

**PLATTE COUNTY, MISSOURI SOUTH
TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
(Political Subdivisions of the State of Missouri)**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORTS**

Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I and II

Report on the Financial Statements

We have audited the accompanying financial statements of the fiduciary fund of the Platte County, Missouri South Transportation Development Districts I and II (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary fund of the Platte County, Missouri South Transportation Development Districts I and II, as of December 31, 2016, 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 Matters

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 page 13, respectively, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, 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 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 the District's internal control over financial reporting and compliance, and accordingly, is not suitable for any other purpose.

Deborah Loomis CPA LLC

June 29, 2017

PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Platte County, Missouri South Transportation Development District I ("District I") and the Platte County, Missouri South Transportation Development District II ("District II") (collectively "the District"), we offer this narrative overview of the financial activities of the District for the year ended December 31, 2016. This discussion and analysis is intended to serve as an introduction to the District's financial statements and was prepared to assist the reader in focusing on the significant financial issues and activities of the District. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

Districts I and II are adjoining land districts and were formed as separate political subdivisions of the State of Missouri in 2001 and 2002, respectively. Districts I and II act as one in conducting operations and compiling accounting records and the attached financial statements report the joint results of operations and financial positions of both districts and are hereinafter referred to as 'the District'.

The purposes of the District are to manage the construction of and impose a sales tax to pay for transportation improvements located within the District. The transportation improvements include the streets, pedestrian walkways, parking garages, pedestrian parks and conservation areas within and surrounding the Zona Rosa retail development located in Kansas City (the City), Platte County (the County), Missouri. Zona Rosa is a planned development of retail, office and residential properties.

The transportation improvements were initially financed by \$19,720,000 of Transportation Revenue Bonds Series 2003 issued by the Industrial Development Authority of the County of Platte County, Missouri (the County Authority) and two series of bonds issued in 2001 and 2003 by the Kansas City Municipal Assistance Corporation. During 2007 the County Authority issued two additional series of bonds to finance additional Projects within the District: \$32,200,000 Transportation Refunding and Improvement Revenue Bonds Series 2007 were issued to finance additional (Phase 2) County Authority-financed transportation projects, refund the Authority's Transportation Revenue Bonds Series 2003 and pay certain costs of issuing the 2007 Series bonds; and \$6,975,000 Transportation Revenue Bonds Series 2007 were issued to finance additional (Phase 2) City-financed transportation projects. During 2016 the County Authority issued \$7,035,000 in additional bonds to refund the \$6,975,000 Transportation Revenue Bonds Series 2007.

The District imposes a 1% sales tax on retail sales made within its boundaries District. The District has pledged its collected sales tax revenues to pay debt service on the \$32,200,000 bond issue. The City has agreed to transfer certain capital improvement sales taxes collected by the City to pay debt service on the \$6,975,000 bond issue.

In April 2010 the District and the City amended their Intergovernmental Cooperative Agreement to reflect the City's refunding of its Series 2001 bonds; and in October 2013 the District and the City amended their Intergovernmental Cooperative Agreement to reflect the City's refunding of its Series 2003 bonds.

During 2016 and 2015 the District collected its sales tax revenues and paid the intergovernmental payments of pledged revenues to the County and the City, as called for in the agreements to which the District is party.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

OVERVIEW OF THE FINANCIAL REPORT

This financial report includes this management's discussion and analysis, the independent auditors' reports and the basic financial statements of the District. The financial statements include notes that explain in more detail some of the information in the financial statements.

Basic financial statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The basic financial statements of the District include the Statement of Fiduciary Net Position as of December 31, 2016, and the Statement of Changes in Fiduciary Net Position for the year ended December 31, 2016.

The District's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and related standards. GASB 34 defines the District as a private-purpose trust fund, a type of fiduciary fund that accounts for assets held in a trustee capacity where principal is legally restricted and income benefits individuals, private organizations, or other governments.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Independent auditors' report on internal control over financial reporting and on compliance and other matters. *Government Auditing Standards* require the auditor to review and report on an entity's system of internal control over financial reporting. Further, *Government Auditing Standards* require the auditor to test and report on an entity's compliance with certain provisions of laws, regulations, contracts and grant agreements. This independent auditors' report on internal control over financial reporting and on compliance completes the District's financial reporting package.

FINANCIAL INFORMATION

**Platte County, Missouri South Transportation Development Districts I and II
Net Position as of December 31, 2016 and 2015**

	2016	2015
Current assets	\$ 350,740	\$ 484,402
Accounts payable	<u>899</u>	<u>831</u>
Restricted net position	<u>\$ 349,841</u>	<u>\$ 483,571</u>

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

**Platte County, Missouri South Transportation Development Districts I and II
Changes in Net Position for the years ended December 31, 2016 and 2015**

	2016	2015
Sales tax revenues and investment income	\$ 1,792,533	\$ 1,735,187
Developer contributions	<u>397,026</u>	<u>495,261</u>
Total revenues	<u>2,189,559</u>	<u>2,230,448</u>
Payments of pledged revenues	2,306,718	2,261,731
Operating costs	<u>16,571</u>	<u>20,522</u>
Total expenses	<u>2,323,289</u>	<u>2,282,253</u>
Changes in net position	(133,730)	(51,805)
Net position, beginning of year	<u>483,571</u>	<u>535,376</u>
Net position, end of year	<u>\$ 349,841</u>	<u>\$ 483,571</u>

ANALYSIS OF FINANCIAL POSITION

The District's sales tax revenues increased slightly during 2016. The District's net position also decreased during 2016 due to a decrease in developer contributions.

CAPITAL ASSETS

The Authority-financed transportation projects were deeded to the County pursuant to deeds which provide that title of the Authority-financed projects will transfer to the District on January 1, 2034 (Phase 1) and January 1, 2059 (Phase 2). The City-financed transportation projects are owned by the City.

PLEGGED REVENUES

The District has pledged its collected sales tax revenues to pay the debt service on the bonds that financed its transportation improvements. The District's revenues are to be allocated on a parity basis to the outstanding County and City bond obligations. Pledged revenue payments were made to the County and the City during 2016 and 2015. Additional information about the District's pledged revenues can be found in Note (3) to the financial statements.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

BUDGETARY HIGHLIGHTS

In accordance with the District's enabling legislation, the District's board of directors formally adopts an annual budget. The budget is adopted on a cash receipts and disbursements basis, as prescribed by Missouri state statutes, which is a comprehensive basis of accounting other than generally accepted accounting principles. Actual results of operations have been converted to the budgetary basis for reporting in the budgetary comparison required supplemental information. There were no significant variations between the 2016 adopted budget and the actual amounts of District revenues and expenses. The actual-to-budget variations are not expected to have any ongoing effect on future services or liquidity.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Platte County, Missouri South Transportation Development Districts I and II, 4510 Belleview, Suite 300, Kansas City, MO 64111, Attention: Chairman.

PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

ASSETS

TAX REVENUE DEPOSIT ACCOUNT	\$ 35,643
OPERATING ACCOUNT	3,601
SALES TAX RECEIVABLE	<u>311,496</u>
TOTAL ASSETS	350,740

LIABILITIES

ACCOUNTS PAYABLE	<u>899</u>
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NET POSITION

ASSETS RESTRICTED FOR USE BY CITY	63,986
ASSETS HELD IN TRUST BY ENABLING LEGISLATION	<u>285,855</u>
TOTAL NET POSITION	<u>\$ 349,841</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

REVENUES

NET TRANSPORTATION DEVELOPMENT SALES TAXES	\$ 1,792,302
DEVELOPER CONTRIBUTIONS FOR PAYMENTS OF PLEDGED REVENUES	372,026
DEVELOPER CONTRIBUTIONS FOR OPERATING EXPENSES	25,000
INTEREST INCOME	<u>231</u>
TOTAL REVENUES	<u>2,189,559</u>

EXPENSES

INTERGOVERNMENTAL PAYMENTS OF PLEDGED REVENUES TO THE COUNTY	1,879,409
INTERGOVERNMENTAL PAYMENTS OF PLEDGED REVENUES TO THE CITY	427,309
OPERATING	<u>16,571</u>
TOTAL EXPENSES	<u>2,323,289</u>

CHANGES IN NET POSITION (133,730)

NET POSITION, BEGINNING OF YEAR 483,571

NET POSITION, END OF YEAR \$ 349,841

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
NOTES TO FINANCIAL STATEMENTS**

(1) SUMMARY OF OPERATIONS

The Platte County, Missouri South Transportation Development District (the District) is comprised of the joint operations of the Platte County, Missouri South Transportation Development District I, formed on March 21, 2001 as a political subdivision of the State of Missouri under the Missouri Transportation Development District Act (the TDD Act), and the Platte County, Missouri South Transportation Development District II, formed on April 12, 2002 as a separate political subdivision of the State of Missouri under the TDD Act. District I and District II are adjoining land districts that act as one in conducting operations and maintaining accounting records, and these financial statements report the joint results of operations and financial position of both districts.

The TDD Act allows transportation development districts to impose a maximum 1% transportation development district sales tax on certain retail sales made within their district upon resolution of the qualified voters of the district. On June 25, 2001, the qualified voters of District I approved the imposition of a 1% sales tax within District I for a period of 30 years. On June 18, 2002, the qualified voters of District II approved the imposition of a 1% sales tax within District II for a period of 30 years. Districts I and II extended their 1% sales tax to June 30, 2032 by a vote of their respective qualified voters on November 24, 2003. All sales tax revenues received by the District are required to be deposited into a special trust fund to be expended solely for purposes authorized under the TDD Act.

The purposes of the District are to manage the construction of and impose a sales tax to pay for the costs of the transportation projects located within the District, which are the streets, pedestrian walkways, parking garages, pedestrian parks and conservation areas (the Projects), within and surrounding the Zona Rosa retail development located in Kansas City, Platte County, Missouri.

The District's Phase 1 Projects were initially financed by \$19,720,000 of Transportation Revenue Bonds Series 2003 issued by the Industrial Development Authority of the County of Platte County, Missouri and two series of bonds issued in 2001 and 2003 by the Kansas City Municipal Assistance Corporation.

During October 2007 the Industrial Development Authority of the County of Platte County, Missouri issued two additional series of bonds to finance additional Projects within the District: \$32,200,000 Transportation Refunding and Improvement Revenue Bonds Series 2007 and \$6,975,000 Variable Rate Demand Transportation Revenue Bonds Series 2007.

The \$32,200,000 Transportation Refunding and Improvement Revenue Bonds Series 2007 financed additional (Phase 2) County Authority-financed transportation projects within the District, refunded the County Authority's Transportation Revenue Bonds Series 2003 in the outstanding principal amount of \$18,610,000, funded a debt service reserve, paid capitalized interest costs, and paid the costs of issuance of the Series 2007 bonds. The District has pledged its collected sales tax revenues to pay debt service on these bonds and agreed to manage the construction of the Phase 2 County Authority-financed transportation projects. In connection with this bond issue, the Developer has issued a \$500,000 direct pay letter of credit in favor of the Trustee to secure timely payment of bond interest and principal.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
NOTES TO FINANCIAL STATEMENTS**

(1) SUMMARY OF OPERATIONS (continued)

The \$6,975,000 Variable Rate Demand Transportation Revenue Bonds Series 2007 financed additional (Phase 2) City-financed transportation projects within the District. The City has agreed to transfer to the Trustee, subject to annual appropriation by the City, certain capital improvement sales taxes collected by the City for payment of debt service on these bonds. The District has not pledged any of its collected sales tax revenues to pay debt service on these bonds but managed the construction of the Phase 2 City-financed transportation projects. In connection with this bond issue, the Developer created a community improvement district (CID). The CID will levy certain special assessments against the real property located within its boundaries and will forward such special assessments to the Trustee for payment of debt service on these bonds. Pursuant to the terms of these bonds, in June 2008 the Industrial Development Authority of the County of Platte County, Missouri reoffered the \$6,975,000 Series 2007 bonds as fixed rate bonds and repaid the \$6,975,000 Variable Rate Demand Transportation Revenue Bonds Series 2007 with the proceeds from the sale of the fixed-rate bonds. In August 2016 the Industrial Development Authority of the County of Platte County, Missouri refunded the \$6,975,000 Series 2007 fixed rate bonds with \$7,035,000 Transportation Refunding Revenues Bonds Series 2016.

In April 2010 the District and the City amended their Intergovernmental Cooperative Agreement to reflect the City's refunding of its Series 2001 bonds that financed a portion of the Projects, and in October 2013 the District and the City amended their Intergovernmental Cooperative Agreement again to reflect the City's refunding of its Series 2003 bonds that financed a portion of the Projects.

The Phase 1 County Authority-financed transportation projects were deeded to the County as of January 12, 2004 pursuant to deeds which provide that title of the projects will transfer to the District on January 1, 2034, unless, on a date prior to January 1, 2034, all principal, interest and other costs due under the County Authority bonds have been paid in full. The Phase 2 County Authority-financed transportation projects were deeded to the County as of August 4, 2008 pursuant to deeds which provide that title of the projects will transfer to the District on January 1, 2059. The County has granted to the Developer the right to purchase some or all of the parking facilities located in the retail development after all bonds have been paid in full.

The District has entered into agreements with Platte County, Missouri (the County), the Industrial Development Authority of the County of Platte County, Missouri (the County Authority), the bond Trustee of the County Authority-issued bonds (the Trustee), the City of Kansas City, Missouri (the City), and the developer of the retail development located within the District (the Developer).

The County has entered into an agreement with the District to provide ongoing maintenance services on the County Authority-financed projects. The District has contracted with the Developer to provide those maintenance services. The City-financed transportation projects are owned by the City and the City is responsible for ongoing maintenance of the City-financed projects.

The District is to remain in existence until all bonds secured by its pledged sales tax revenues have been paid in full.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
NOTES TO FINANCIAL STATEMENTS**

(2) SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity. The District's financial statements include the financial position and results of operations of the District. Management has determined that the District should not be considered a component unit of any local government for external financial reporting purposes.

B. Basis of Presentation. The District's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and related standards. GASB 34 defines the District as a special purpose government engaged only in fiduciary activities, which accounts for assets held in a trustee capacity where principal is legally restricted and income benefits individuals, private organizations, or other governments. GASB 34 requires the District to report its financial information using the following basic financial statements: the statement of fiduciary net position and the statement of changes in fiduciary net position; and a management's discussion and analysis.

C. Measurement Focus and Basis of Accounting. Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded, regardless of the measurement focus applied. The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus reports all assets and liabilities associated with the operation of the District on the statement of fiduciary net position. The accrual basis of accounting records revenues when they occur and expenses when a liability is incurred, regardless of the timing of the related cash flows.

D. Assets, Liabilities, and Net Position.

Cash in Bank Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District maintains deposits that at times exceed the amounts covered by federal depository insurance. The District has not experienced any losses in its deposit accounts and believes it is not exposed to any significant custodial credit risk. The District does not otherwise have a deposit policy for custodial credit risk.

Receivables All receivables consist of amounts that have been recognized, but not yet received by the District. All receivables are considered collectible in full.

Accounts Payable Accounts payable represent operating costs owed by the District.

Net Position Net position represent the difference between assets and liabilities.

Budget While the District is reporting its financial position and results of operations on the basis prescribed by generally accepted accounting principles, the District's budget has been prepared, as provided by state law, on the basis of cash receipts and disbursements.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
NOTES TO FINANCIAL STATEMENTS**

(3) PLEGGED REVENUES

The District has pledged its collected sales tax revenues to pay debt service on the County Authority and City bonds that financed the Projects. The District's revenues are to be allocated on a parity basis to the outstanding bond obligations. The bonds do not constitute debts or liabilities of the District, the City, the County, the State of Missouri, or any political subdivision thereof, for the purposes of any constitutional or statutory debt limitation or restriction. The bonds are not secured by a mortgage on any property located in the District. The District will remain in existence until the bonds secured by its pledged sales tax revenues have been paid in full. The annual debt service requirements on the County Authority and City bonds, including interest, are as follows:

Year(s) Ending	County Authority- Financed Projects	City-Financed Projects	Totals
2017	\$ 2,086,950	\$ 430,566	\$ 2,517,516
2018	2,134,500	433,125	2,567,625
2019	2,180,250	434,980	2,615,230
2020	2,227,000	438,577	2,665,577
2021	2,284,500	525,422	2,809,922
2022-2026	14,084,750	223,838	14,308,588
2027-2031	15,738,500	-	15,738,500
2032	<u>5,008,500</u>	<u>-</u>	<u>5,008,500</u>
Totals	<u>\$ 45,744,950</u>	<u>\$ 2,486,508</u>	<u>\$48,231,458</u>

(4) RELATED PARTIES

During 2016 the Developer of the Zona Rosa retail development, where the District derives its sales tax revenues, paid a total of \$397,026 to the District to supplement its revenues to be able to pay the District's scheduled pledged revenue payments and operating expenses. The District recorded those payments as developer contributions.

(5) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to the public; and natural disasters. To manage these various risks for the year ended December 31, 2016 the District had insurance coverage as an additional named insured on the commercial general liability policy insuring the Developer of the Zona Rosa development.

**PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II
OTHER REQUIRED SUPPLEMENTAL INFORMATION-BUDGETARY COMPARISON INFORMATION
STATEMENT OF CHANGES IN NET POSITION-BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE OVER (UNDER)
REVENUES			
NET TRANSPORTATION DEVELOPMENT SALES TAXES	\$ 1,840,000	\$ 1,792,302	\$ (47,698)
DEVELOPER CONTRIBUTIONS FOR PAYMENTS OF PLEDGED REVENUES	500,000	372,026	(127,974)
DEVELOPER CONTRIBUTIONS FOR OPERATING EXPENSES	2,200	-	(2,200)
INTEREST INCOME	<u>150</u>	<u>231</u>	<u>81</u>
TOTAL REVENUES	<u>2,342,350</u>	<u>2,164,559</u>	<u>(177,791)</u>
EXPENSES			
INTERGOVERNMENTAL PAYMENTS OF PLEDGED REVENUES TO THE COUNTY	1,874,063	1,879,409	5,346
INTERGOVERNMENTAL PAYMENTS OF PLEDGED REVENUES TO THE CITY	427,309	427,309	-
OPERATING	<u>18,000</u>	<u>16,571</u>	<u>(1,429)</u>
TOTAL EXPENSES	<u>2,319,372</u>	<u>2,323,289</u>	<u>3,917</u>
ACCRUAL TO BUDGETARY BASIS DIFFERENCES		<u>(5,101)</u>	
CHANGES IN NET POSITION	22,978	(163,831)	(181,708)
NET POSITION, BEGINNING OF YEAR	<u>483,571</u>	<u>483,571</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 506,549</u>	<u>\$ 319,740</u>	<u>\$ (181,708)</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors

PLATTE COUNTY, MISSOURI SOUTH TRANSPORTATION DEVELOPMENT DISTRICTS I AND II

We have audited, 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, the financial statements of the fiduciary fund of the Platte County, Missouri South Transportation Development Districts I and II (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2017.

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 opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

Deborah Loomis CPA LLC

June 29, 2017