

BaratHaven
Community Improvement District

Basic Financial Statements

And Management's Discussion and Analysis

For The Year Ended December 31, 2016

BaratHaven Community Improvement District

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December 31, 2016

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Independent Auditor's Report

To the Board of Directors
BaratHaven Community Improvement District
Dardenne Prairie, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of BaratHaven Community Improvement District as of and for the year ended December 31, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 BaratHaven Community Improvement District as of December 31, 2016, and the respective changes in cash basis 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 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 BaratHaven Community Improvement District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3-6 and 17-23, 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, 2017, on our consideration of the BaratHaven 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 BaratHaven Community Improvement District's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

June 28, 2017
Hannibal, Missouri

**Management's Discussion
and Analysis**

BaratHaven Community Improvement District

Management's Discussion and Analysis For the Year Ended December 31, 2016 (Unaudited)

The discussion and analysis of BaratHaven Community Improvement District's financial performance provides an overview and analysis of the District's financial statements for the years ended December 31, 2016 and December 31, 2015. It should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of BaratHaven Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2016 by \$2,930. Of this amount, \$2,930 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of BaratHaven Community Improvement District exceeded its liabilities at the close of the year ended December 31, 2015 by \$2,110. Of this amount, \$2,110 (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 \$820 for the year ended December 31, 2016. The primary reason for this is because the District received \$160,967 in total revenues and spent \$160,147 on total expenses.
- The District's total net position decreased by \$11,159 for the year ended December 31, 2015. The primary reason for this is because the District received \$149,529 in total revenues and spent \$160,688 on total expenses.
- The District did not issue any additional debt for the years ending December 31, 2016 or 2015.

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

BaratHaven Community Improvement District

Management's Discussion and Analysis
For the Year Ended December 31, 2016
(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 \$2,930 as of December 31, 2016.

Table 1
Summary of Net Position
at December 31, 2016 and 2015

	Governmental Activities	
	2016	2015
Current and other assets	\$ 2,930	\$ 2,110
Total Assets	<u>\$ 2,930</u>	<u>\$ 2,110</u>
Net position:		
Restricted	\$ -	\$ -
Unrestricted	2,930	2,110
Total Net Position	<u>\$ 2,930</u>	<u>\$ 2,110</u>

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
General Revenues:		
Taxes	\$ 160,964	\$ 149,526
Interest income	3	3
Total revenues	<u>\$ 160,967</u>	<u>\$ 149,529</u>
Expenses:		
General government	\$ 11,963	\$ 12,451
Interest expense	148,184	148,237
Total expenses	<u>\$ 160,147</u>	<u>\$ 160,688</u>
Increase (decrease) in net position	\$ 820	\$ (11,159)
Net Position at beginning of year	2,110	13,269
Net Position at end of year	<u>\$ 2,930</u>	<u>\$ 2,110</u>

PROPERTY, PLANT AND EQUIPMENT AND DEBT

Property, Plant and Equipment

During the years ending December 31, 2016 and 2015, the District did not have any additional capital additions.

Debt

As of the year ended December 31, 2016, the District had \$2,135,000 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$148,184 during the year.

As of the year ended December 31, 2015, the District had \$2,135,000 in revenue notes payable. The District did not make any principal payments, but made interest payments of \$148,237 during the year.

BaratHaven Community Improvement District

Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

General Fund Budgeting Highlights

For the year ended December 31, 2016, actual expenditures on a budgetary basis were \$11,963, compared to the final budget amount of \$11,923. The \$40 negative variance was mainly the result of the District not budgeting enough for insurance expenses.

For the year ended December 31, 2015, actual expenditures on a budgetary basis were \$12,451, compared to the final budget amount of \$12,565. The \$114 positive variance was mainly the result of the District budgeting too much for legal and professional fees.

For the year ended December 31, 2016, actual revenues on a budgetary basis were \$160,967, compared to the budget amount of \$158,806. The \$2,161 positive variance was mainly the result of the District not budgeting enough for CID Property Tax Revenues.

For the year ended December 31, 2015, actual revenues on a budgetary basis were \$149,527, compared to the budget amount of \$148,234. The \$1,293 positive variance was mainly the result of the District not budgeting enough for CID Property Tax Revenues.

Debt Service Fund Budgeting Highlights

For the year ended December 31, 2016, actual expenditures on a budgetary basis were \$148,184, compared to the final budget amount of \$148,184, resulting in a \$0 variance.

For the year ended December 31, 2015, actual expenditures on a budgetary basis were \$148,237, compared to the final budget amount of \$148,237, resulting in a \$0 variance.

For the year ended December 31, 2016, actual revenues on a budgetary basis were \$0, compared to the budget amount of \$0, resulting in a \$0 variance.

For the year ended December 31, 2015, actual revenues on a budgetary basis were \$2, compared to the budget amount of \$2, resulting in a \$0 variance.

Project Fund Budgeting Highlights

For the year ended December 31, 2016, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$0, resulting in a \$0 variance.

For the year ended December 31, 2015, actual expenditures on a budgetary basis were \$0, compared to the final budget amount of \$0, resulting in a \$0 variance.

For the year ended December 31, 2016, actual revenues on a budgetary basis were \$0, compared to the final budget amount of \$0, resulting in a \$0 variance.

For the year ended December 31, 2015, actual revenues on a budgetary basis were \$0, compared to the final budget amount of \$0, resulting in a \$0 variance.

BaratHaven Community Improvement District

Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

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.

BaratHaven Community Improvement District

Governmental Funds Balance Sheet/
Statement of Net Position - Cash Basis
December 31, 2016

Assets	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Net Position
Cash and equivalents	\$ 2,930	\$ -	\$ -	\$ 2,930	\$ -	\$ 2,930
Total Assets	<u>\$ 2,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ -</u>	<u>\$ 2,930</u>
Liabilities and Fund Balances / Net Position						
Fund Balance:						
Restricted for:						
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-	-	-
Unassigned	2,930	-	-	2,930	(2,930)	-
Total Liabilities and Fund Balances	<u>\$ 2,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ (2,930)</u>	<u>\$ -</u>
Net Position:						
Restricted for:						
Debt Service				\$ -	\$ -	\$ -
Capital Projects				-	-	-
Unrestricted				2,930	2,930	2,930
Total Net Position				<u>\$ 2,930</u>	<u>\$ 2,930</u>	<u>\$ 2,930</u>

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

BaratHaven Community Improvement District

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	General Fund	Debt Service Fund	Project Fund	Total Funds	Adjustments	Statement of Activities
Expenditures/Expenses:						
Trustee fees	\$ 1,743	-	-	\$ 1,743	\$ -	\$ 1,743
Bank fees	182	-	-	182	-	182
Administrative expenses	5,000	-	-	5,000	-	5,000
Insurance expense	1,538	-	-	1,538	-	1,538
Legal and professional fees	1,100	-	-	1,100	-	1,100
Audit fees	2,400	-	-	2,400	-	2,400
Interest expense	-	148,184	-	148,184	-	148,184
Total Expenditures/Expenses	\$ 11,963	\$ 148,184	-	\$ 160,147	\$ -	\$ 160,147
General Revenues:						
CID property tax revenues	\$ 160,964	-	-	\$ 160,964	\$ -	\$ 160,964
Interest income	3	-	-	3	-	3
Total General Revenues	\$ 160,967	-	-	\$ 160,967	\$ -	\$ 160,967
Excess (Deficiency) of Revenues Over Expenditures	\$ 149,004	\$ (148,184)	-	\$ 820	\$ -	\$ 820
Other Financing Sources (Uses)						
Transfers in	-	148,184	-	148,184	-	148,184
Transfers out	(148,184)	-	-	(148,184)	-	(148,184)
Total Other Financing Sources (Uses)	\$ (148,184)	\$ 148,184	-	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 820	\$ -	-	\$ 820	\$ (820)	\$ -
Change in net position						
Fund balance/net position:						
Beginning of Year	2,110	-	-	2,110	-	820
End of Year	\$ 2,930	-	-	\$ 2,930	-	\$ 2,930

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

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571, inclusive, of the Revised Statutes of Missouri, as amended (the "CID Act") and Ordinance No. 992 approved on February 15, 2006 (the "Approving Ordinance"), the City of Dardenne Prairie, Missouri (the "City") approved formation of the BaratHaven Community Improvement District (the "District") for the purpose of financing the construction of the project defined in the Intergovernmental Cooperation Agreement.

Pursuant to Resolution No. 06-010 the District entered into the Intergovernmental Cooperation Agreement by and among the City of Dardenne Prairie, the BaratHaven Transportation Development District, and the BaratHaven Community Improvement District.

BaratHaven is a mixed-use development, located in the City of Dardenne Prairie, Missouri. The 200-acre development is located south of WingHaven and west of Henning Road in St. Charles County, Missouri. Meredith Systems, LLC, BaratHaven Associates LLC, BaratHaven Development, LLC, Benton Company, LLC. and Great Rivers Greenway are the owners of all real property within the proposed development.

BaratHaven is expected to include 248 residential lots, consisting of 159 single-family residences and 89 single-family detached villas. The development will also include 17 acres of commercial/retail space along U.S. Highway 40-61. Barat Academy – a private, independent Catholic co-ed high school – will also be a part of the development. All of these portions of the development will be located within the District.

The development also boasts a 16-acre lake for fishing and recreation and a 97-acre park that meanders through the development.

In order to accommodate this development, significant transportation and public infrastructure improvements must be constructed. More specifically, the improvements include:

1. Construction of a collector road to be known as BaratHaven Boulevard;
2. Construction of an interior road system to serve the commercial/retail portion of the Development, which will provide access from BaratHaven Boulevard to the service road for U.S. Highway 40/61;
3. Construction of an interior loop road that provides access to that portion of the commercial/retail development located to the south of BaratHaven Boulevard;
4. Construction of a public parking lot to provide access to adjacent real property that has been and will be conveyed to Great Rivers Greenway;
5. That portion of the grading and storm water improvement that are required to serve the road system described in paragraphs (1) through (5) above;
6. Accompanying grading, drainage, pavement, curb, gutter, sidewalk, storm water facilities, signing, striping, lighting, landscaping or other similar or related improvements in connection with items (1) through (5) above;
7. Storm water facilities and improvements to the global detention area and grading and landscaping related to the storm water facilities and improvements, which are unrelated to the road system described in paragraphs (1) through (4) above; and
8. Accompanying professional fees, including without limitation engineering (civil, traffic, road design and geotechnical), surveying, soil testing, legal, architectural and administrative (project management, contract administration and administration of the proposed District).

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

A) BASIS OF PRESENTATION

Special-purpose governments engaged in a single governmental program and having no component units may present financial statements as combining fund financial statements with government-wide statements. This is illustrated on the 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 internally maintains three separate funds that make up the General Fund, as follows:

Special Trust Fund – The Special 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 property taxes.

Revenue Fund – (a) Not later than the 15th calendar day of each month (or the preceding Business Day if the 15th is not a Business Day) while the CID Notes are outstanding, the CID shall cause to be transferred all available CID Revenues to the Trustee for deposit into the CID Revenue Account of the Revenue Fund. If the Trustee has not received all Available CID Revenues on or before the 20th calendar day of each month, the Trustee shall notify the CID and the Developer of such non-receipt.

(b) Pursuant to the Cooperation Agreement, not later than the 15th calendar day of each month (or the preceding Business Day if the 15th is not a Business Day) while the CID notes are outstanding, the City shall cause to be transferred all City Property Tax Revenues to the Trustee for deposit into the Municipal Revenue Account of the Revenue Fund. If the Trustee has not received all Property Tax Revenues on or before the 20th calendar day of each month, the Trustee shall notify the CID, the City and the Developer of such non-receipt.

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONTINUED)

(c) Moneys in the Revenue Fund (drawing first from the CID Revenue Account and second from the Municipal Revenue Account, unless otherwise specified herein) shall be disbursed by the Trustee on each Payment Date for the purposes and in the amounts as follows:

First, drawing only from the CID Revenue Account, the Annual Operating Fund Deposit to the Operating Fund;

Second, drawing only from the CID Revenue Account, an amount sufficient for payment of fees and expenses which are due and owing to the Trustee or any Paying Agent for the CID Notes upon delivery to the CID of an invoice for such amounts;

Third, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay past-due interest owing on any CID Notes;

Fourth, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the interest becoming due and payable on the CID notes on the next immediate Payment Date; and

Fifth, transfer to the Redemption Account all moneys then remaining in the Revenue Fund, which shall be applied to the payment of principal on all CID Notes that are subject to redemption on the next succeeding Payment Date pursuant to Section 302(b) hereof.

(d) Upon payment in full of the principal of and interest on the CID Notes (or provisions have been made for the payment thereof as specified herein), the fees, charges and expenses of the Trustee or any Paying Agent, and any other amounts required to be paid from the Revenue Fund, all amounts remaining on deposit in the (1) CID Revenue Account shall be paid to the trustee under the TDD Indenture or, if there are no TDD Notes outstanding, to the CID for deposit into the CID Trust Fund; and (2) Municipal Revenue Account shall be paid to the City.

Operating Fund – Money in the Operating Fund shall be disbursed by the Trustee without inquiry or investigation from time to time upon receipt of a written request of the Authorized District Representative to pay CID Administrative Costs, principal of or interest on the CID Notes, or any other lawful purpose. Any CID Administrative Costs in excess of the Annual Operating Fund Deposit shall be carried forward for payment from the next deposit.

Debt Service Fund – (a) All amounts paid and credited to the Debt Service Fund shall be expended solely for (1) the payment of the principal of and interest on the CID Notes as the same mature and become due or upon the redemption thereof, or (2) to purchase CID Notes for cancellation prior to maturity.

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

(c) The Trustee shall use any moneys remaining in the Debt Service Fund to redeem all or part of the Outstanding CID notes 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 CID Notes theretofore matured or called for redemption.

(d) If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the CID Notes on any Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) BASIS OF PRESENTATION (CONCLUDED)

the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Payment Date, with interest thereon at the rate or rates specified in the CID notes to the extent permitted by law. If the moneys in the Debt Service Fund are insufficient to pay the principal of the CID Notes on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(e) Upon payment in full of the principal of and interest on the CID Notes (or provisions have been made for the payment thereof as specified herein), the fees, charges and expenses of the Trustee or any Paying Agent, and any other amounts required to be paid from the Revenue Fund, all amounts remaining on deposit in the Debt Service Fund shall be paid to be paid to the trustee under the TDD Indenture or, if there are no TDD Notes outstanding, to the CID for deposit into the CID Trust Fund.

Project Fund – Upon the acceptance by the CID of a Certificate of Reimbursable Project Costs and the issuance or endorsement of a CID Note pursuant to Section 203(c) hereof, the Developer shall be deemed to have advanced funds necessary to purchase such CID Note and the CID shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the Developer in full for such costs from the amounts deemed to be on deposit in the Project Fund. The CID shall promptly provide a copy of each Certificate of Reimbursable Project Costs and the Certificate of Substantial Completion (as defined in the Cooperation Agreement) to the Trustee upon the CID's approval thereof.

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.

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016 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, 2016.

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, 2016.

BaratHaven Community Improvement District

Notes to Financial Statements For the Year Ended December 31, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E) 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, 2016.

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, 2016.

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, 2016 is as follows:

Deposits

At December 31, 2016, the carrying amount of the District's deposits was \$2,930 and the bank balance was \$2,930. The bank balance in the Special Trust Fund was \$2,281 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.

Investments

There were no investments at December 31, 2016.

3) COMMITMENTS

On December 1, 2006, the District entered into an Intergovernmental Cooperation Agreement between the City of Dardenne Prairie, BaratHaven Transportation Development District and the BaratHaven Community Improvement District.

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

3) COMMITMENTS (CONCLUDED)

Pursuant to this Agreement, Creek Valley, LLC and BaratHaven Development, LLC (collectively, the "Developer") and the City entered into an Annexation Agreement dated September 1, 2005 (the "Annexation Agreement"). Through the Annexation Agreement the Developer affirmed its agreement to construct certain transportation-related improvements and other public improvements within the City. The parties also agreed to create the Transportation Development District & Community Improvement District for the purpose of financing certain improvements.

4) LITIGATION

At December 31, 2016 there were no claims or lawsuits pending against the District.

5) TAXES

On February 17, 2006, pursuant to the CID Act, the CID adopted Resolution No. 06-004 authorizing the CID to impose a property tax on all real property within the CID Boundaries ("CID Property Tax"). Following are the rates the CID has imposed.

<u>Year</u>	<u>Rate</u>
2007	\$0.8555 per \$100
2008	\$0.8555 per \$100
2009	\$0.8555 per \$100
2010	\$0.8555 per \$100
2011	\$1.000 per \$100
2012	\$1.000 per \$100
2013	\$1.000 per \$100
2014	\$1.000 per \$100
2015	\$1.000 per \$100
2016	\$1.000 per \$100

6) LONG-TERM DEBT

At the year ended December 31, 2016 the balance of Special Revenue Note R-4 was \$1,313,000, the balance of Special Revenue Notes R-5-8 was \$328,000, and the balance of Special Revenue Note R-3 was \$494,000. The special revenue notes bear interest at 9.25% and are scheduled to mature on December 28, 2026.

The payments are interest only unless enough excess funds exist to make principal payments. The total amount of interest that is past due as of December 31, 2016 is \$806,187. In 2016 the District paid \$148,184 in interest expense.

Special Revenue Note R-4, Series 2006

Revenue notes payable, January 1, 2015	\$	1,313,000
Notes issued		-
Revenue notes payable, December 31, 2015	\$	1,313,000
Notes issued		-
Revenue notes payable, December 31, 2016	\$	<u>1,313,000</u>

Special Revenue Note R-4 was originally issued as Special Revenue Note R-2, but was replaced when the original investor sold to a new investor in November 2010.

BaratHaven Community Improvement District

Notes to Financial Statements
For the Year Ended December 31, 2016

6) LONG-TERM DEBT (CONCLUDED)

Special Revenue Note R-5-8, Series 2006

Revenue notes payable, January 1, 2015	\$	328,000
Notes issued		-
Revenue notes payable, December 31, 2015	\$	328,000
Notes issued		-
Revenue notes payable, December 31, 2016	\$	<u>328,000</u>

The Special Revenue Notes R-5, R-6, R-7 and R-8 were originally issued as Special Revenue Note R-1, but were replaced when the original investor sold to a new investor in March 2012.

Special Revenue Note R-3, Series 2008 (Not Issued as of December 31, 2016)

Revenue notes payable, January 1, 2015	\$	494,000
Notes issued		-
Notes allocated to Barathaven TDD		-
Revenue notes payable, December 31, 2015	\$	494,000
Notes issued		-
Revenue notes payable, December 31, 2016	\$	<u>494,000</u>

The Special Revenue Note Series R-3 was approved by the District in 2008. It is a legal obligation of the District. The total cost of the Barat Academy project was \$1,454,000. Originally, half of the project was to be paid out of Barathaven CID and half to be paid out of Barathaven TDD. However, only \$494,000 was approved to be paid from the Barathaven CID and the remaining costs were allocated to Barathaven TDD. The R-3 notes have not been endorsed and thus not actually issued by the District as of December 31, 2016.

7) PROJECT COSTS

For the year ending December 31, 2016 the District had no project costs.

8) SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 28, 2017, the date the financial statements were available to be issued. The District is currently being audited by the Missouri State Auditor's office. The State Auditor believes the real estate tax levy imposed was not properly certified. Further, the State Auditor has indicated it does not believe the District is levying its tax for debt service and therefore the tax is subject to roll back pursuant to the Hancock Amendment.

Supplementary Information

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 General Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance - Favorable (Unfavorable)
Revenues:				
CID property tax revenues	\$ 152,000	\$ 158,803	\$ 160,964	\$ 2,161
Interest income	-	3	3	-
Total Revenues	\$ 152,000	\$ 158,806	\$ 160,967	\$ 2,161
Expenditures:				
Bank fees	\$ 180	\$ 180	\$ 182	\$ (2)
Trustee fees	2,385	1,743	1,743	-
Administrative expenses	5,000	5,000	5,000	-
Insurance expenses	1,500	1,500	1,538	(38)
Legal and professional fees	1,100	1,100	1,100	-
Audit fees	2,400	2,400	2,400	-
Total Expenditures	\$ 12,565	\$ 11,923	\$ 11,963	\$ (40)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(139,435)	(148,184)	(148,184)	-
Total Other Financing Sources (Uses)	\$ (139,435)	\$ (148,184)	\$ (148,184)	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (1,301)	\$ 820	\$ 2,121
Fund Balances - at beginning of the year		2,110	2,110	
Fund Balances - at end of the year		\$ 809	\$ 2,930	

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Debt Service Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Interest expense	\$ 139,435	\$ 148,184	\$ 148,184	\$ -
Total Expenditures	\$ 139,435	\$ 148,184	\$ 148,184	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ 139,435	\$ 148,184	\$ 148,184	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 139,435	\$ 148,184	\$ 148,184	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	\$ -	\$ -
Fund Balances - at beginning of the year				
Fund Balances - at end of the year				

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Project Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

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

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Special Trust Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

	Budgeted Amount	Budgeted Amount	Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
CID property tax revenues	\$ 152,000	\$ 158,803	\$ 160,964	\$ 2,161
Total Revenues	<u>\$ 152,000</u>	<u>\$ 158,803</u>	<u>\$ 160,964</u>	<u>\$ 2,161</u>
Expenditures:				
Bank fees	\$ 180	\$ 180	\$ 182	\$ (2)
Total Expenditures	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 182</u>	<u>\$ (2)</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(151,820)	(159,925)	(159,925)	-
Total Other Financing Sources (Uses)	<u>\$ (151,820)</u>	<u>\$ (159,925)</u>	<u>\$ (159,925)</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (1,302)</u>	<u>\$ 857</u>	<u>\$ 2,159</u>
Fund Balances - at beginning of the year		<u>1,424</u>	<u>1,424</u>	
Fund Balances - at end of the year		<u>\$ 122</u>	<u>\$ 2,281</u>	

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Revenue Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ 3	\$ 3	\$ -
Total Revenues	\$ -	\$ 3	\$ 3	\$ -
Expenditures:				
Trustee fees	\$ 2,385	\$ 1,743	\$ 1,743	\$ -
Total Expenditures	\$ 2,385	\$ 1,743	\$ 1,743	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ 151,820	\$ 318,527	\$ 318,527	\$ -
Transfers out	(149,435)	(316,786)	(316,786)	\$ -
Total Other Financing Sources (Uses)	\$ 2,385	\$ 1,741	\$ 1,741	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ 1	\$ 1	\$ -
Fund Balances - at beginning of the year				
Fund Balances - at end of the year		\$ 1	\$ 1	

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -
 Operating Fund - Budget and Actual - Cash Basis
 For the Year Ended December 31, 2016

	Budgeted	Budgeted	Actual	Variance - Favorable (Unfavorable)
	Amount Original	Amount Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Administrative expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Insurance expenses	1,500	1,500	1,538	(38)
Legal and professional fees	1,100	1,100	1,100	-
Audit fees	2,400	2,400	2,400	-
Total Expenditures	\$ 10,000	\$ 10,000	\$ 10,038	\$ (38)
Other Financing Sources (Uses)				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	\$ (38)	\$ (38)
Fund Balances - at beginning of the year		686	686	
Fund Balances - at end of the year		\$ 686	\$ 648	

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

BaratHaven Community Improvement District

Statement of Revenues Collected and Expenditures Paid -

All Funds - Budget and Actual - Cash Basis

For the Year Ended December 31, 2016

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance - Favorable (Unfavorable)
Revenues:				
CID property tax revenues	\$ 152,000	\$ 158,803	\$ 160,964	\$ 2,161
Interest income	-	3	3	-
Total Revenues	\$ 152,000	\$ 158,806	\$ 160,967	\$ 2,161
Expenditures:				
Trustee fees	\$ 2,385	\$ 1,743	\$ 1,743	\$ -
Bank fees	180	180	182	(2)
Administrative expenses	5,000	5,000	5,000	-
Insurance expense	1,500	1,500	1,538	(38)
Legal and professional fees	1,100	1,100	1,100	-
Audit fees	2,400	2,400	2,400	-
Interest expense	139,435	148,184	148,184	-
Total Expenditures	\$ 152,000	\$ 160,107	\$ 160,147	\$ (40)
Other Financing Sources (Uses)				
Transfers in	\$ 139,435	\$ 148,184	\$ 148,184	\$ -
Transfers out	(139,435)	(148,184)	(148,184)	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (1,301)	\$ 820	\$ 2,121
Fund Balances - at beginning of the year		2,110	2,110	
Fund Balances - at end of the year		\$ 809	\$ 2,930	

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
BaratHaven Community Improvement District
Dardenne Prairie, 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 BaratHaven Community Improvement District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise BaratHaven Community Improvement District's basic financial statements, and have issued our report thereon dated June 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BaratHaven 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 BaratHaven Community Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of BaratHaven 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 BaratHaven 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

June 28, 2017
Hannibal, Missouri