza Community Improvement District's basic financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kenrick Plaza Community Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

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effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 21, 2018
Hannibal, Missouri