

The Thirty-Ninth Street  
Transportation Development District

Basic Financial Statements  
Together with  
Independent Auditor's Report

For the year ended June 30, 2022

**THE THIRTY-NINTH STREET TRANSPORTATION  
DEVELOPMENT DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Thirty-Ninth Street Transportation Development District  
Independence, Missouri

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Thirty-Ninth Street Transportation Development District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
  - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The debt service fund budgetary schedule, on page 22, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Hood & Associated CPAs PC*

Kansas City, Missouri  
November 29, 2022

The Thirty-Ninth Street Transportation Development District  
Management Discussion and Analysis  
Year ended June 30, 2022

As the governing body responsible for the management of the Thirty-Ninth Street Transportation Development District (the "District"), the Board of Directors offers readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022.

### Financial Highlights

As of the close of the current fiscal year, the District reported ending fund balances of \$540,329, an increase of \$188,429 in comparison to the prior year. Of the fund balance, \$453,038 is restricted for debt service.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements.

### Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the District's government. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements are the notes to the basic financial statements which explain in detail some of the data contained in the statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The government-wide financial statements provide short and long-term information about the District's financial status as a whole.

The statement of net position represents information on the District's assets, deferred outflow of resources and liabilities, with the difference between them reported as net position. Measuring net position is one way to gauge the District's financial condition.

The statement of activities presents information showing how the District's net position changed during the year. This statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid.

### Fund Financial Statements

The fund financial statements provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The Thirty-Ninth Street Transportation Development District  
 Management Discussion and Analysis  
 Year ended June 30, 2022

**Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the District's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements provide a detailed short-term view that helps the reader determine if there are more or fewer financial resources available to finance the District's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

**Notes to the Basic 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.

**Analysis of the Basic Financial Statements**

Our analysis below focuses on the net position and changes in net position of the District for the years ended June 30, 2022 and 2021.

Statements of Net Position (Deficit)		2021		2022	
	Increase	(Decrease)			
Current and other assets	\$ 603,467	\$ 150,253	\$ 453,214	\$ 603,467	\$ 150,253
Total assets			453,214	603,467	150,253
Deferred charge on refunding	343,602	(33,270)	376,872	343,602	(33,270)
Total deferred outflows of resources			376,872	343,602	(33,270)
Other liabilities	122,704	(41,434)	164,138	122,704	(41,434)
Long-term debt	6,990,000	(325,000)	7,315,000	6,990,000	(325,000)
Total liabilities			7,479,138	7,112,704	(366,434)
Net position (deficit):					
Restricted	453,038	179,090	273,948	453,038	179,090
Unrestricted (deficit)	(6,618,673)	304,327	(6,923,000)	(6,618,673)	304,327
Total net position (deficit)	\$ (6,165,635)	\$ 483,417	\$ (6,649,052)	\$ (6,165,635)	\$ 483,417

The Statement of Net Position (Deficit) presents information on all the District's assets, deferred outflows of resources, and liabilities, with the difference between them reported as net position (deficit). The current and other assets are comprised primarily of cash and restricted cash and investments, \$303,637 of which is being held in trust in accordance with the terms of the Series 2018 revenue bonds.

Generally, net position may serve over time as a useful indicator of the District's financial position. However, since the District has transferred certain property and improvements to the City of Independence, Missouri (the City) before the Series 2018 revenue bonds have been retired (i.e., incurring debt for assets that will be owned and maintained by other parties) the District reports a deficit net position.

The Thirty-Ninth Street Transportation Development District  
 Management Discussion and Analysis  
 Year ended June 30, 2022

Statements of Activities		2022	2021	Increase (Decrease)
General revenues:		\$ 927,884	\$ 795,298	\$ 132,586
Sales taxes		231	832	(601)
Interest		10	5	5
Other income		928,125	796,135	131,990
Total revenues		928,125	796,135	131,990
Expenses:		56,811	54,216	2,595
General government		387,897	410,873	(22,976)
Interest on long-term debt		444,708	465,089	(20,381)
Total expenses		483,417	331,046	152,371
Change in net position		(6,649,052)	(6,980,098)	331,046
Net position (deficit) - beginning of year		\$ (6,165,635)	\$ (6,649,052)	\$ 483,417
Net position (deficit) - end of year				

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. The expenses are composed of interest on long-term debt totaling \$387,897 and general government operating costs of \$56,811. Revenues consist of \$927,884 in net sales taxes collected from the approved one-eighth of one percent sales tax on retail sales within the District, \$231 of interest earned on the District's cash and investment balances, and \$10 of other income.

Financial Analysis of the District's Funds

The Balance Sheet for Governmental Funds includes balances for the District's major funds: the General Fund and the Debt Service Fund. The Balance Sheet for Governmental Funds includes assets of \$603,467 primarily in the form of restricted cash and cash equivalents and sales taxes receivable of \$209,639. Liabilities totaling \$63,138 consist of accounts payable. The total fund balances are \$540,329 of which \$453,038 is restricted for debt service; \$600 is nonspendable for prepaid items, and an unassigned fund balance of \$86,691.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provides a detail of the revenues, expenditures and financing activities for the year. The District generated total net revenues of \$928,125 with expenditures totaling \$739,696 for the year ended June 30, 2022. The expenditures included administrative operating costs of \$56,811 and principal, interest and fiscal charges totaling \$682,885.

General Fund Budgetary Highlights

For the year ended June 30, 2022, general fund actual expenditures were less than budgeted appropriations by \$1,889 primarily resulting from less professional than were budgeted.

Capital Assets

As of June 30, 2022 and 2021, the District did not report any investment in capital assets. The District had previously initiated the process of transferring title of certain property and improvements to the City. This process was formally completed during the year ended June 30, 2019. Additional information on the District's capital assets can be found in Note 1 to the Basic Financial Statements.

The Thirty-Ninth Street Transportation Development District  
Management Discussion and Analysis  
Year ended June 30, 2022

**Long-term Debt**

In 2018, the District issued its Series 2018 revenue bonds in the amount of \$8,400,000 to advance refund the remaining outstanding Series 2008 revenue bonds. As of June 30, 2022, the District had outstanding debt obligations of \$6,990,000 consisting of the Series 2018 revenue bonds. Additional information on the District's long-term debt can be found in Note 5 to the Basic Financial Statements.

**Requests for Information**

This financial report is designed to provide a general overview of the Thirty-Ninth Street Transportation Development District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Thirty-Ninth Street Transportation Development District, c/o 5 W St., Lake Lotawana, Missouri 64086.



**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION (DEFICIT)**  
**JUNE 30, 2022**

<b>Governmental</b>	
<b>Activities</b>	
	\$
Cash	89,591
Restricted investments	303,637
Sales taxes receivable	209,639
Prepaid items	600
<b>Total assets</b>	<b>603,467</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	343,602
<b>Total deferred outflows of resources</b>	<b>343,602</b>
<b>LIABILITIES:</b>	
Accounts payable	63,138
Interest payable	59,566
Long-term debt:	
Due in one year	535,000
Due after one year	6,455,000
<b>Total liabilities</b>	<b>7,112,704</b>
<b>NET POSITION (DEFICIT):</b>	
Restricted for:	
Debt service	453,038
Unrestricted (deficit)	(6,618,673)
<b>Total net position (deficit)</b>	<b>\$ (6,165,635)</b>

See notes to the basic financial statements.  
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**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Total Governmental Funds	Debt Service	General	
<b>ASSETS</b>				
Cash	89,591	\$ -	\$ 89,591	
Restricted investments	303,637	303,637	-	
Sales taxes receivable	209,639	209,639	-	
Prepaid items	600	-	600	
<b>Total assets</b>	<b>\$ 603,467</b>	<b>\$ 513,276</b>	<b>\$ 90,191</b>	
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	63,138	\$ 60,238	\$ 2,900	
<b>Total liabilities</b>	<b>63,138</b>	<b>60,238</b>	<b>2,900</b>	
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	600	-	600	
Restricted for:				
Debt service	453,038	453,038	-	
Unassigned:				
District operating	86,691	-	86,691	
<b>Total fund balances</b>	<b>540,329</b>	<b>453,038</b>	<b>87,291</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 603,467</b>	<b>\$ 513,276</b>	<b>\$ 90,191</b>	

See notes to the basic financial statements.  
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**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2022**

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balances - total governmental funds \$ 540,329

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

Deferred charge on refunding	343,602
Interest payable	(59,566)
Long-term debt	(6,990,000)
	<u>(6,990,000)</u>

Total net position of governmental activities \$ (6,165,635)

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Total	Debt	Fund	
Governmental	Service	General	
Funds	Funds	Funds	
			<b>REVENUES:</b>
			Sales taxes
\$ 1,160,830	\$ 1,160,830	\$ -	Less: sales tax - tax increment financing
231	91	140	Interest income
10	-	10	Other income
928,125	927,975	150	Total revenues
			<b>EXPENDITURES:</b>
			Current:
48,800	-	48,800	Professional services
1,248	-	1,248	Insurance
6,763	6,000	763	Miscellaneous
			Debt Service:
325,000	325,000	-	Principal payments on long-term debt
357,885	357,885	-	Interest and fiscal charges
739,696	688,885	50,811	Total expenditures
			<b>EXCESS OF REVENUES OVER</b>
			<b>(UNDER) EXPENDITURES</b>
188,429	239,090	(50,661)	<b>OTHER FINANCING SOURCES (USES):</b>
			Transfers in
60,000	-	60,000	Transfers out
			Total other financing sources (uses)
188,429	179,090	9,339	<b>NET CHANGE IN FUND BALANCE</b>
351,900	273,948	77,952	FUND BALANCE, Beginning of year
540,329	453,038	87,291	FUND BALANCE, End of year

See notes to the basic financial statements.  
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THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 188,429

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and deferred charge on refunding when debt is first issued, whereas certain amounts are deferred and amortized in the statement of activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt principal payments 325,000  
 Amortization of deferred charges on refunding (33,270)  
 Change in interest payable 3,258

Total changes in net position of governmental activities

\$ 483,417

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Thirty-Ninth Street Transportation Development District (the "District") was established on April 25, 2002 under the Missouri Transportation Development District Act (the "Act"), sections 238.200 to 238.275 of the Revised Statutes of Missouri. The District was created to levy certain taxes for the purpose of funding the expansion and improvements of portions of Thirty-Ninth Street in the City of Independence, Missouri (the "City"). The District is the basic level of government, which has financial accountability and control over the activities related to the funding of the improvements. The District's Board of Directors are elected by the owners of all real property located within the District to three-year terms.

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

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant accounting and reporting policies and practices employed of the District.

**B. Basis of Presentation**

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

*Government-wide financial statements*

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

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

*Fund Financial Statements*

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

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

The major governmental funds of the District are described below:

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

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

**C. Measurement Focus and Basis of Accounting**

*Government-wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

*Revenue Recognition*

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within forty-five (45) days of year-end and available to pay obligations of the current period). This includes investment earnings, sales taxes, and other revenues.

*Expenditure Recognition*

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

**D. Budgetary Basis Accounting and Information**

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



**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**E. Capital Assets**

Capital assets, which include land and construction in process, are reported in the governmental activities columns in the government-wide financial statements. Construction in process consists of costs relating to infrastructure, such as streets, sewer, traffic signals, etc. Such costs are accumulated and recorded as construction in process until the project is completed. Upon completion, the infrastructure assets will be transferred to the City and removed from construction in process. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation. In 2019, the District formally completed the transfers of all capital assets to the City.

**F. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized, as an outflow of resources (expense/expenditure) until then. The District has one item, which arises under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any items that would be reported as a deferred inflow of resources.

**G. Interfund Activity**

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. Temporary reallocations of resources between funds of the District are classified as interfund balances. For the purpose of the Statement of Net Position, all interfund balances between individual governmental funds have been eliminated.

**H. Net Position and Fund Balance Classifications**

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

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

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

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

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

*Nonspendable Fund Balance:*

This portion of fund balance cannot be spent either because it is in nonspendable form or is required to be maintained intact. The District's nonspendable fund balance includes:

- Prepaid items - this is the amount paid in advance for the following year's goods and services, which are not spendable resources.

*Restricted Fund Balance*

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

*Committed Fund Balance*

This portion of fund balance can be used only for the specific purposes determined by a resolution approved by the board of directors. As of June 30, 2022, the District did not have a committed fund balance.

*Assigned Fund Balance*

The intended use of this portion of fund balance can be established by the District's Board of Directors. It can be appropriated to eliminate a projected deficit in the subsequent year's operating budget. As of June 30, 2022, the District did not have an assigned fund balance.

*Unassigned Fund Balance*

This is the residual net resources after nonspendable, restricted, committed, and assigned.

1. Use of Estimates

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

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DEPOSITS AND INVESTMENTS**

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

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

	Cash	\$ 89,591	Restricted investments	303,637	
		\$ 393,228	Total cash and investments		

Credit Risk

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

Custodial Credit Risk

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

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

The District does not have a policy with respect to the management of custodial credit risk on investments. As of June 30, 2022, the District's entire investment portfolio is held in open-ended mutual funds and, therefore, is not exposed to custodial credit risk.

Interest Rate Risk

The District does not have a policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2022, the District's entire investment portfolio is held in money market mutual funds with maturities of less than one year.

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

Fair Value Measurements

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

Investments	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 303,637	\$ 303,637	\$ -	\$ -

**3. COOPERATIVE AGREEMENT**

The District entered into a Cooperative Agreement ("the Agreement") with the City for public road improvements in the Thirty-Ninth Street Redevelopment Area. Under the terms of the Agreement, title to the improvements will remain with the District until all project costs have been paid in full and any District bonds issued to fund construction of the improvements are repaid unless the City consents to an earlier transfer of title provided by the Act. During the year ended June 30, 2019, the District completed the transfer of certain property and improvements to the City.

**4. SALES TAX REVENUES**

Qualified voters of the District approved a one-eighth of one percent sales tax on retail sales for a period of not more than thirty years in the District, excluding motor vehicles, trailers, boats, outboard motors and utilities. Effective January 1, 2010, per amendments to RSMo 285.235, the Missouri Department of Revenue became responsible for collection, enforcement and operation of the sales tax. The District receives Economic Activity Taxes (TIF revenues) under the terms of the Crackerneck Creek, Independence Regional Medical Center, Eastland Center, Hartman Heritage Park, Stone Canyon, I-70 and Little Blue Parkway, and Trinity Tax Increment Financing Plans and transfers the TIF revenues each quarter to the City for deposit in the appropriate special allocation fund under the Tax Increment Financing Plans.

**5. LONG-TERM DEBT**

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

Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
\$ 7,315,000	\$ -	\$ 325,000	\$ 6,990,000	\$ 535,000

Revenue Bonds, Series 2018

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

Revenue Bonds, Series 2018

On June 19, 2018 the District issued Series 2018 revenue bonds in the amount of \$8,400,000 to advance refund the remaining \$8,765,000 of the outstanding District's Series 2008 revenue bonds. The bonds are limited special obligations of the District payable solely from and secured as to payments of principal and interest by a pledge or the proceeds from the District sales tax, subject to annual appropriation. The bonds are scheduled to mature on November 1, 2032. At December 31, 2022, the District is ahead of the scheduled maturity date. Interest is payable semi-annually on May 1 and November 1 at 4.95%.

The Series 2018 Bonds are subject to optional redemption by the District in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. The Series 2018 Bonds are also subject to special mandatory redemption and payment prior to the stated maturity thereof, in whole or in part on any interest payment date in inverse order of maturity, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, solely from amounts on deposit in the Redemption Account of the Debt Service Fund. If an event of default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then outstanding, and to enforce and compel the performance of the duties and obligations of the District as set forth in the Indenture.

The following is the estimated redemption schedule of the Series 2018 Bonds as of June 30, 2022:

Year ending June 30:	Principal	Interest	Total
2023	\$ 535,000	\$ 339,570	\$ 874,570
2024	645,000	311,974	956,974
2025	735,000	278,438	1,013,438
2026	795,000	241,313	1,036,313
2027	855,000	201,341	1,056,341
2028-2030	3,425,000	337,095	3,762,095
	\$ 6,990,000	\$ 1,709,731	\$ 8,699,731

**6. INTERFUND ACTIVITY**

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

General Fund	Transfers In	Transfers Out
Debt Service Fund	\$ 60,000	\$ -
	\$ 60,000	\$ 60,000

The District's transfer of \$60,000 from the Debt Service Fund was used to reimburse the General Fund for certain administrative costs incurred during the year ended June 30, 2022.

7. COMMITMENTS AND CONTINGENCIES

A. Insurance

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

B. Project Reimbursement Agreement

The City applied for and was awarded a federal grant through the Mid-America Regional Council to construct a new bridge along 39<sup>th</sup> Street. Under the grant funding agreement, the City is to provide certain matching funds. In connection with the bridge project, the District entered into a project reimbursement agreement with the City subject to final review and approval to reimburse the City for certain project matching costs not to exceed \$800,000. The District's project reimbursement obligation is subordinate to the District's revenue bonds.

8. SUBSEQUENT EVENTS

The District evaluated subsequent events through November 29, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES:</b>				
Interest and other income	\$ 810	\$ 810	\$ 150	\$ (660)
Total revenues	<u>810</u>	<u>810</u>	<u>150</u>	<u>(660)</u>
<b>EXPENDITURES:</b>				
Current:				
Professional services	50,200	50,200	48,800	1,400
Insurance	1,500	1,500	1,248	252
Miscellaneous	1,000	1,000	763	237
Total expenditures	<u>52,700</u>	<u>52,700</u>	<u>50,811</u>	<u>1,889</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(51,890)	(51,890)	(50,661)	1,229
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	60,000	60,000	60,000	-
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 8,110</u>	<u>\$ 8,110</u>	<u>9,339</u>	<u>1,229</u>
FUND BALANCE, Beginning of year			<u>77,952</u>	
FUND BALANCE, End of year			<u>\$ 87,291</u>	

**THE THIRTY-NINTH STREET TRANSPORTATION DEVELOPMENT DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES:	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Sales tax	\$ 1,048,692	\$ 1,048,692	\$ 1,160,830	\$ 112,138
Less: sales tax - tax increment financing	(223,921)	(223,921)	(232,946)	(9,025)
Interest income	91	91	91	-
Total revenues	824,862	824,862	927,975	103,113
EXPENDITURES:				
Current:				
Miscellaneous	4,000	4,000	6,000	(2,000)
Debt service:				
Principal, interest and fiscal charges	765,581	765,581	682,885	82,696
Total expenditures	769,581	769,581	688,885	80,696
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,281	55,281	239,090	183,809
OTHER FINANCING SOURCES (USES):				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	(60,000)	(60,000)	(60,000)	-
NET CHANGES IN FUND BALANCES	\$ (4,719)	\$ (4,719)	179,090	\$ 183,809
FUND BALANCE, Beginning of year			273,948	
FUND BALANCE, End of year			\$ 453,038	





**Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance 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  
The Thirty-Ninth Street Transportation Development District  
Independence, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Thirty-Ninth Street Transportation Development District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2022.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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

*Hood and Associates CPAs, P.C.*

Kansas City, Missouri  
November 29, 2022



To the Board of Directors  
Thirty-Ninth Street Transportation Development District  
Independence, Missouri

We have audited the financial statements of the governmental activities and each major fund of the Thirty-Ninth Street Transportation Development District (the District) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management has not identified any particularly sensitive estimates used in the preparation of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no adjustments made to the original trial balance provided to us at the beginning of the audit.

Kansas City, Missouri  
November 29, 2022

*Hood and Associates CPAs, P.C.*

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, used by anyone other than these specified parties.

#### Restriction on Use

We were engaged to report on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual - Debt Service Fund, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We applied certain limited procedures to Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual - General Fund which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

#### Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Audit Findings or Issues

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Management Consultations with Other Independent Accountants

We have requested certain representations from management that are included in the management representation letter dated November 29, 2022.

#### Management Representations

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Disagreements with Management