

The Grove Community Improvement District

Financial Report
June 30, 2018

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
The Grove Community Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of The Grove Community Improvement District as of and for the year ended June 30, 2018, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of The Grove Community Improvement District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on Pages 15 and 16 be presented to supplement the basic financial statements. Such information, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

RSM US LLP

St. Louis, Missouri
October 2, 2019

The Grove Community Improvement District

**Statement of Net Position
June 30, 2018**

	Governmental Activities
<hr/>	
Assets:	
Cash and cash equivalents	\$ 297,909
Receivables:	
Property assessment	5,916
Taxes	37,275
Other	29,701
Prepaid expenses	2,848
Depreciable capital assets, net	<u>156,998</u>
Total assets	<u>\$ 530,647</u>
Liabilities:	
Accounts payable	\$ 23,400
Accrued expenses	<u>245</u>
Total liabilities	<u>\$ 23,645</u>
Net position:	
Net investment in capital assets	\$ 156,998
Unrestricted net position	<u>350,004</u>
Total net position	<u>\$ 507,002</u>

See notes to financial statements.

The Grove Community Improvement District

**Statement of Activities
Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position, Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Administrative	\$ 68,812	\$ -	\$ -	\$ -	\$ (68,812)
Marketing and special events	91,215	37,954	-	-	(53,261)
Public improvements	32,044	-	-	169,970	137,926
Public services	33,867	-	-	-	(33,867)
Security, public safety and parking	228,324	-	65,000	-	(163,324)
Total governmental activities	\$ 454,262	\$ 37,954	\$ 65,000	\$ 169,970	(181,338)
General revenues:					
Sales and use tax					253,877
Special assessments					99,852
Interest income					164
Miscellaneous income					800
Total general revenues					354,693
Change in net position					173,355
Net position, beginning of year					333,647
Net position, end of year					\$ 507,002

See notes to financial statements.

The Grove Community Improvement District

Balance Sheet—Governmental Fund
June 30, 2018

	General Fund
Assets	
Assets:	
Cash and cash equivalents	\$ 297,909
Receivables:	
Property assessment	5,916
Taxes	37,275
Other	29,701
Prepaid expenses	<u>2,848</u>
Total assets	<u>\$ 373,649</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 23,400
Accrued expenses	<u>245</u>
Total liabilities	<u>23,645</u>
Deferred inflows of resources	<u>6,957</u>
Total liabilities and deferred inflows of resources	<u>30,602</u>
Fund balance:	
Nonspendable	2,848
Unassigned	<u>340,199</u>
Total fund balance	<u>343,047</u>
Total liabilities and fund balance	<u>\$ 373,649</u>

See notes to financial statements.

The Grove Community Improvement District

**Reconciliation of Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2018**

Total fund balance—governmental fund—balance sheet	\$ 343,047
Amounts reported for governmental activities in the statement of net position are different because:	
Special assessments, charges for services and special events related to the current fiscal year that will be collected beyond the 60-day period and are not recognized as revenue in the fund financial statements as they are not available soon enough to pay for the current period's expenditures. Revenue for this amount is recognized in the government-wide financial statements.	6,957
Capital assets used in governmental activities, which exceed capitalization threshold amounts, are not financial resources and, therefore, are not reported in the fund financial statements, but are reported in the statement of net position.	<u>156,998</u>
Total net position—governmental activities—statement of net position	<u><u>\$ 507,002</u></u>

See notes to financial statements.

The Grove Community Improvement District

Statement of Revenues, Expenditures and Change in Fund Balance—Governmental Fund
Year Ended June 30, 2018

	General Fund
Revenues:	
Sales and use tax	\$ 253,877
Special assessments	95,744
Charges for services	5,307
Special events	40,954
Grant revenue	65,000
Interest income	164
Miscellaneous income	800
Total revenues	<u>461,846</u>
Expenditures:	
Current:	
Administrative	68,812
Marketing and special events	87,290
Public improvements	15,801
Public services	33,867
Security, public safety and parking	228,324
Total expenditures	<u>434,094</u>
Net change in fund balance	27,752
Fund balance, beginning of year	<u>315,295</u>
Fund balance, end of year	<u>\$ 343,047</u>

See notes to financial statements.

The Grove Community Improvement District

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance
of the Governmental Fund to the Statement of Activities
Year Ended June 30, 2018**

Net change in fund balance—governmental fund—statement of revenues, expenditures, and change in fund balance	<u>\$ 27,752</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. These amounts represent the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). Such amounts are attributable to change in revenues received after the 60-day accrual period.	<u>(4,199)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which capital outlays and capital contributions, meeting the capitalization threshold, exceeded depreciation expense in the current year. Details of reported amounts are as follows:</p>	
Capital contributions	169,970
Depreciation expense	<u>(20,168)</u>
	<u>149,802</u>
Change in net position—governmental activities—statement of activities	<u><u>\$ 173,355</u></u>

See notes to financial statements.

The Grove Community Improvement District

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies

Financial reporting entity: The accompanying financial statements represent the accounts of The Grove Community Improvement District (the District). The District has been operating since July 28, 2008, when The Grove Community Improvement District was created by petition of property owners in the Forest Park Southeast neighborhood in St. Louis, Missouri, and approved by Ordinance of the City of St. Louis Board of Aldermen. The term of the District began July 28, 2008, and will expire July 28, 2028. The District has also been established as a political subdivision of the state of Missouri.

The purpose of the District is to improve a specific area of the Forest Park Southeast neighborhood in St. Louis, Missouri, primarily through public space improvements, maintenance, security, economic development, and other programs. All revenues and expenditures of the District are recorded in the accounts of the District. The District is not a component unit of any other entity and, as such, is presented in the financial statements as a stand-alone entity. The District is exempt from federal and state taxes.

The specific services, benefits and improvements to be provided by the District are set forth in the petition authorized by the above-referenced ordinance. In August 2008, the District's Board of Directors authorized a 1% sales and use tax for the purpose of paying the costs and expenses to be incurred in the implementation of the District's budget. Additionally, in August 2008, the District's Board of Directors authorized a special assessment against real property benefited within the District. The assessments are calculated based on parcel square footage and ground floor square footage of any building located on a parcel for each individual tax parcel located in the District. This special assessment was authorized for five calendar years beginning in 2008, and was renewed for an additional seven years beginning in 2013. The City of St. Louis (the City) bills and collects the special assessment on behalf of the District. A service fee of approximately 1.5% of gross assessments is paid to the City for this administration and is netted against special assessment revenues. The special assessment is levied by the City in August and mailed to residents in October as an attachment to the real property tax bills. The balance is payable on or before January 1 of the following year. As the expenditures are designated and approved by the District's Board of Directors, as long as they are within the boundaries of the District as required by the sales and use tax and special assessment, fund balance/net position is not considered to be restricted. The City remits all special assessments collected to the District on a monthly basis.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America. The more significant accounting and reporting policies and practices employed by the District are what follow.

Government-wide and fund financial statements: The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. The primary government consists only of a general fund and reports only governmental activities, primarily supported by sales and use taxes and special assessments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds. The only major fund, the general fund, is reported in the fund financial statements.

The Grove Community Improvement District

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of presentation/measurement focus/basis of accounting: The government-wide financial statements (the statement of net position and the statement of activities) report information on all District activities. 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 when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The District did not have any government-mandated nonexchange transactions or voluntary nonexchange transactions during the year ended June 30, 2018.

The District recognizes assets from derived tax revenue transactions (such as sales and use taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible accounts, in the same period that the assets are recognized, provided the underlying exchange transaction has occurred.

The District recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used for the first period that use is permitted. The District recognizes revenues from property assessments, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

The general fund is currently the only operating fund of the District, which accounts for all resources of the District.

Net position: In the government-wide financial statements, the District's net position is classified as follows:

Net investment in capital assets: Net investment in capital assets represents capital assets, net of accumulated depreciation, less the outstanding balances of any notes, leases or other borrowings that are attributable to the acquisition, construction or improvements of the assets. Net investment in capital assets excludes unspent bond and loan proceeds.

Restricted—expendable: Net assets are legally restricted or identified for specific purposes by outside parties or by law through constitutional provisions or enabling legislation. The District has no restricted assets as of June 30, 2018.

The Grove Community Improvement District

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Unrestricted: Net assets are the residual assets and represent assets available for future operations or distribution that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund balance designation: In the governmental fund financial statements, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District maintains fund balances classified in the following categories:

Nonspendable: Fund balances are amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted: Fund balances are amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints such as creditors, grantors, laws or other governments. The District has no restricted fund balances as of June 30, 2018.

Committed: Fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through an ordinance or resolution. The District has no committed fund balances as of June 30, 2018.

Assigned: Fund balances are any amounts for which it is the District’s intent that the funds be used for specific purposes, but there exist no legal or binding restrictions or commitments. Assignments are made by the District’s management. The District has no assigned fund balances as of June 30, 2018.

Unassigned: Fund balances are residual amounts for the government’s general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first and then unrestricted resources, as needed.

District costs: The various District costs consist of the following:

Administrative: Services in this category may include, but are not limited to, (a) the purchase of administrative support materials such as office supplies, postage, reporting and necessary equipment; (b) fees associated with the administrative activities of the District and (c) the contracting of services with a separate entity for the administration of the District.

Marketing and special events: Services in this category may include, but are not limited to, (a) the contracting of services for the purpose of marketing the District; (b) the purchase of marketing materials such as banners, way-finding markers, newsletters and other promotional materials; (c) funds to help in the planning and implementation of District-wide events and (d) the purchase or lease of tents, bleachers and other similar equipment for use at District-wide events.

Public improvements: Services in this category may include, but are not limited to, (a) the purchase, installation and maintenance of street lighting within the District; (b) the purchase, installation and maintenance of street furniture; (c) the purchase, installation and maintenance of beautification materials throughout the District; (d) the contracting of services for installation of street improvements throughout the District; (e) the matching of funds for grants and projects intended to benefit the District; (f) the purchase, acquisition or lease of parking lots or parking structures and (g) transportation-related services and equipment including, but not limited to, shuttle buses.

The Grove Community Improvement District

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Public services: Services in this category may include the contracting of cleaning services to a maintenance provider. Those maintenance activities include, but are not limited to, (a) scheduled street cleaning; (b) additional trash collection; (c) landscape and street scope maintenance within the District; (d) maintenance of street furniture, public art, decorations, improvements, banners, lighting and signage; (e) graffiti removal and (f) the purchase of equipment to assist in the above-listed cleaning and maintenance services.

Security, public safety and parking: Services in this category may include, but are not limited to, (a) the contracting of security services to private security providers, off-duty police officers or local police department; (b) the purchase, installation and maintenance of security cameras within the District; (c) the purchase of communication equipment designed to address security-related issues; (d) the purchase, installation and maintenance of lighting for the security of the District; (e) the purchase of bicycles or automobiles for security personnel and (f) assistance with the lease, acquisition or development of parking lots and parking structures for District businesses.

Cash and cash equivalents: The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital assets: Capital assets are reported in the government-wide statement of net position. All purchased capital assets are valued at historical cost. Donated assets are valued at estimated acquisition value at the date of donation. Repairs and maintenance are recorded as expense, and renewals and betterments are capitalized. All purchases of capital assets over \$1,000 are capitalized. Depreciation is calculated using the straight-line method over the asset's useful life. Useful lives are as follows:

	<u>Useful Life</u>
Intangibles	3-5 years
Infrastructure	7-40 years

Deferred inflow/outflow of resources: A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period and a deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources has a negative impact on net position similar to liabilities but is required to be reported within the statement of net position/balance sheet in a separate section following liabilities, and the total may be added to the total for liabilities. A deferred outflow of resources has a positive effect on net position similar to assets but is required to be reported in the statement of net position/balance sheet in a separate section following assets, and the total may be added to the total for assets. The governmental funds report unavailable revenues from several sources: special assessment and parking lot revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of estimates: The preparation of 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 disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

The Grove Community Improvement District

Notes to Financial Statements

Note 1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Deposits: 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, the United States or any wholly owned corporation of the United States; or 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.

Note 2. Deposits and Investments

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 District does not have a policy with respect to the management of custodial credit risk on cash deposits. As of June 30, 2018, the Federal Deposit Insurance Company covered all balances of the District's deposits of \$314,139.

Investments: At June 30, 2018, the District had no investments. Additionally, the District has not formally adopted an investment policy including addressing the various types of risks (credit risk, custodial credit risk, concentrations of credit risk, interest rate risk and foreign currency risk).

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Governmental activities:				
Capital assets being depreciated:				
Infrastructure	\$ -	\$ 169,970	\$ -	\$ 169,970
Intangibles	11,775	-	-	11,775
Less accumulated depreciation	4,579	20,168	-	24,747
Total capital assets being depreciated, net—governmental activities	\$ 7,196	\$ 149,802	\$ -	\$ 156,998

Depreciation expense charged for the year ended June 30, 2018, was \$20,168, of which \$3,925 was charged to marketing and special events and \$16,243 was charged to public improvements on the statement of activities.

Note 4. Commitments and Contingencies

Administrator contract commitment: The District contracts with a related entity, whose Board Chairman is a member of the Board of Directors for the District, for the administration of the District under a noncancelable contract for the term of July 1, 2017 to June 30, 2020. The District shall pay the Administrator \$45,000 per fiscal year in quarterly installments.

In November 2015, the District engaged the Administrator for a one-time administrative project for the possible expansion of the District for \$20,000. As of June 30, 2018, the District had a remaining commitment of \$10,000 under this agreement.

The Grove Community Improvement District

Notes to Financial Statements

Note 4. Commitments and Contingencies (Continued)

Street cleaning and maintenance contract commitment: The District contracts with a separate entity for street cleaning and maintenance within the District under a noncancelable contract for fiscal years 2019 and 2020 for approximately \$68,000, in total.

Security contract commitment: The District contracts with a related entity, whose Board Member is a member of the Board of Directors for the District, for security services within the District under a noncancelable contract for fiscal year 2019 for \$30,000, due in quarterly installments.

Ford Explorer lease commitment: The District contracts with a separate entity for a Ford Explorer to patrol within the District under a noncancelable contract for the term of May 31, 2018 to May 31, 2021, for \$750 per month.

Parking lot commitment: The District contracts with a related entity, whose owner is a member of the Board of Directors for the District, for parking lot services within the District under a noncancelable contract for the term of September 10, 2018 to September 9, 2020, for \$250 per month.

Car share contract commitment: The District contracts with a separate entity for a car sharing program within the District under a noncancelable contract for the term of January 1, 2017 to January 1, 2019, for \$500 per month per vehicle. As of June 30, 2018, the District had one car under the contract.

General: The District is subject to certain claims and litigation in the normal course of business. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of the District.

Note 5. Related-Party Transactions

In 2018, the District received a \$65,000 grant from an organization whose executive director is a member of the Board of Directors.

In 2018, the District paid \$45,000 to an organization for administration services whose Board Chairman is a member of the Board of Directors for the District.

In 2018, the District paid \$22,500 to an organization for security services whose Board Member is a member of the Board of Directors for the District.

In 2018, the District paid \$1,800 to an organization for parking lot services whose owner is a member of the Board of Directors for the District.

Note 6. Subsequent Events

The District has evaluated events subsequent to June 30, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through October 2, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Required Supplementary Information

The Grove Community Improvement District

**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—
General Fund (Unaudited)
Year Ended June 30, 2018**

	Original and Final Budget	Actual Budgetary Basis	Variance With Final Budget	Budget to GAAP Differences	Actual GAAP Basis
Revenues:					
Sales and use tax	\$ 202,000	\$ 216,602	\$ 14,602	\$ 37,275 (1)	\$ 253,877
Special assessments	90,000	95,966	5,966	(222) (2)	95,744
Charges for services	8,000	5,307	(2,693)	- (1)	5,307
Special events	52,950	40,104	(12,846)	850 (1)	40,954
Grant revenue	65,000	65,000	-	- (1)	65,000
Investment income	-	164	164	- (1)	164
Miscellaneous income	70,000	800	(69,200)	- (1)	800
Total revenues	487,950	423,943	(64,007)	37,903	461,846
Expenditures:					
Current:					
Administrative	68,000	69,555	1,555	(743) (1)	68,812
Marketing and special events	106,440	101,937	(4,503)	(14,647) (1)	87,290
Public improvements	14,500	15,801	1,301	- (1)	15,801
Public services	37,500	33,867	(3,633)	- (1)	33,867
Security, public safety and parking	243,000	209,084	(33,916)	19,240 (1)	228,324
Total expenditures	469,440	430,244	(39,196)	3,850	434,094
Net change in fund balance	\$ 18,510	\$ (6,301)	\$ (24,811)	\$ 34,053	27,752
Fund balance, beginning of year					<u>315,295</u>
Fund balance, end of year					<u>\$ 343,047</u>

(1) The budget for revenue and expenditures is prepared on the modified cash basis of accounting.

(2) The budget for special assessment inflows is prepared based on anticipated monies received and not in accordance with the provisions for special assessments as determined by GASB Statement No. 6, Accounting and Financial Reporting for Special Assessments.

See notes to required supplementary information (unaudited)

The Grove Community Improvement District

Notes to Required Supplementary Information (Unaudited)

Note 1. Explanation of Budgetary Process

The budget is a nonappropriated budget (i.e., not subject to the approval of taxpayers), and its approval is consistent with the legislation adopted by the state of Missouri. The District follows the procedures outlined below in establishing its budget:

No earlier than 180 days and no later than 90 days prior to the first day of each fiscal year, the District shall submit to the City of St. Louis Board of Aldermen a proposed annual District budget, setting forth expected expenditures, revenues and rates of assessments for such fiscal year. The Board of Aldermen may review and comment on the proposed budget, but such comments shall not constitute requirements and shall only be recommendations. The Grove Community Improvement District must then hold an annual meeting and adopt the annual budget no later than 30 days prior to the first day of each fiscal year.

Note 2. Budget to Actual Reconciliation

The District prepares its annual budget on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

1. The budget for revenue and expenditures is prepared on the modified cash basis of accounting.
2. The budget for special assessment inflows is prepared based on anticipated monies received and not in accordance with the provisions for special assessments as determined by GASB Statement No. 6, *Accounting and Financial Reporting for Special Assessments*.

