



**Thomas A. Schweich**  
Missouri State Auditor

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# Transportation Development Districts



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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Transportation Development Districts as of December 31, 2008

Background	As of December 31, 2008, 154 Transportation Development Districts (TDDs) had been established, with reported total estimated transportation project costs of over \$1.5 billion and reported total anticipated revenues of over \$1.8 billion. The 2008 TDD audit report provides information regarding the 154 TDDs and presents audit results for 16 specific TDDs: Lee's Summit Missouri New Longview; Branson Regional Airport; BaratHaven; College Station; Briarcliff Parkway and Highway 9; Fulton South Business 54; Crackerneck Creek; Arnold Triangle; Broadway Hotel; University Place; U.S. Highway 50/63 and City View; Cornerstone Pointe; Town and Country Crossing; Belton/Raymore Interchange; 1200 Main/South Loop; and Gans Road and U.S. 63.
Construction Contracts and Expenditures	TDDs need to improve their procurement practices. Some TDDs did not solicit proposals for construction management, choosing instead a related party of the developer or a service provider the owner/developer used before. State law requires competitive bidding for certain TDD construction contracts, and competitive bidding helps ensure the district is getting the best value and gives all parties an equal chance to participate in district business.
Engineering Services	Four TDDs failed to document the evaluation and selection of engineering services.
Budgetary Matters	Several TDDs exhibited problems with their budgets, including mathematical errors, deficits, or overspending. One TDD did not prepare a budget at all, while other budgets were incomplete or untimely.
Financial Reporting	The following 11 TDDs failed to file the required financial report for 2008: Truman Road; Country Club Plaza of Kansas City, Missouri; CenterState; 71 Highway & 150 Highway; Southtown; St. Charles Riverfront; Northwoods; 1717 Market Place; Tuscany Village; Harrisonville Market Place A; and Harrisonville Market Place B. Another five filed their 2008 financial reports after the deadline, and an additional five failed to file their 2007 financial reports.
Related Party Transactions	One TDD selected a subsidiary of the developer as its construction manager. Such related party transactions can create conflicts of interest and lead to questions regarding whether the TDD is receiving the best value for its dollars.

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Financial Condition	One TDD may not be able to meet its financial obligations and fully reimburse the developer for transportation-related costs unless it improves its revenue streams.
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Compliance with Prevailing Wage Laws	One TDD was unable to document that contractors complied with prevailing wage laws because it did not retain the affidavits of compliance it received from the contractors.
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Additional Comments	The Crackerneck Creek TDD did not maintain and was unable to obtain documentation to verify project costs, bidding of contracts, or debt service obligations, which impaired the audit staff's ability to conduct a thorough audit.
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On a positive note, audits of the following TDDs noted no matters which required reporting: Branson Regional Airport; College Station; University Place; U.S. Highway 50/63 and City View; and 1200 Main/South Loop.

Because of the compound nature of this audit report, no overall rating is provided.

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American Recovery and Reinvestment Act (Federal Stimulus)	The TDDs did not receive any federal stimulus monies during the audited time period.
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TRANSPORTATION DEVELOPMENT DISTRICTS

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STATE AUDITOR'S REPORT



## **THOMAS A. SCHWEICH**

### **Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and  
Members of the General Assembly

We have audited transportation development districts (TDDs) established in the state of Missouri. The audit was conducted relative to our responsibilities pursuant to Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2008. The objectives of our audit were to:

1. Report selected information regarding the various TDDs.
2. Determine and report the TDDs' estimated transportation project costs, as well as the total revenues those entities expect to collect, as reported by the individual TDDs.
3. Provide an update on the status of public awareness/involvement, accountability, and compliance issues which were reported in our initial audit of TDDs (Report No. 2006-12, *Transportation Development Districts*, issued in March 2006).
4. Perform and report on audit work related to 16 selected TDDs that were established in 2006 or prior, involving a more in-depth review of the districts' transportation projects, financial activity, procurement practices, and statutory compliance.

Our methodology included reviewing financial reports or audits filed with the State Auditor's office and information maintained by the Missouri Department of Transportation (MoDOT); reviewing minutes and financial records and other information maintained by or received from various TDD officials/representatives and municipal officials; testing selected transactions; and interviewing various TDD officials/representatives and municipal officials. Some of the selected TDDs had engaged independent auditors to audit their financial statements for the years under review. To minimize duplication of effort, we reviewed the reports and substantiating working papers of the applicable independent auditors.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the

United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Scope and Methodology and Observations and Results sections present our comments, observations, and results regarding our audit of the transportation development districts.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T'.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

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## SCOPE AND METHODOLOGY

## TRANSPORTATION DEVELOPMENT DISTRICTS SCOPE AND METHODOLOGY

Sections 238.200 to 238.280, RSMo, allow for the formation of transportation development districts (TDDs). These entities are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects. The construction of these transportation-related projects may include the acquisition of property (generally right-of-way and/or easements). The projects are generally financed through the issuance of notes, bonds, or other debt securities for a period not to exceed 40 years. Therefore, most TDDs generally will not exist for more than 40 years. A TDD is governed by a board of directors of not less than 5 nor more than 15 members. The boards have the authority (after qualified voter approval<sup>1</sup>) to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the TDD to pay the expenditures of the entity, including the liquidation of debt incurred to fund the transportation-related projects. The revenues of a TDD, the majority of which are sales taxes, can only be used for transportation-related projects.

The process of establishing a TDD is initiated by the filing of a petition in the circuit court of the county where the proposed district is located. Such a petition can be filed by: (1) not less than 50 registered voters within the proposed TDD; (2) by all the owners of real property located within its proposed boundaries, if there are no eligible registered voters residing within the proposed district; (3) a local transportation authority; or (4) two or more local transportation authorities. A local transportation authority includes a county, city, special road district, or any other local public authority having jurisdiction over transportation projects and services.

For those TDDs established as of December 31, 2008, most of the petitions initiating their establishment were filed by the owners of the property located within the proposed district. See Appendix A for a complete list of all TDDs established as of December 31, 2008, and information regarding their establishment.

State law requires a copy of the petition filed to establish a TDD be provided to the Missouri Highways and Transportation Commission (highway commission) and each affected local transportation authority. Those entities are then allowed to file an answer stating agreement with or opposition to the creation of the TDD. In addition, any resident, taxpayer, or any other entity within the proposed TDD may join in or file a petition supporting or answer opposing the creation of the district. The circuit court subsequently hears the case, if necessary, and makes a decision whether to authorize the establishment of the TDD.

Many TDDs are located within a tax increment financing redevelopment (TIF) area. Tax increment financing is authorized pursuant to Sections 99.800 to 99.865, RSMo, and these statutes allow a municipality (a city or county) to approve TIF plans and use new tax revenues generated by development to reimburse certain costs related to that development. See Appendix A for information regarding whether a particular TDD is located within a TIF area.

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<sup>1</sup> Section 238.202, RSMo, currently defines qualified voters as any persons residing within the proposed or established TDD who have registered to vote pursuant to Chapter 115, RSMo, and the owners of real property, who shall receive one vote per acre, provided that any registered voter who also owns property must elect whether to vote as an owner or a registered voter.

Section 67.010, RSMo, requires each TDD to prepare an annual budget which represents a complete financial plan for the ensuing fiscal year. In addition, Section 105.145, RSMo, requires each TDD to file an annual financial report with the State Auditor's office (SAO).

Although there is no statutory annual audit requirement, many TDDs have issued bonds and are required to obtain annual audits by the bond covenants or bond underwriter. In addition, Section 238.272, RSMo, provides the SAO shall audit each TDD once every 3 years, and may audit more frequently if deemed appropriate.

Section 238.275, RSMo, provides for the abolishment of a TDD once its projects are completed, ownership of the projects has been transferred to the highway commission or the local transportation authority, and the district has no outstanding liabilities. In addition, a TDD can be abolished if the board of directors determines the projects cannot be completed due to lack of funding or for any other reason. Prior to a TDD submitting the question to abolish the district to the applicable voters, the SAO must audit the TDD to determine its financial status, and whether it can be abolished.

As noted in our previous reports, in April 2007, the SAO was advised of plans to abolish the Eureka South I-44 TDD, in St. Louis County. Because no taxes had been imposed by this TDD nor had any other financial activity occurred, no final audit was required and the TDD was formally abolished in June 2008. In addition, in March 2008, the SAO was advised of plans to abolish the Troy/Lincoln County TDD. The SAO subsequently performed an audit of this TDD (Report No. 2008-71, *Troy/Lincoln County Transportation Development District*, issued in October 2008), and this TDD was formally abolished in January 2009.

## Scope

The scope of this audit included, but was not necessarily limited to, those TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2008. At December 31, 2008, 154 TDDs had been established in the state of Missouri. Fifty-five of these TDDs were established in 2006 or prior, had existed for portions of at least 3 fiscal years, and had not previously been considered or selected for review by the SAO for at least 3 fiscal years.

Information used to complete this report included:

- TDD annual financial reports or audit reports and related information submitted to and maintained by the SAO.
- The provisions of the Transportation Development District Act, which include Sections 238.200 through 238.280, RSMo.
- A TDD database, petitions, court orders, and related information maintained by the Missouri Department of Transportation (MoDOT).

- Completed questionnaires, received from officials or representatives of the TDDs, which requested information including, but not limited to, estimated project costs, financing obligations, anticipated revenues, and expected life of the respective TDD.
- Communications with, and information received from, various TDD officials/representatives and municipal officials.
- TDD records, including but not limited to agendas and minutes, bank statements, financial records, invoices, budgets, contracts, bid documentation, and/or debt service agreements. These records were maintained by the TDDs or their records custodian.

## **Methodology**

During our audit, we used annual financial reports or audit reports filed by the various TDDs with the SAO as well as an internal database established by the SAO, to identify those TDDs established in 2008 and prior and to account for the various financial reports/audits received.

We gathered additional information regarding the TDDs established in 2008 through discussions with various MoDOT officials and files maintained by that agency. Information obtained included TDD name, location, applicable county/municipality, date established; identity of the individual(s)/entity who filed the petition; the type of funding (i.e., sales taxes, property taxes, etc.); and the funding rate (e.g., 1 percent). Some of this information is presented in Appendix A.

Survey questionnaires were sent to each TDD established in 2008 requesting information including, but not limited to, the geographic location of the TDD, estimated total project costs, how project costs were financed and the amount of that financing, estimated total revenues to be collected and over what period of time, when the collection of revenue and incurrence of expenses started, who was responsible for collection of the revenues and the administering of the funds, whether financial audits have been conducted by an independent auditor, the name of the development and type of businesses in the district, and whether or not the TDD is located in a TIF redevelopment area. Some of the survey information received from the TDDs is presented in Appendix A.

Relative to our audit responsibilities pursuant to Section 238.272, RSMo, we selected and conducted audit work related to various TDDs (the selected districts) based on the significance of their financial activity and/or because their transportation projects had been substantially completed by the end of fiscal year 2008. Those TDDs not selected for review did not have as significant a level of financial activity and/or their transportation projects were not substantially completed by the end of fiscal year 2008.

The selected TDDs included 4 of 26 TDDs that were audited by an independent auditor and 12 of 29 TDDs that were unaudited. The audited TDDs were selected because of the significance of their financial activity, with all of them having recorded project cost expenses in excess of \$5 million during the 3 fiscal years ended 2008. The 12 unaudited TDDs were selected because their transportation projects had been substantially completed and significant financial activity

had been incurred by either the district or developer through the end of fiscal year 2008 (these TDDs were established in 2006 or prior). The reported disbursements of the 17 unaudited TDDs that were not selected totaled approximately \$9.3 million during the 3 fiscal years ended 2008.

The following table includes the 55 TDDs considered for review during our current audit, including the 16 TDDs selected for review. The TDDs established prior to 2006 were considered for review during a previous audit.

TDD Name	Date Established	Fiscal Year-End	F/S Audits Performed	Unaudited
			Selected for Review by SAO	Selected for Review by SAO
Meramec Station Road and Highway 141	09/07/00	12/31		
370/Missouri Bottom Road/Taussig Road	11/01/00	12/31		
Mark Twain Mall	02/20/01	12/31		
St. John's Church Road	04/17/01	12/31		
Big Bend Crossing	06/25/01	12/31		
Stardust-Munger-Diamond	10/16/01	12/31		
Interstate Plaza/North Town Village	11/06/01	12/31		
Thirty-Ninth Street	04/25/02	06/30		
St. John Crossings	06/25/02	12/31		
Douglas Station (1)	06/27/02	12/31		
CenterState	08/05/02	12/31		
Raintree North	08/19/02	12/31		
Shoppes at Cross Keys	09/18/02	12/31		
Station Plaza	12/04/02	12/31		
Hanley/Eager Road (1)	12/16/02	12/31		
US Highway 65 and Truman Dam Access	03/12/03	12/31		
Lake of the Woods	03/24/03	12/31		
I-70 and Adams Dairy Parkway	03/25/03	12/31		
Ozark Centre	04/25/03	06/30		
Crestwood Point	05/15/03	12/31		
M 150 and 135th Street	05/15/03	12/31		
Boscherts Landing	05/16/03	12/31		
Salt Lick Road	05/16/03	12/31		
Parkville Commons	06/09/03	12/31		
Pershall Road	07/30/03	12/31		
Lee's Summit Missouri New Longview	07/31/03	12/31		X
Prewitt Point	08/22/03	12/31		
WingHaven	09/11/03	12/31		
Merchant's Laclede	10/08/03	12/31		
Belton Town Centre	11/17/03	12/31		
71 Highway and 150 Highway	11/20/03	12/31		
Branson Regional Airport (1)	12/17/03	12/31	X	
Koch Plaza	01/19/06	12/31		
BaratHaven	01/26/06	12/31		X
Blue Ridge Town Centre (2)	02/04/06	12/31		
Tower	02/15/06	12/31		
Heer's Tower	03/16/06	06/30		

College Station	03/16/06	06/30		X
Horseshoe Bend	04/13/06	12/31		
Briarcliff Parkway and Highway 9	05/17/06	12/31		X
Fulton South Business 54	06/12/06	12/31		X
Crackerneck Creek (3)	07/26/06	06/30	X	
Columbia Mall	08/04/06	12/31		
Arnold Triangle	08/13/06	08/31		X
Broadway Hotel	09/06/06	12/31		X
University Place	09/06/06	12/31	X	
620 Market	09/06/06	12/31		
US Highway 50/63 and City View	09/25/06	12/31		X
Cornerstone Pointe	10/10/06	12/31		X
Town and Country Crossing (2)	10/20/06	12/31	X	
Belton/Raymore Interchange	10/30/06	10/31		X
Wentzville Three (3)	12/04/06	12/31		
Indian Ridge Resort	12/07/06	12/31		
1200 Main/South Loop	12/11/06	12/31		X
Gans Road and U.S. 63	12/12/06	12/31		X

(1) Independently audited for fiscal years 2007 and 2008 only.

(2) Independently audited for fiscal year 2007 only.

(3) Independently audited for fiscal year 2008 only.

For the selected TDDs, we obtained requested information through communications with various TDD officials or representatives and municipal officials who have been involved with TDD activities. In addition, we reviewed such information and performed audit work, if determined necessary, on TDD records at TDD/representatives' offices.

This additional review of the selected TDDs was performed to (1) determine and report information including, but not limited to: the establishment of the applicable TDD and taxes imposed, the transportation projects and related costs, how the transportation projects were financed, whether periodic financial audits are conducted, and the extent of any independent financial oversight; (2) report the results of audit work on the selected TDDs in the following areas, including, but not limited to: internal controls, cash, receipts, disbursements, the bidding of construction work and related contracts, and the solicitation of proposals for professional services; (3) determine compliance with certain statutory requirements; and (4) review and report financial data of the selected TDDs. If independent audits were performed of a selected TDD, the supporting working papers were reviewed, and any additional audit procedures were performed as considered necessary.

A Schedule of Receipts, Disbursements, and Cash Balances for the 16 selected TDDs is presented in Appendix C. The financial information presented on this appendix reflects the financial activity and balances of the selected TDDs during the applicable years; however, it does not reflect any project-related costs incurred by the developers that had not yet been reimbursed by the applicable TDDs. In some cases, those unreimbursed developer-incurred costs are substantial. A summary of audit findings reported by the various independent auditors (of the applicable four selected TDDs) is presented in Appendix D.

The 16 selected TDDs did not receive any federal stimulus monies (pursuant to the American Recovery and Reinvestment Act) during the 3 fiscal years ended 2008. However, one instance (Briarcliff Parkway and Highway 9 TDD) was noted during the review of the 16 selected TDDs where MoDOT will fund a related transportation project costing \$2.5 million with federal stimulus monies.

### **Limitations**

Some data presented in Appendixes A and C was compiled from survey information submitted by officials/representatives of the various TDDs and the annual financial or audit reports submitted by those districts. This information was not verified for accuracy by us. If any information presented in Appendix A of the prior report was found to have changed since the previous audit, that information was updated on the current appendix. The financial data presented in Appendix C is presented as classified by the TDDs or the independent auditors, if applicable; therefore, some disbursements may be classified in an inconsistent manner. The comments included in Appendix D were extracted from the independent auditors' reports (i.e. non-compliance required to be reported under generally accepted government auditing standards (GAGAS)) or management letters (i.e. internal control weaknesses not required to be reported under GAGAS). These comments were not verified by us through additional audit procedures for accuracy, validity, or completeness.

## OBSERVATIONS AND RESULTS

## TRANSPORTATION DEVELOPMENT DISTRICTS OBSERVATIONS AND RESULTS

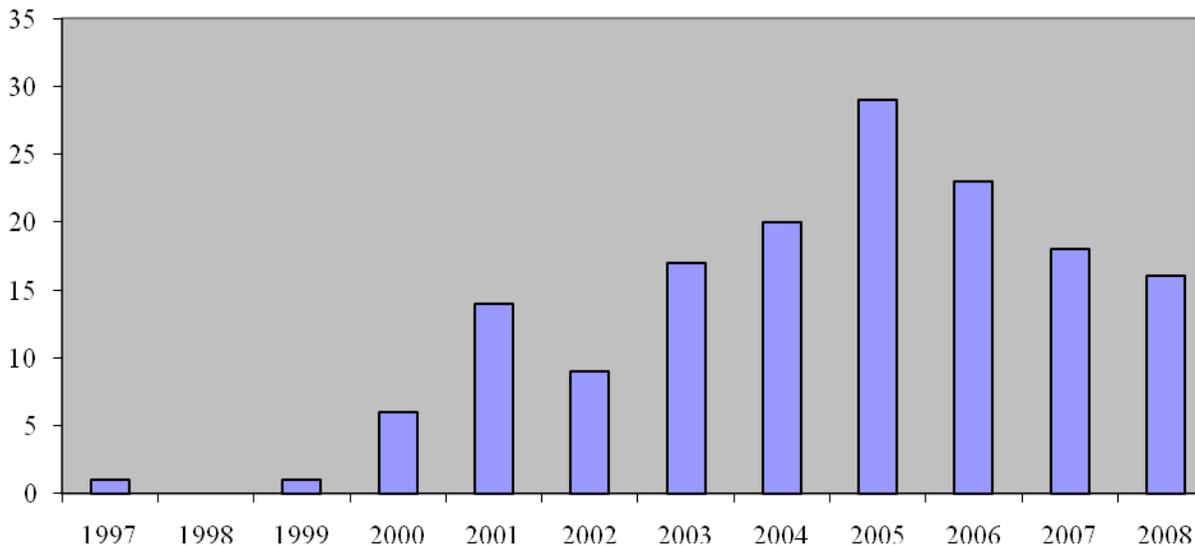
### Background

As of December 31, 2008, 154 transportation development districts (TDDs) had been established in Missouri, including 16 TDDs established in 2008. Over 68 percent of the TDDs have been established in the state's two biggest metropolitan areas, with 71 and 34 of the TDDs being located in the St. Louis and Kansas City metropolitan areas,<sup>1</sup> respectively.

As noted in our previous reports, even though the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently the result of statutory changes the General Assembly made that year. In those legislative changes, the General Assembly established another means of creating a TDD, allowing the owners of the real property located within the proposed district to petition for its creation, if there were no registered voters residing within the TDD. Previously, a petition to establish a TDD could only be filed by not less than 50 registered voters residing within the proposed district or by a local transportation authority.

This statutory change resulted in a dramatic increase in the number of TDDs established, with the rate of growth peaking in 2005 and declining since that time, as shown in the following graph.

**Number of TDDs Established by Year**



<sup>1</sup> The St. Louis metropolitan area is defined here as the geographic area that includes the City of St. Louis, St. Louis County, St. Charles County, Jefferson County, and Franklin County. The Kansas City metropolitan area is defined here as the geographic area that includes Jackson County, Platte County, Clay County, and Cass County.

The rate of decline in the number of newly-established TDDs that began in 2006 continued in 2008, with only 16 additional TDDs established during that year. Of the 154 TDDs established as of December 31, 2008, 146 (or 95 percent) were initiated by a petition filed by the property owners.

In a survey of the 154 TDDs established as of December 31, 2008, officials/representatives of the TDDs reported total estimated transportation project costs of over \$1.5 billion. In addition, those officials/representatives reported total estimated revenues of over \$1.8 billion would be collected over the duration of the respective TDDs. Estimated project costs and anticipated revenue information was not reported for a few of the TDDs because the information had not been determined or could not be located. In one instance, the TDD was determined no longer to be feasible at the present time. Two other TDDs (Harrisonville Market Place A and Harrisonville Market Place B) did not respond to our survey.

The total estimated project costs and anticipated revenue amounts provided by the various TDDs are presented in Appendix A. It appears interest costs on debt and administrative expenses of various TDDs account for the difference when total anticipated revenues exceed total estimated project costs. In other instances where total estimated project costs exceed total anticipated revenues, TDD sales tax revenues are most likely used to pay only a portion of the total project costs, with the remaining project costs funded from other revenue sources (i.e. private financing, other government or TIF funding, etc.).

The table below breaks down the total estimated project costs and anticipated revenues of the 154 TDDs into various dollar ranges.

Dollar Range	Number of TDDs	
	Estimated Transportation Project Costs	Expected Revenues
\$0 to \$1million	20	14
\$1 million to \$5 million	61	42
\$5 million to \$10 million	23	31
\$10 million to \$15 million	18	12
\$15 million to \$35 million	21	25
More than \$35 million	7	12
Not reported	4	18

In our survey, TDD officials/representatives reported the number of years their respective districts expected to collect revenue (i.e. sales taxes, etc.), which should correlate with the expected duration of the TDDs. Based on this information, the expected duration of the 154 TDDs ranges from 5 to 40 years. Based on information provided, all but six of the TDDs established as of December 31, 2008, have imposed a sales tax, with rates ranging from 1/8-cent (0.125 percent) to 1-cent (1 percent) on retail items sold within TDD boundaries (two TDDs had not yet imposed a sales tax and four have not provided us information regarding whether a sales tax has been imposed or the rate). As a result, all retail establishments located within a TDD that has imposed a sales tax charge a higher total sales tax than retail establishments that lie outside

TDD boundaries. Also, based on information provided by the TDDs, 13 of the 154 TDDs receive revenue from a source in addition to/or in lieu of a sales tax (i.e. special assessment, property tax, parking fee, airport fee, or other related fee).

The boundaries of 63 (41 percent) TDDs, established as of December 31, 2008, were located either completely or partially in a tax increment financing redevelopment (TIF) area. Pursuant to Section 99.845, RSMo, 50 percent of the additional tax revenues generated in such areas are to be used for the purposes of that particular TIF area. After the TIF portion of the TDD revenues are disbursed to the applicable city for deposit into a TIF account, the remaining portion is to be used by the TDD to fund its transportation project(s). However, as noted in previous audits, in some instances the applicable city has allowed the TDD to apply most, if not all, of its sales tax revenue to its own transportation project costs.

### **Previously Reported Public Awareness/Involvement, Accountability, and Compliance Issues**

In our initial audit of TDDs (Report No. 2006-12, *Transportation Development Districts*, issued in March 2006), we reported various issues regarding TDDs in the areas of public awareness/involvement, accountability, and compliance. As reported in our previous audit of TDDs (Report No. 2010-22, *Transportation Development Districts*, issued in February 2010), legislation was passed during the 2009 legislative session, and subsequently signed into law which addressed some of the most significant issues/concerns previously reported. However, one of the issues reported which has not been corrected by legislative action relates to notifying the SAO when a TDD is established.

Section 238.272, RSMo, requires the SAO to audit each TDD at least every 3 years, and more frequently if deemed necessary, and Section 238.275.3, RSMo, requires the SAO to audit a TDD prior to a vote regarding its abolishment. Also, Section 105.145, RSMo, requires all political subdivisions in the state to file an annual financial report with the SAO. Despite these statutory responsibilities given the SAO regarding TDDs, there is no statutory provision which requires the SAO to be notified when a TDD is established.

Although the SAO is contacted by some TDD representatives when a district is established, the SAO has generally had to consult with MoDOT officials to identify newly established TDDs. While these communications with MoDOT have allowed us to identify and track most of the TDDs, there have been a few instances where we later became aware of the existence of a TDD.

The General Assembly should consider further legislation to require the SAO to be notified by TDD officials when a TDD is established.

### **Current Audit Results**

Our current audit disclosed various issues regarding the 16 selected TDDs in the areas of construction contracts, professional services, budgetary matters, financial reporting, and other matters as presented below. This section summarizes the results of the audit work performed

related to those selected TDDs. Some of the problems reported were similarly noted in previous audits.

## **1. Construction Contracts and Expenditures**

Concerns were noted related to the competitive procurement of construction-related contracts and supporting expenditure documentation.

For one TDD, appropriate bidding procedures could not be verified because this information was not maintained by the TDD nor was it provided by the city which had overseen the construction contracts. In addition, adequate documentation to support construction expenditures reimbursed by the TDD were not provided by the TDD or the city. As a result of this situation, the appropriateness of the project costs incurred and reimbursed by the TDD could not be verified.

In addition, for three TDDs, proposals were not solicited for construction management services. In one of these instances, the construction manager was a subsidiary or related party of the developer. In the other two instances, the construction manager was chosen based on the property owner/developer's prior experience with the service provider. Soliciting proposals for such services helps provide a range of possible choices and allows the TDD to make a better-informed decision to ensure necessary services are obtained from the best qualified provider at the lowest and best cost.

Section 238.252, RSMo, requires all construction contracts in excess of \$5,000 involving a TDD and a private contractor be competitively bid and awarded to the lowest and best bidder. Formal bidding procedures for major purchases provide a framework for economical management of resources and help ensure the TDDs receive fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the TDD's business. Complete documentation should be maintained of all bids received and reasons noted why a bid was selected. In addition, expenditure documentation should be maintained and made available to provide an audit trail.

## **2. Engineering Services**

The evaluation and selection of engineering services was not documented for four TDDs. It is a common practice for substantial costs to be incurred prior to the formal establishment of the TDD, particularly costs related to professional services provided by engineers, architects, and surveyors. Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering, architectural, and surveying services.

## **3. Budgetary Matters**

Various problems were noted related to the annual budgets of seven TDDs, and some districts had multiple problems.

- Budgets were incomplete, with actual revenues and expenditures for the preceding 2 years and beginning and ending balances not included (four TDDs).
- The budget was overspent (two TDDs).
- Budgets were not prepared (one TDD).
- Budgets were not approved in a timely manner (two TDDs).
- A budgeted deficit was reflected (one TDD).
- The budget contained mathematical errors (one TDD).

Sections 67.010 to 67.040, RSMo, include provisions regarding annual budgets. These sections require each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

In addition, Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets reduces the effectiveness of this process. To be of maximum benefit, budgets should be adopted prior to the beginning of the fiscal year.

#### **4. Financial Reporting**

As of December 31, 2009, we identified 21 of 154 TDDs (14 percent) that had not filed one or more annual financial reports with the SAO, as statutorily required. Section 105.145, RSMo, requires all political subdivisions file an annual financial report with the SAO, and 15 CSR 40-3.030 provides if a political subdivision is audited by an independent auditor, a copy of the audit report can be filed in lieu of a separate financial report. The annual financial report is to be filed within 4 months of the entity's fiscal year end, while an audit report can be filed within 6 months of the entity's fiscal year end.

The following table presents the 21 TDDs that had financial activity, but did not file a financial report<sup>2</sup> with the SAO by December 31, 2009, for fiscal years 2008 and/or 2007.

TDD Name	Fiscal Year End	FY 08	FY 07
Truman Road	12/31	X	X
Country Club Plaza of Kansas City, Missouri	12/31	X	X
CenterState	12/31	X	X
Boscherts Landing	12/31	X	
Lee's Summit, Missouri New Longview	12/31	X	X
Belton Town Centre	12/31	X	X
71 Highway & 150 Highway	12/31	X	X
Southtown	12/31	X	X
North Main/Malone	12/31		X
St. Charles Riverfront	12/31	X	
Wentzville II	12/31		X
US 36/I-72	06/30	X	
Osage Station	12/31	X	
Northwoods	12/31	X	
Hanley Station	12/31		X
1717 Market Place	12/31	X	X
Harrisonville Towne Center	12/31		X
Tuscany Village	12/31	X	
CB 5421/5975	12/31		X
Harrisonville Market Place A	12/31	X	X
Harrisonville Market Place B	12/31	X	X

<sup>2</sup> An X indicates a financial report was not filed for that fiscal year.

As of November 30, 2010, only five of the TDDs noted in the table above had provided 2008 and/or 2007 financial reports to the SAO. The TDDs should make every effort to ensure the required annual financial reports/audits are filed by the time frames specified in 15 CSR 40-3.030. There were also five other TDDs that had not filed a report(s) through fiscal year 2008 because no financial activity had occurred. In such situations, a TDD should notify the SAO that it had no financial activity.

The state regulation also provides an audit report submitted to satisfy the financial reporting requirements of Section 105.145, RSMo, should be prepared in conformity with generally accepted government auditing standards (GAGAS). Of the 55 TDDs included in the scope of our 2008 review, 27 districts received independent financial audits. Eight TDDs had audits conducted in accordance with generally accepted auditing standards (GAAS) rather than GAGAS. To fully comply with 15 CSR 40-3.030 reporting requirements, financial audits submitted in lieu of annual financial reports should be conducted in accordance with GAGAS.

## 5. Other Matters

**Related Party Transaction** As previously noted, the project construction manager was a subsidiary or related party of the developer in one instance.

Such transactions could represent actual or the appearance of conflicts, could compromise the financial interests of the TDDs, and should be avoided. If these situations cannot be avoided, discussions and decisions concerning situations where potential conflicts exist should be completely documented so the public has assurance that no TDD official has benefited improperly.

**Financial Condition** In one TDD, the revenues of the district may not be sufficient to meet the financial obligations of the district and fully reimburse the developer for transportation-related costs incurred. The TDD should continue to seek additional and/or improved revenue streams.

**Compliance with Prevailing Wage Laws** One TDD did not have documentation to indicate contractors complied with prevailing wage laws related to TDD projects. Affidavits of compliance with prevailing wage laws received from contractors were not retained. Sections 290.210 to 290.340, RSMo, include provisions regarding prevailing wages.

### Audits of Selected TDDs

The following section reports information related to the 16 individual TDDs selected for review. The selected TDDs include (1) one TDD established in 2003 that had not previously been selected for audit by the SAO, (2) 14 TDDs established in 2006 that had not previously been audited by the SAO, and (3) one TDD selected for audit in a previous report (Report No. 2007-28, *Transportation Development Districts*, issued in July 2007) that had significant construction activity during the current audit period. The selected TDDs are presented in the order of date established. This information was shared with each applicable selected TDD and includes a response from the TDD if provided. A Schedule of Receipts, Disbursements, and Cash Balances for the selected TDDs is located at Appendix C.

- **Lee's Summit Missouri New Longview TDD**

The Lee's Summit Missouri New Longview TDD was organized in July 2003 by petition of the owner/developer of the property within the proposed TDD. The Board of Directors and officers include associates and employees of the owner/developer.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the TDD, effective January 2006. The sales tax is currently expected to remain in effect for 20 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, the City of Lee's Summit.

The TDD is located in the City of Lee's Summit, in Jackson County, near Missouri Highway 291 and 3rd Street. The New Longview development includes mixed retail, office space, and apartments. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects, with a total cost of approximately \$10.7 million. The City of Lee's Summit is the public entity with jurisdiction over these projects and accepted dedication of the completed projects.

The TDD is located within a TIF area, therefore, the City of Lee's Summit could claim 50 percent of the sales tax collected for purposes of the TIF. However, the city has agreed the TIF portion of the TDD sales tax will be remitted to the TDD bond trustee and applied to the TDD debt service costs. In addition, the city appropriated monies totaling \$5.9 million from its excise tax and capital improvement sales tax funds in fiscal years 2004 through 2008 which were applied to TDD debt service costs related to the construction of Longview Boulevard.

The TDD issued \$5.44 million in revenue bonds in 2003 to partially finance the construction of TDD projects. This financing was available as a result of the annual appropriations approved by the City of Lee's Summit. Project costs are paid by the developer and then a reimbursement is requested from the bond funds held by the TDD bond trustee. The developer has signed a reimbursement agreement with the TDD for repayment of the remaining project costs advanced over and above the original bond issue. This was approximately \$4.2 million as of December 31, 2008.

The City of Lee's Summit was responsible for overseeing project construction. The city was also responsible for reviewing and approving invoices from the developer for project costs incurred. The TDD funds have been administered by the trustee.

During our audit work related to this TDD, we noted the following:

- The TDD may not generate sufficient revenues over its life to fully reimburse the developer for the project costs previously paid. As of December 31, 2008, the developer had incurred approximately \$4.2 million in unreimbursed project costs. During 2008, the TDD had five retail/service establishments in operation which generated about \$11,000 in total sales tax revenues. According to a district official, the TDD is considering extending the life of its sales tax to 40 years.
- TDD annual budgets for 2006, 2007, and 2008 did not include some required information, including actual revenues and expenditures for the 2 previous years. In addition, the annual budgets for all 3 years reflected budget deficits, with estimated expenditures exceeding projected revenues and beginning fund balances by substantial amounts.

Sections 67.010 to 67.040, RSMo, include provisions regarding annual budgets.

- The TDD did not submit its 2006, 2007, or 2008 annual financial reports to the SAO in a timely manner. The TDD submitted, at our request, all three reports, as well as the 2009 report, in March 2010.

Section 105.145, RSMo, requires political subdivisions to file an annual financial report with the SAO and 15 CSR 40-3.030 provides that if a political subdivision is audited by an independent auditor, a copy of the audit report can be filed in lieu of a separate financial report. The annual financial report is to be filed within 4 months of an entity's fiscal year end, but an audit report can be filed within 6 months of an entity's fiscal year end.

*Lee's Summit Missouri New Longview TDD did not provide a formal response.*

- **Branson Regional Airport TDD**

The Branson Regional Airport TDD was organized in December 2003 by petition of the owner of property within the proposed TDD (a private for-profit corporation). The Board of Directors and officers include employees of the corporation and its investors.

A sales tax has not been imposed on transactions within the boundaries of this TDD. Instead, revenues relate to airport operations including contributions from the City of Branson and fees from private hanger rental, fueling, airline agreements, rental car agreements, and other collateral services. These revenues are collected by the corporation, which in turn leases the airport from the TDD. Rental payments are equal to TDD debt service requirements.

The TDD is located in Taney County, south of the City of Branson between U.S. Highway 65 and Missouri Highway JJ. The Branson Regional Airport development includes the airport and its facilities. The TDD has a fiscal year end of December 31. Financial audits of the TDD were conducted by an independent auditor for fiscal years 2008 and 2007. The TDD had no financial activity for fiscal year 2006.

The TDD was formed for the purpose of acquiring property and constructing a transportation project with a total cost of approximately \$150 million. Taney County is the public entity with jurisdiction over this project and accepted dedication of the completed project.

Prior to the issuance of TDD bonds, the private corporation financed some of the costs of the projects with monies from investors. The TDD subsequently issued a total of \$114 million Airport Project revenue bonds in 2007 to finance most project costs. Any remaining project costs were funded with monies from additional investors who acquired an equity interest in the private corporation.

The private corporation was responsible for overseeing project construction. This corporation was also responsible for reviewing and approving payments from investor monies for initial costs. The construction manager, engineer, corporation, and bond trustee were responsible for reviewing and approving all other expenses.

During our audit work related to this TDD, we noted no matters which needed to be reported.

- **BaratHaven TDD**

The BaratHaven TDD was organized in January 2006 by petition of the owners of property within the proposed TDD. The Board of Directors and officers include representatives of the property owners and city officials.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a 1-cent (1.0 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective May 2006. However, no sales tax had been collected through 2008 because no retail businesses have been established. The sales tax is currently expected to remain in effect for 20 years, unless terminated sooner. The retail establishments will collect the sales tax and forward the collections to an administrator, the TDD collection agent.

The TDD is located in the city of Dardenne Prairie, in St. Charles County, between U.S. Highway 40/61 and Henning Road. It is planned the BaratHaven development will include hotel, restaurant, and retail establishments. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total estimated cost of approximately \$4.2 million. In June 2007, the TDD authorized an additional project with an estimated cost of approximately \$1.6 million. MoDOT and the City of Dardenne Prairie are the public entities with jurisdiction over these projects and will accept dedication of the completed projects.

The developer of the original transportation projects funded the project costs and has not yet been reimbursed for the costs incurred. In May 2006, the TDD authorized the issuance of special revenue notes not to exceed \$4,215,000. At December 31, 2008, approximately \$2.57 million was owed to the developer related to unreimbursed costs.

A second developer involved with the additional transportation project funded the related project costs and has not yet been reimbursed for the costs incurred. In December 2008, the TDD authorized the issuance of subordinate special revenue notes not to exceed \$1,592,942 to pay these additional transportation project costs. At December 31, 2008, approximately \$959,000 was owed to that developer related to unreimbursed costs.

MoDOT and the City of Dardenne Prairie are responsible for overseeing project construction. The TDD is responsible for reviewing and approving reimbursement requests from the developers for project costs incurred. The administrator reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD did not document its selection of engineering services for the related transportation projects. The provider of engineering and surveying services was chosen based on the fact the same engineer was used for the private portion of the project. Approximately \$117,000 was expended for engineering and surveying services through December 2008.

Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering, architectural, and surveying services.

- The TDD did not have documentation to indicate contractors complied with prevailing wage laws related to district projects. Affidavits of compliance with prevailing wage laws received from contractors were not retained and attempts to obtain evidence of prevailing wage compliance from the developers were unsuccessful. Sections 290.210 to 290.340, RSMo, include provisions regarding the payment of prevailing wages on a public works project.

*BaratHaven TDD did not provide a formal response.*

- **College Station TDD**

The College Station TDD was organized in March 2006 by petition of the City of Springfield and owners of property within the proposed TDD. The Board of Directors and officers include three employees of the city and two members elected by voters of the TDD.

The qualified voters of the TDD, in this case the property owners and the City of Springfield, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective September 2006. The sales tax is currently expected to remain in effect for 25 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, the City of Springfield.

The TDD is located in the City of Springfield, in Greene County, in the downtown area. The College Station development currently includes one business establishment, a movie theater. The TDD has a fiscal year end of June 30. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of constructing a multi-level parking structure, to be located south of College Street, with a total estimated cost of approximately \$8.6 million. The City of Springfield is the public entity with jurisdiction over this project and accepted dedication of the completed project.

The city issued approximately \$10.93 million in special obligation bonds in May 2007 to finance the costs of the project. The repayment of these bonds will be provided through the following funding sources:

- TDD sales tax
- Community Improvement District sales tax
- Parking deck participation payment
- Incremental increase in the city's general sales taxes collected within the redevelopment area
- One-half of Greene County's incremental increase in general sales taxes collected within the redevelopment area
- Parking fees generated from the operation of the parking structure

In addition, the parking structure is part of an approved Missouri Downtown Revitalization Preservation Program District. Therefore, the city may elect to use revenues from half of the incremental increase in the state general sales tax for the approved reimbursable projects.

The City of Springfield was responsible for overseeing project construction. The city verified reimbursement requests from the developer for project costs incurred before submitting the reimbursement requests to the Board of Directors to approve for payment. The Board of Directors reviews and approves all other expenses.

During our audit work related to this TDD, we noted no matters which needed to be reported.

- **Briarcliff Parkway and Highway 9 TDD**

The Briarcliff Parkway and Highway 9 TDD was organized in May 2006 by petition of the owner of property within the proposed TDD. The Board of Directors and officers are employees of the developer.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1/2-cent (0.5 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective January 2007. The sales tax is currently expected to remain in effect for 20 years, unless terminated sooner. The retail establishments, restaurants, and grocery stores collect the sales tax and forward the collections to the TDD collection agent, a private administrator.

The TDD is located in the City of Kansas City, in Clay County, at Missouri Highway 9 and Briarcliff Parkway. The Briarcliff Village development includes restaurants, grocery

stores, and retail establishments. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of constructing transportation projects with a total estimated cost of approximately \$7 million. In February 2008, the property owners approved an additional transportation project with a total cost of approximately \$2.5 million. MoDOT and the City of Kansas City are the public entities with jurisdiction over these projects and will accept dedication of the completed projects.

Because the TDD is located within a TIF area, 50 percent of the sales tax collected has been paid to the City of Kansas City for deposit into the accounts relating to the TIF projects.

The developer funded the TDD portion of the costs of the original project. The developer has not yet been reimbursed for costs incurred, but signed a reimbursement agreement with the TDD for reimbursement of the project costs plus accrued interest. Under the agreement, project costs not reimbursed may accrue compounded interest at the prime lending rate to be adjusted monthly. At December 31, 2008, approximately \$2.3 million was owed to the developer related to unreimbursed costs, including approximately \$105,000 in accrued interest.

In addition to developer-funded costs, MoDOT provided 50 percent of the original project costs estimated to total approximately \$3.5 million. MoDOT will fund the costs of the additional project totaling \$2.5 million entirely with federal stimulus monies. The TDD is subsequently responsible for any cost overruns.

MoDOT and the City of Kansas City are responsible for overseeing project construction. The administrator is also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred.

During our audit work related to this TDD, we noted the following:

- The TDD construction manager was not solicited through a competitive bidding process and it was determined the construction manager was a subsidiary and related party to the developer. An official of the developer estimated the total costs for construction management services related to the TDD projects would be less than \$59,000, with approximately \$39,000 paid to the construction manager through December 31, 2008. A TDD official indicated the hourly rate charged by the construction manager was below the fee charged for a related project and therefore cost effective.

Transactions with related parties could represent conflicts or the appearance of conflicts, could compromise the financial interests of the TDD, and should be avoided. If these situations cannot be avoided, discussions and decisions

concerning situations where potential conflicts exist should be completely documented.

In addition, Section 238.252, RSMo, requires all construction contracts in excess of \$5,000 between a TDD and a private contractor to be competitively bid and awarded to the lowest and best bidder.

***Briarcliff Parkway and Highway 9 TDD provided the following written response:***

*While it is true that the district's construction manager was not solicited through a competitive bidding process, we interpret the Section 238.252, RSMo bidding requirement to apply to hard construction costs, as the term "construction" is not defined in chapter 238, RSMo. Furthermore, it should be noted that the district was reimbursed for the cost of the construction manager by Briarcliff Development Company. Our budget officer can confirm that the TDD was reimbursed for all of Underground Services' costs. That entry was dated 11/30/2009 and the district was audited only through 2008.*

- **Fulton South Business 54 TDD**

The Fulton South Business 54 TDD was organized in June 2006 by petition of the City of Fulton and owners of property within the proposed TDD. The Board of Directors and officers include officials of the developer and officials of the city.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a 1/2-cent (0.5 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective August 2006. The sales tax is currently expected to remain in effect for 30 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, a private administrator.

The TDD is located in the City of Fulton, in Callaway County, on U.S. Business Loop 54, between Collier Street and Tennyson Road. The Fulton Commons development includes grocery, retail, and service establishments. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits of the TDD conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$1.4 million. MoDOT and the City of Fulton were the public entities with jurisdiction over these projects and accepted dedication of the completed projects.

Because the TDD is located within a TIF area, 50 percent of the sales tax collected has been paid to the City of Fulton for deposit into the accounts relating to the TIF projects. Pursuant to a formal agreement with the city, the TDD has agreed to disburse the TDD

portion of the sales tax revenues less administrative and collection costs, to the city to pay debt service on the TDD portion of the TIF bonds until they are retired.

The City of Fulton issued \$8.77 million in TIF/TDD revenue bonds in November 2006. The TDD is responsible for paying no more than approximately \$3.97 million in principal and interest on this debt. The remainder of the bonds will be paid by TIF revenues and city sales tax revenues. As of December 31, 2008, the TDD had repaid approximately \$45,000 on the TDD portion of the TIF bonds.

MoDOT and the City of Fulton were responsible for overseeing project construction. The City of Fulton was also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The Board of Directors reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD 2008 and 2007 budgets did not include some necessary information, including beginning available resources and estimated ending fund balance. In addition, the 2006 budget was not mathematically accurate.

Sections 67.010 to 67.040, RSMo, include provisions regarding the annual budgets.

*Fulton South Business 54 TDD did not provide a formal response.*

- **Crackerneck Creek TDD**

The Crackerneck Creek TDD was organized in July 2006 by petition of the owners of property within the proposed TDD. The Board of Directors and officers include three employees of the City of Independence and two representatives of the owner/developer.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective September 2006. The sales tax is currently expected to remain in effect for 30 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, the City of Independence.

The TDD is located in the City of Independence, in Jackson County, at Interstate 70 and Interstate 470. The Falls at Crackerneck development includes two major retail establishments. The TDD has a fiscal year end of June 30. A financial audit of the TDD was conducted by an independent auditor for fiscal year 2008.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately

\$15.2 million. MoDOT and the City of Independence were the public entities with jurisdiction over these projects and accepted dedication of the completed projects.

Because the TDD is located within a TIF area, 50 percent of the sales tax collected has been paid to the City of Independence for deposit into the accounts relating to the TIF projects. Pursuant to a formal agreement with the city, the TDD has agreed to disburse its portion of the TDD sales tax revenues, less administrative and collection costs, to the city to pay transportation project costs financed by the city.

As of June 30, 2008, the Missouri Development Finance Board had separately issued several Infrastructure Facilities Revenue Bonds totaling approximately \$84.9 million in order to provide loans to the City of Independence to fund the Crackerneck Creek TIF projects. A portion of the proceeds from these bond issuances were used to finance TDD eligible costs.

MoDOT and the City of Independence were responsible for overseeing project construction. The City of Independence was also responsible for reviewing and approving transportation project costs incurred. The TDD Board of Directors reviews and approves the payments to the city and all other expenses.

During our audit work related to this TDD, we noted the following:

- Documentation was not provided to verify TDD eligible transportation project costs, bidding of contracts, or TDD debt service obligations. According to district legal counsel, the TDD was formed solely as a funding mechanism and did not maintain this documentation.

Subsequently, the TDD and the SAO made several attempts to obtain applicable documentation directly from the City of Independence; however, the requested information was not provided. As a result, the appropriateness of the project costs incurred and reimbursable by the TDD, bidding and contracting for project construction, and the debt service obligations could not be verified.

*Crackerneck Creek TDD provided a response which included information to clarify the make-up of the board, budgeting practices, and information related to matters after the audit period. However, the response did not comment on the matter discussed in the bullet point above.*

- **Arnold Triangle TDD**

The Arnold Triangle TDD was organized in August 2006 by petition of the City of Arnold, the owner of property within the proposed TDD. During fiscal 2008 and prior, the Board of Directors and officers included various elected officials or employees of the city and developer. Subsequent changes to the composition of the board resulted in it being made up of only city officials and employees.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective October 2006. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, the City of Arnold.

The TDD is located in the City of Arnold, in Jefferson County, and within an area bordered by Missouri Highway 141, Church Road, and Big Bill Road. The Arnold Triangle development includes grocery, retail, and commercial establishments. The TDD has a fiscal year end of August 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$7 million. MoDOT and the City of Arnold were the public entities with jurisdiction over these projects and accepted dedication of the completed projects.

Because the TDD is located within a TIF area, 50 percent of the sales tax collected was paid to the City of Arnold for deposit into the accounts relating to the TIF projects.

The developer paid the initial costs of the projects and the TDD issued \$3 million in 2007A Sales Tax Revenue Notes in May 2007. At that time, the district note/bond trustee was given responsibility for collecting the revenues and paying the costs of the district. In September 2007, the TDD approved a resolution to establish a new joint TDD with the City of Arnold that would provide for the construction of additional transportation projects beyond the original scope of district projects. The Arnold Retail Corridor (ARC) TDD was subsequently established in March 2008, encompassing the boundaries of the district. The ARC TDD is overseen by a board consisting of the chief officer of the city and the Arnold Triangle TDD as well as one additional representative appointed by each entity. Therefore, ongoing existence of the Arnold Triangle TDD is required to properly constitute the board of the ARC TDD.

As a result of the ARC TDD establishment, the Arnold Triangle TDD sales tax was repealed and replaced by an ARC TDD sales tax. In addition, the ARC TDD authorized issuance of \$7 million in 2008A Sales Tax Revenue Notes to refinance existing Arnold Triangle TDD revenue notes and reimburse the developer for the remaining costs of the projects. The ARC TDD has also subsequently issued notes and/or bonds to refinance other transportation-related projects.

In April 2008, the City of Arnold began collecting this new sales tax on the behalf of the ARC TDD. The sales tax revenues collected on behalf of the ARC TDD, within the boundaries of the Arnold Triangle TDD, are to be used first to pay any remaining operating costs of the Arnold Triangle TDD. The remaining revenues are then used to pay ARC TDD debt service.

MoDOT and the City of Arnold were responsible for overseeing project construction. The City of Arnold and Arnold Triangle TDD legal counsel were also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The trustee reviewed and approved all other expenses.

During our audit work related to the Arnold Triangle TDD, we noted the following:

- The Arnold Triangle TDD did not solicit bids for its construction manager. The construction manager was chosen based on the developer's prior experience with the construction management company and its services. The construction manager provided these services for both the TDD and non-TDD-related portions of the entire project. Approximately \$124,300 was expended for the TDD portion of the construction management services through December 2008.

Section 238.252, RSMo, requires all construction contracts in excess of \$5,000 between a TDD and a private contractor to be competitively bid and awarded to the lowest and best bidder.

- The Arnold Triangle TDD did not document its selection of engineering and surveying services for the related transportation projects. The engineers and surveyor were chosen based on the developer's prior experience with the service providers. These service providers also provided their respective services for both the TDD and non-TDD related portions of the entire project. Approximately \$209,900 and \$66,100 was expended for the TDD portion of engineering and surveying services through December 2008, respectively.

Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering, architectural, and surveying services.

***Arnold Triangle TDD provided the following written response:***

Construction Manager *The district's project is part of a larger redevelopment project, for which the construction manager was also involved. The amount paid to the construction manager (\$124,300) represents approximately 1.78% of the total district project cost and the district believes that had it solicited proposals for a construction manager, no other responsible bidder could have provided the same level of quality service for a lesser fee.*

Engineering and surveying services *As stated above, the district's project is part of a larger redevelopment project for which the engineering and surveying firms were previously engaged by the developer. The district is confident that, given each firm's previous work on the redevelopment project, no other firm could reasonably provide (a) the specialized experience, past record of performance and familiarity with the area and the redevelopment project necessary to integrate the district's project into the redevelopment project and (b) the capacity and capability to perform the work within the time limitations of the redevelopment project.*

- **Broadway Hotel TDD**

The Broadway Hotel TDD was organized in September 2006 by petition of the owner of property and improvements within the proposed TDD. The Board of Directors and officers include representatives of the owner.

The qualified voter of the TDD, in this case the owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective January 2007. The sales tax is currently expected to remain in effect for 25 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to an administrator, the TDD collection agent.

The TDD is located in the City of St. Louis at 1 South Broadway. The Broadway Hotel development includes a major service establishment. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring a leasehold interest in a parking garage of approximately 170 parking spaces and an alleyway containing approximately 20 parking spaces. The TDD issued approximately \$3.69 million in revenue notes to finance the acquisition.

The City of St. Louis was responsible for overseeing the acquisition. The TDD approved the acquisition and the issuance of the revenue notes to finance the cost. The TDD treasurer and administrator review and approve all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD annual budgets for 2007 and 2008 did not include some necessary information, including beginning and ending cash balances. In addition, actual revenues and expenditures for the preceding year (2007) were not presented in the 2008 budget. Part of the reason for the missing information was that the budgets were prepared in a written paragraph, narrative format instead of a tabular format.

In addition, the TDD 2007 and 2008 budgets were not approved in a timely manner. The TDD Board of Directors did not approve its 2007 or 2008 budgets until its annual meetings in May 2007 and May 2008, respectively, approximately 5 months after the beginning of the fiscal year. The TDD should ensure its annual budget is approved at the beginning of the fiscal year.

Sections 67.010 to 67.040, RSMo, include provisions regarding the annual budgets.

***Broadway Hotel TDD did not provide a formal response.***

- **University Place TDD**

The University Place TDD was organized in September 2006 by petition of the owner of property within the proposed TDD. The Board of Directors and officers include officials of the developer, a contractor official, a representative of the University of Missouri-St. Louis, and a representative from St. Louis County.

In August 2006, the qualified voter of the TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district. The sales tax is currently expected to remain in effect for 25 years, unless terminated sooner. However, according to a district representative, there are no plans for retailers to be established in the TDD as most of the district is occupied by the business offices of a corporation. As a result, in September 2006, the TDD established a special assessment on real property within the district. These payments began in fiscal year 2006 and are expected to remain in effect for 25 years.

The TDD is located in the an unincorporated area of St. Louis County, between Interstate 70 and the Village of Bellerive. The TDD has a fiscal year end of December 31. Financial audits of the TDD were conducted by an independent auditor for fiscal years 2008, 2007, and 2006.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total estimated cost of approximately \$15.4 million. St. Louis County is the public entity with jurisdiction over these projects and will accept dedication of the completed projects.

The developer funded some of the initial project costs of the development prior to October 2006, when the TDD issued \$13,415,000 in Transportation Sales Tax and Special Assessment Revenue Bonds. The TDD may also issue Subordinate Transportation Sales Tax and Special Assessment Revenue Notes, not to exceed \$2 million, to fund any additional project costs. As of December 31, 2008, these notes have not been issued.

St. Louis County is responsible for overseeing project construction. The Chairman of the Board of Directors, developer, project manager, and TDD legal counsel are responsible for reviewing and approving project costs incurred by the contractors. The Chairman of the Board of Directors reviews and approves all other expenses.

During our audit work related to this TDD, we noted no matters which needed to be reported.

- **U.S. Highway 50/63 and City View TDD**

The U.S. Highway 50/63 and City View TDD was organized in September 2006 by petition of the owner/developer of property within the proposed TDD. The Board of

Directors and officers include various employees of the owner/developer and a city official.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective July 2009. The sales tax is currently expected to remain in effect for 20 years, unless terminated sooner. The retail establishment collects the sales tax and forwards the collections to the TDD collection agent.

The TDD is located in the City of Jefferson City, in Cole County, at the intersection of City View Drive and U.S. Highway 50/63. The U.S. Highway 50/63 and City View development includes a large retailer. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$11.7 million. MoDOT, the City of Jefferson City, and Cole County are the public entities with jurisdiction over these projects and will accept dedication of the completed projects.

The owner/developer initially funded a portion of the cost of the projects, which totaled approximately \$5.3 million. In addition, MoDOT contributed approximately \$5.6 million, Cole County contributed \$300,000, and the City of Jefferson City contributed \$600,000 towards the completion of the projects. The owner/developer costs will be reimbursed by TDD sales tax revenues; however, no reimbursements for costs had been paid as of December 31, 2008.

MoDOT, the City of Jefferson City, and Cole County are responsible for overseeing project construction. The Board of Directors is responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The Board of Directors also reviews and approves all other expenses.

During our audit work related to this TDD, we noted no matters which needed to be reported.

- **Cornerstone Pointe TDD**

The Cornerstone Pointe TDD was organized in October 2006 by petition of the owner/developer of property within the proposed TDD. The Board of Directors and officers include various employees of the developer.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective November 2006. The sales tax is currently expected to remain in effect for 25 years, unless terminated sooner. The retail establishments will

collect the sales tax and forward the collections to the TDD collection agent, the City of Belton.

The TDD is located in the City of Belton, in Cass County, at Missouri Highway Y and U.S. Highway 71. The Cornerstone Pointe development (located within the Belton Business Park) does not currently have any retailers. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$2 million. The City of Belton and MoDOT were the public entities with jurisdiction over these projects and accepted dedication of the completed projects.

The developer funded the costs of the local transportation project. The developer has not yet been reimbursed for all costs incurred, but signed a reimbursement agreement with the TDD for reimbursement of the project costs plus accrued interest. Under the agreement, project costs not reimbursed may accrue compounded interest at a rate equal to 7 percent per year from the date paid by the developer. In addition to the reimbursement agreement, the TDD issued a promissory note to the developer in October 2006 for in the amount of \$750,000. Once sales tax revenues are generated, the TDD will begin reimbursing the developer for transportation project costs.

The state transportation project was funded by MoDOT and the City of Belton (including \$1.25 million paid by the city on behalf of the TDD).

The City of Belton and MoDOT were responsible for overseeing project construction. The Board of Directors was also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The Board of Directors also reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD did not solicit bids for the construction manager on the local project. The construction manager was selected based on knowledge and experience with similar types of projects and long-standing business relationships with the property owner/developer. Through December 2008, approximately \$20,800 was expended for construction management services.

Section 238.252, RSMo, requires all construction contracts in excess of \$5,000 between a TDD and a private contractor to be competitively bid and awarded to the lowest and best bidder.

- The TDD did not document its selection of engineering services for the related transportation projects. This service provider was also selected based on knowledge and experience with similar types of projects and long-standing

business relationship with the property owner/developer. Through December 2008, approximately \$39,000 was expended for engineering services.

Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering, architectural, and surveying services.

- The TDD 2007, 2008, and 2009 budgets were not approved in a timely manner. The 2007 budget was not approved until June 2007, halfway through the fiscal year. In addition, the 2008 and 2009 budgets were not approved until June 2009, after the 2008 fiscal year and halfway through the 2009 fiscal year. The annual budgets should be approved at the beginning of the fiscal year. Sections 67.010 to 67.040, RSMo, include provisions regarding annual budgets.

*Cornerstone Pointe TDD did not provide a formal response.*

- **Town and Country Crossing TDD**

The Town and Country Crossing TDD was organized in October 2006 by petition of the owner/developer of property within the proposed TDD. The Board of Directors and officers include representatives of the property owners and the developer, and a member designated by the City of Town and Country.

The qualified voter of the TDD, in this case the property owner, approved the imposition of a 1/2-cent (0.5 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective April 2007. The sales tax is currently expected to remain in effect for 40 years, unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the TDD collection agent, the City of Town and Country.

The TDD is located in the City of Town and Country, in St. Louis County, at Clayton Road and Missouri Highway 141. The Town and Country Crossing development includes major retail establishments. The TDD has a fiscal year end of December 31. A financial audit of the TDD was conducted by an independent auditor for fiscal year 2007.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$10.6 million. While the development is located entirely within the City of Town and Country, the TDD also signed intergovernmental cooperation agreements with MODOT and the City of Ballwin as part of the transportation improvements were within their respective jurisdictions, and these three public entities accepted dedication of the completed projects.

The developer initially funded the costs of the projects prior to the TDD issuing approximately \$12.7 million in revenue bonds in September 2008. Prior to the issuance

of the bonds, the TDD issued notes to the developer. When the TDD revenue bonds were issued, these notes were paid and the developer was reimbursed.

MoDOT, the Cities of Town and Country and Ballwin, and St. Louis County were responsible for overseeing project construction. The City of Town and Country and the Board of Directors were also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The developer reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD did not document its selection of engineering services for the related transportation projects. This service provider was selected by the developer prior to the establishment of the TDD. We were informed this provider was chosen based on experience and expertise. Through December 2008, approximately \$526,000 was expended for engineering services.

Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering, architectural, and surveying services.

- The TDD overspent its 2008 budget by approximately \$4.9 million. The overspending was the result of the failure to adequately budget for the payment of notes held by the developer. A formal budget amendment was not approved authorizing these additional expenditures.

In addition, the TDD annual budget for 2009 and 2008 did not include some necessary information, including actual revenues and expenditures for the 2 previous years in the 2009 budget or for the preceding year in the 2008 budget (there was no financial activity prior to fiscal year 2007), as required.

Sections 67.010 to 67.040, RSMo, include provisions regarding annual budgets.

***Town and Country Crossing TDD provided the following written response:***

*Engineering services The engineer engaged by the district had been intimately involved in the underlying development project for approximately four years prior to the establishment of the district, and its engagement by the district was continued based upon such engineer's specialized expertise, technical competence, capacity, capability, past record of performance and familiarity with the project. The developer initially reviewed the qualifications of at least two engineering firms and selected the engineering firm based upon its demonstrated competence and qualifications for the type of services required and at fair and reasonable prices. The district has complied with the policy set forth in Section 8.285, Revised Statutes of Missouri, regarding contracts for engineering services.*

*Budgets* It is true that the district did not amend the 2008 budget. The district will review and revise future budgets when necessary.

The 2009 and 2008 budgets did not include comparisons for prior years. All budgets since 2009 have included the required comparisons.

- **Belton/Raymore Interchange TDD**

The Belton/Raymore Interchange TDD was organized in October 2006 by petition of the Cities of Belton and Raymore and owners of property within the proposed TDD. The Board of Directors and officers include the mayors of both cities, two individuals selected by the governing bodies of the two respective cities, and three non-voting members.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of up to 1-cent (1 percent) on all transactions which are taxable within the boundaries of the district. The Board of Directors subsequently passed a resolution that set the sales tax rate at 1/2-cent (0.5 percent) for 3 years, effective after the TDD revenue bonds were issued in 2008. After that initial 3-year period, the sales tax rate will be adjusted by the board to be sufficient for the sales tax revenues collected in each year to be approximately 125 percent of the principal and interest due on all bonds for each respective year. The sales tax is currently expected to remain in effect for 30 years, unless terminated sooner. Through fiscal year 2008 there were no retail businesses operating within the TDD, therefore, no sales tax revenues had been collected.

The TDD is located in the Cities of Belton and Raymore, in Cass County, at U.S. Highway 71 and Missouri Alternate Highway 58. The TDD has a fiscal year end of October 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$13 million. MoDOT and the Cities of Belton and Raymore are the public entities with jurisdiction over these projects and will accept dedication of the completed projects.

The TDD issued \$3.3 million in transportation sales tax revenue bonds in 2008 to finance its portion of the related project costs. Additional funding was to be provided by MoDOT, the Cities of Belton and Raymore, and/or Cass County. As of December 31, 2008, TDD expenditures for project costs totaled approximately \$2.1 million.

MoDOT and the Cities of Belton and Raymore are responsible for overseeing project construction. The two cities are also responsible for reviewing reimbursement requests from the developer for project costs incurred before forwarding the requests to the Board of Directors to approve for payment. The Board of Directors reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD received and disbursed proceeds from revenue bonds issued in fiscal year 2008; however, the district did not prepare and adopt an annual budget for that fiscal year. Sections 67.010 to 67.040, RSMo, include provisions regarding the annual budgets.

***Belton/Raymore Interchange TDD provided the following written response:***

*Budgets During the period from district formation through issuance of the district's sales tax revenue bonds, the district had no revenues and no expenses. During that period, the district did not prepare a budget. In accordance with Article VI, Section 9 of the District Bylaws, the budget thus deemed adopted provides for application of District revenues in accordance with the prior year's budget. Upon issuance of the revenue bonds, the only moneys available to the district were the proceeds of the bonds which were immediately paid or deposited with the Missouri Department of Transportation in accordance with agreements with the Missouri Department of Transportation and approved by the Board to fund its share of the transportation project, or were deposited with the bond trustee in escrow to fund a reserve fund and provide contingency funds in case cost overruns were encountered for the transportation project. The district has prepared and adopted a budget for all fiscal years subsequent to issuance of its sales tax revenue bonds. The district's revenue bonds were issued pursuant to a bond trust indenture, a tax compliance agreement, a continuing disclosure agreement, a cooperative agreement, and a bond purchase agreement. These bond documents, approved pursuant to district resolution, set forth in detail the sources and uses of the bond proceeds and describe the budgetary categories to which such expenses pertain.*

- **1200 Main/South Loop TDD**

The 1200 Main/South Loop TDD was organized in December 2006 by petition of the owners of property within the proposed TDD and the City of Kansas City. The Board of Directors and officers include employees of the property owners and city officials.

The qualified voters of the TDD, in this case the property owners and the City of Kansas City, approved the imposition of a 1-cent (1 percent) sales tax on all transactions which are taxable within the boundaries of the district, effective March 2008. The sales tax is currently expected to remain in effect for 25 years, unless terminated sooner. The retail, dining, and entertainment establishments collect the sales tax and forward the collections to the TDD bank for deposit.

The TDD is located in the City of Kansas City, in Jackson County, in the downtown area. The 1200 Main/South Loop development includes dining, retail, and entertainment establishments. The TDD has a fiscal year end of December 31. The TDD has elected not to have separate financial audits conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total cost of approximately \$40.6 million. The City of Kansas City was the public entity with jurisdiction over these projects and accepted dedication of the completed projects.

Because the TDD is located within a TIF area, 50 percent of the sales tax collected has been paid to the City of Kansas City for deposit into the accounts relating to the TIF projects. Pursuant to a formal agreement with the city, the TDD has agreed to disburse the TDD portion of the sales tax revenues, less administrative and collection costs, to the city to pay debt service on the TDD portion of the TIF bonds until they are retired.

The City of Kansas City issued \$45.5 million in revenue bonds in 2006 to finance the costs of the projects. As of December 31, 2008, approximately \$29.8 million in bond proceeds had been used to pay for costs related to the transportation projects. Sales tax revenues generated by the TDD have been used to repay the debt service on the bond issuance. As of December 31, 2008, approximately \$419,000 in sales tax revenues had been collected by the TDD. The amount of any debt service not paid by TDD sales tax collections will ultimately be paid by the city.

The City of Kansas City was responsible for overseeing project construction. The City of Kansas City was also responsible for reviewing and approving reimbursement requests from the developer for project costs and other expenses incurred.

During our audit work related to this TDD, we noted no matters which needed to be reported.

- **Gans Road and U.S. 63 TDD**

The Gans Road and U.S. 63 TDD was organized in December 2006 by petition of the owners/developer of property within the proposed TDD. Shortly after the TDD was established, the property owners/developer sold the property to the current developer. The Board of Directors and officers include various employees of the current property owner/developer and relatives of the former property owner/developer.

The qualified voters of the TDD, in this case the property owners, have not yet approved the imposition of a sales tax on all transactions which are taxable within the boundaries of the district. The imposition of a sales tax will be determined when retail businesses are established in the TDD.

The TDD is located in the City of Columbia, in Boone County, near the intersection of Discovery Parkway (Gans Road) and U.S. Highway 63. The Discovery development does not currently have any retail establishments. The TDD has a fiscal year of December 31. The TDD has elected not to have separate financial audits of the TDD conducted beyond the periodic audits performed by the SAO pursuant to Section 238.272, RSMo.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects with a total estimated cost of approximately \$29 million. MoDOT and the City of Columbia were the public entities with jurisdiction over the state and local projects, respectively, and accepted dedication of the completed projects.

The developer advanced the cost of the TDD share of the completed transportation projects. These costs included engineering services provided on the state project as well as the costs of the completed local project. The developer has not yet been reimbursed for any costs incurred, but the TDD signed promissory notes totaling approximately \$4.1 million for repayment of project costs plus accrued interest. MoDOT and the City of Columbia were responsible for the remaining costs of the completed projects (total costs of the completed projects were approximately \$10.7 million).

MoDOT and the City of Columbia were responsible for overseeing project construction. The Board of Directors was also responsible for reviewing and approving reimbursement requests from the developer for project costs incurred. The property owner reviews and approves all other expenses.

During our audit work related to this TDD, we noted the following:

- The TDD overspent its 2008 and 2007 budgets by approximately \$59,000 and \$4.2 million, respectively. The overspending was the result of the failure to budget for construction expenses. Formal budget amendments were not approved authorizing the additional expenditures. In addition, the TDD annual budget for 2009 did not include some necessary information, including actual revenues and expenditures for the 2 prior years. The TDD 2009 budget only included the actual revenues and expenditures for the preceding year (2008). Sections 67.010 to 67.040, RSMo, include provisions regarding the annual budgets.

***Gans Road and U.S. Highway 63 TDD did not provide a formal response.***

## APPENDIXES

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS  
 INFORMATION REGARDING ESTABLISHMENT, ESTIMATED PROJECT COSTS, AND ANTICIPATED REVENUES OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners	Estimated Project Costs	TDD Estimated Duration	Total Anticipated Revenues ****	Sales Tax Rate *****	TDD Within a TIF district?
210 Highway	09/23/97	Clay	Kansas City	Property Owners	1	\$ 8,587,389	11 Years	\$ 5,972,759	1 1.000% A	No
Gravois Bluffs	* 12/07/99	St. Louis	Fenton	Property Owners & City of Fenton	2	25,300,000	24 Years	30,211,614	1.000%	Yes
Strother Interchange	* 01/21/00	Jackson	Lee's Summit	Property Owners	1	25,846,800	35 Years	4,231,781	1 0.500%	Yes
Fenton Crossing	* 02/08/00	St. Louis	Fenton	Property Owners	1	4,574,762	20 Years	8,000,000	1.000%	Yes
Kenilworth	* 08/15/00	St. Louis	Brentwood	Property Owners	1	1,500,000	14.5 Years	3,859,150	0.250%	Yes
Meramec Station Road and Highway 141	09/07/00	St. Louis	N/A	Property Owners	2	6,720,000	40 Years	15,700,000	1.000% B	Yes
Douglas Square	09/21/00	Jackson	Lee's Summit	Property Owners	4	450,000	20 Years	4,320,746	2 1.000%	No
370/Missouri Bottom Road/Taussig Road	11/01/00	St. Louis	Bridgeton/Hazelwood	Property Owners	2	34,010,000	17 Years	54,596,724	1.000% B	Yes
Boonville Riverfront	02/09/01	Cooper	Boonville	Property Owners & City of Boonville	1	3,908,420	40 Years	4,000,000	1.000%	No
Mark Twain Mall	02/20/01	St. Charles	St. Charles	Property Owners	1	1,500,000	30 Years	5,000,000	1.000%	Yes
I-470 and I-350	03/17/01	Jackson	Lee's Summit	Property Owners	1	17,080,627	40 Years	134,326,373	3 1.000%	Yes
St. John's Church Road	04/17/01	St. Louis	N/A	Property Owners	9	12,000,000	40 Years	27,000,000	1.000%	No
Ballwin Town Center	* 04/26/01	St. Louis	Ballwin	Property Owners	1	1,300,000	21 Years	5,751,400	0.250%	Yes
Brentwood Pointe	05/16/01	St. Louis	Brentwood	Property Owners	2	5,101,697	20 Years	13,503,100	1.000%	Yes
Platte County Missouri South I	* 06/19/01	Platte	Kansas City	Property Owners	3	24,000,000	30 Years	52,000,000	4 1.000%	No
Big Bend Crossing	06/25/01	St. Louis	Crestwood	Property Owners & City of Crestwood	1	1,487,415	20 Years	2,500,000	1.000%	No
Truman Road	06/25/01	Jackson	Independence	Property Owners	1	232,700	21 Years	483,363	1.000%	Yes
Country Club Plaza of Kansas City, Missouri	07/12/01	Jackson	Kansas City	Property Owners & TIF Commission of KC	3	11,149,363	20 Years	30,163,825	0.500%	Yes
Stardust-Munger-Diamond	10/16/01	Marion	Hannibal	Property Owners & City of Hannibal	1	4,704,000	19 Years	11,678,000	0.625%	Yes
Interstate Plaza/North Town Village	* 11/06/01	Pulaski	St. Robert	Property Owners & City of St. Robert	27	3,980,000	20 Years	6,500,000	0.500%	Yes
Wentzville	* 11/16/01	St. Charles	Wentzville	Property Owners	5	3,150,000	15 Years	5,921,700	0.250%	No
Shoppes at Old Webster	11/29/01	St. Louis	Webster Groves	Property Owners	3	520,000	20 Years	865,000	1.000%	No
Platte County Missouri South II	04/12/02	Platte	Kansas City	Property Owners	1	-	-	-	4 1.000%	No
Thirty-Ninth Street	04/25/02	Jackson	Independence	City of Independence	**	15,075,640	23 Years	23,614,406	0.125%	Yes
St. John Crossings	06/25/02	St. Louis	St. John	Property Owners & City of St. John	1	901,630	22 Years	2,354,600	0.250%	Yes
Douglas Station	06/27/02	Jackson	Lee's Summit	Property Owners	1	1,742,852	20 Years	3,461,671	1.000%	No
CenterState	08/05/02	Boone	Columbia	Property Owners	1	7,542,000	21 Years	8,000,000	1.000%	No
Raintree North	* 08/19/02	Jackson	Lee's Summit	Property Owners	1	1,700,000	14 Years	1,700,000	1.000%	No
Shoppes at Cross Keys	09/18/02	St. Louis	Florissant	Property Owners	1	4,900,000	23 Years	12,000,000	1.000%	Yes
Station Plaza	* 12/04/02	St. Louis	Kirkwood	Property Owners & City of Kirkwood	1	1,550,000	25 Years	3,461,395	1.000%	No
Hanley/Eager Road	12/16/02	St. Louis	Brentwood	Property Owners	6	12,000,000	30 Years	22,924,051	1.000%	Yes
US Highway 65 and Truman Dam Access	03/12/03	Benton	Warsaw	Property Owners	1	2,000,000	25 Years	4,250,000	0.500%	No
Lake of the Woods	* 03/24/03	Boone	Columbia	Property Owners	2	2,700,000	30 Years	Unknown	5 0.500%	No
I-70 and Adams Dairy Parkway	* 03/25/03	Jackson	Blue Springs	Property Owners	1	1,950,000	10 Years	1,883,723	0.500%	No
Ozark Centre	04/25/03	Christian	Ozark	Property Owners	1	3,408,293	20 Years	6,000,000	0.250%	No
Crestwood Point	05/15/03	St. Louis	Crestwood	Property Owners & City of Crestwood	2	2,986,000	40 Years	4,827,000	1.000%	Yes
M 150 and 135th Street	05/15/03	Jackson	Kansas City	Property Owners	1	12,000,000	20 Years	18,817,000	0.500%	No
Boscherts Landing	05/16/03	St. Charles	St. Peters	Property Owners	2	553,342	40 Years	Unknown	5 1.000%	No
Salt Lick Road	05/16/03	St. Charles	St. Peters	Property Owners	1	1,406,281	30 Years	Unknown	5 1.000%	No
Parkville Commons	06/09/03	Platte	Parkville	Property Owners	1	8,000,000	22 Years	12,000,000	1.000%	Yes
Pershall Road	07/30/03	St. Louis	Ferguson	Property Owners & City of Ferguson	1	620,000	25 Years	993,000	1.000%	No
Lee's Summit Missouri New Longview	07/31/03	Jackson	Lee's Summit	Property Owners	1	5,900,000	20 Years	10,500,000	1.000%	Yes
Prewitt Point	08/22/03	Miller	Osage Beach	Property Owners	2	4,750,000	25 Years	16,152,000	0.500%	Yes
WingHaven	09/11/03	St. Charles	O'Fallon	Property Owners	12	3,048,098	20 Years	8,178,263	6 0.625%	No
Merchant's Laclede	10/08/03	N/A	St. Louis	Property Owners	2	6,510,000	30 Years	10,080,000	1.000% D	No
Belton Town Centre	* 11/17/03	Cass	Belton	Property Owners	10	19,000,000	23 Years	5,480,360	1 0.250%	Yes

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS  
 INFORMATION REGARDING ESTABLISHMENT, ESTIMATED PROJECT COSTS, AND ANTICIPATED REVENUES OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners	Estimated Project Costs	TDD Estimated Duration	Total Anticipated Revenues ****	Sales Tax Rate *****	TDD Within a TIF district?
71 Highway & 150 Highway	11/20/03	Jackson	Grandview	Property Owners	2	450,000	23 Years	763,850	1.000%	Yes
Branson Regional Airport	* 12/17/03	Taney	Branson	Property Owners	1	150,000,000	30 Years	Unknown	5 N/A C	No
Brentwood/Strassner Road	* 05/06/04	St. Louis	Brentwood	City of Brentwood and St. Louis County	**	8,365,000	11 Years	8,550,000	0.500%	Yes
Hutchings Farm Plaza	* 03/04/04	St. Charles	O'Fallon	Property Owners	1	600,000	8 Years	816,000	1.000%	No
Mexico Road	* 04/08/04	St. Charles	O'Fallon	Property Owners	1	2,600,000	40 Years	3,000,000	1.000%	No
Southtown	* 04/12/04	N/A	St. Louis	Property Owners	1	1,231,292	23 Years	4,204,762	1.000%	Yes
Francis Place	04/13/04	St. Louis	Richmond Heights	Property Owners	1	4,400,000	23 Years	10,000,000	3 1.000%	Yes
Poplar Bluff Conference Center	* 05/04/04	Butler	Poplar Bluff	Property Owners	1	2,400,000	40 Years	2,000,000	1 1.000%	No
Eureka Commercial Park	05/10/04	St. Louis	Eureka	Property Owners	4	1,430,000	40 Years	Unknown	5 0.875% A	No
Hanley Road and North of Folk Avenue	05/19/04	St. Louis	Maplewood	Property Owners	1	16,300,000	25 Years	30,900,000	1.000%	No
Megan Shoppes	* 06/07/04	St. Charles	O'Fallon	Property Owners	2	1,145,834	40 Years	5,520,000	1.000%	No
Folk Avenue South	07/14/04	St. Louis	Maplewood	Property Owners	2	6,958,609	26 Years	19,500,000	1.000%	Yes
St. Joseph Gateway	* 07/20/04	Buchanan	St. Joseph	Property Owners	1	4,000,000	23 Years	1,821,212	1 1.000%	Yes
Park Hills	* 07/28/04	St. Francois	Park Hills	Property Owners	2	750,000	20 years	200,000	1 0.500%	Yes
Hawk Ridge	09/02/04	St. Charles	Lake St. Louis	Property Owners & City of Lake St. Louis	3	19,400,000	25 Years	38,700,000	0.750%	No
Olive Boulevard	* 09/09/04	St. Louis	Creve Coeur	Property Owners & City of Creve Coeur	2	6,590,000	20 Years	8,811,735	3 0.500% B	Yes
Shoppes at Stadium	09/27/04	Boone	Columbia	Property Owners	1	2,500,000	15 Years	4,000,000	1.000%	No
Stadium Corridor	10/04/04	Boone	Columbia	Property Owners	4	13,819,603	25 Years	16,120,457	1.000%	No
Troy/Lincoln County***	* 10/05/04	Lincoln	Troy	City of Troy & Lincoln County	**	900,000	5 Years	900,000	7 1.000%	No
Chesterfield Commons	10/12/04	St. Louis	Chesterfield	Property Owners	1	12,000,000	30 Years	Unknown	5 1.000%	Yes
Eureka Old Town	10/12/04	St. Louis	Eureka	Property Owners & City of Eureka	4	1,367,500	30 Years	1,260,000	8 1.000%	No
North Main/Malone	* 11/19/04	Scott	Sikeston	Property Owners	1	8,600,000	23 Years	1,398,084	1 1.000%	Yes
Grindstone Plaza	01/31/05	Boone	Columbia	Property Owners	3	9,400,000	30 Years	24,000,000	0.500%	No
Residence Inn Downtown St. Louis	02/14/05	N/A	St. Louis	Property Owners	1	500,000	20 Years	1,500,000	1.000%	No
Mid Rivers/N	02/17/05	St. Charles	St. Peters	Property Owners	1	2,206,225	20 Years	8,400,000	0.500%	No
Bowman	* 02/17/05	Pulaski	Waynesville	Property Owners	1	125,000	20 Years	500,000	0.500%	No
Farris Family	* 02/17/05	Pulaski	St. Robert	Property Owners	4	250,000	10 Years	250,000	0.500%	No
Wentzville Parkway I	03/03/05	St. Charles	Wentzville	Property Owners	1	3,830,625	30 Years	Unknown	5 0.500%	No
St. Charles Riverfront	03/04/05	St. Charles	St. Charles	Property Owners	1	10,000,000	20 Years	8,500,000	1 1.000%	No
Wentzville II	03/07/05	St. Charles	Wentzville	Property Owners	1	2,800,000	25 Years	7,500,000	0.500%	No
Branson Landing	03/17/05	Taney	Branson	City of Branson	1	53,759,228	23 Years	47,106,055	1 1.000%	Yes
Highlands	04/20/05	N/A	St. Louis	Property Owners	2	700,000	23 Years	733,119	1.000%	Yes
Kingsmill	05/05/05	St. Charles	O'Fallon	Property Owners	2	1,525,000	40 Years	1,525,000	1.000%	No
Broadway-Fairview	05/10/05	Boone	Columbia	Property Owners	1	5,000,000	40 Years	17,000,000	0.500%	No
US 36/I-72	06/03/05	Marion	Macon/Hannibal	Transportation Corporation, 5 Counties & 6 Cities	**	136,000,000	15 Years	43,000,000	1 0.500%	Yes
Osage Station	* 07/19/05	Camden	Osage Beach	Property Owners	1	1,700,000	23 Years	1,700,000	0.750%	No
Northwoods	07/22/05	Boone	Columbia	Property Owners	1	1,120,000	30 Years	6,000,000	1.000%	No
Glenwood-Watson	07/26/05	St. Louis	Crestwood	Property Owners	2	2,350,000	23 Years	1,952,005	1 1.000%	Yes
Commons of Hazel Hills	* 08/11/05	Cole	Jefferson City	Property Owners	1	12,000,000	15 Years	23,000,000	1.000%	No
Dardenne Town Square	* 08/18/05	St. Charles	Dardenne Prairie/Lake Saint Louis	Property Owners	10	15,000,000	40 Years	10,750,000	1 0.500%	No
Hanley Station	* 09/29/05	St. Louis	Brentwood	Property Owners	1	2,000,000	19 Years	6,670,000	1.000%	Yes
Raintree Lake Village	10/19/05	Jackson	Lee's Summit	Property Owners	1	1,530,000	24 Years	4,767,995	1.000%	No
1717 Market Place	* 11/25/05	Jasper	Joplin	Property Owners	2	1,428,680	23 Years	2,070,000	0.125%	Yes
Cripple Creek	11/28/05	Butler	Poplar Bluff	Property Owners	1	2,087,628	Unknown	Unknown	5 1.000%	No
Chesterfield Valley	11/28/05	St. Louis	Chesterfield	City of Chesterfield	**	37,300,000	25 Years	25,175,000	1 0.375%	Yes
Hawthorne Development	11/30/05	Johnson	Warrensburg	Property Owners	7	17,524,000	20 Years	8,807,602	1 0.500%	No
Tuileries Plaza	* 12/09/05	Platte	Kansas City	Property Owners	1	3,600,000	35 Years	8,700,000	1.000%	No
Conley Road	12/09/05	Boone	Columbia	Property Owners	3	20,000,000	35 Years	57,000,000	1.000%	No
Harrisonville Towne Center	12/12/05	Cass	Harrisonville	Property Owners	1	1,124,000	23 Years	Unknown	5 1.000%	Yes

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS  
 INFORMATION REGARDING ESTABLISHMENT, ESTIMATED PROJECT COSTS, AND ANTICIPATED REVENUES OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners	Estimated Project Costs	TDD Estimated Duration	Total Anticipated Revenues ****	Sales Tax Rate ****	TDD Within a TIF district?
Elm Grove	* 12/20/05	St. Louis	Hazelwood	Property Owners	2	750,000	40 Years	2,000,000	1.000%	No
Tuscany Village	12/21/05	Buchanan	St. Joseph	Property Owners	1	13,000,000	23 Years	7,200,000	1 0.250%	Yes
Koch Plaza	01/19/06	St. Louis	Florissant	Property Owners	1	650,000	Unknown	Unknown	5 0.500%	No
Barathaven	* 01/26/06	St. Charles	Dardenne Prairie	Property Owners	3	4,215,000	20 Years	9,493,639	1.000% A	No
Blue Ridge Town Centre	02/04/06	Boone	Columbia	Property Owners	1	Unknown	Unknown	Unknown	9 1.000%	No
Tower	02/15/06	Clay	Gladstone	Property Owners	2	1,000,000	30 Years	1,700,000	0.500%	No
Heer's Tower	03/16/06	Greene	Springfield	Property Owners & City of Springfield	3	8,826,627	25 Years	187,500	1 1.000%	No
College Station	03/16/06	Greene	Springfield	Property Owners & City of Springfield	2	8,600,000	25 Years	4,400,000	1 1.000%	No
Horseshoe Bend	* 04/13/06	Miller	Lake Ozark	Property Owners	1	23,500,000	25 Years	113,079,775	1.000%	Yes
Briarcliff Parkway and Highway 9	05/17/06	Clay	Kansas City	Property Owners	1	7,036,020	20 Years	3,450,988	1 0.500%	Yes
Fulton South Business 54	06/12/06	Callaway	Fulton	Property Owners & City of Fulton	4	1,400,000	30 Years	2,700,000	0.500%	Yes
Crackerneck Creek	07/26/06	Jackson	Independence	Property Owners & City of Independence	3	15,231,975	24 Years	21,980,746	1.000%	Yes
Columbia Mall	08/04/06	Boone	Columbia	Property Owners	4	22,000,000	22 Years	10,500,000	1 0.500%	No
Arnold Triangle	* 08/13/06	Jefferson	Arnold	Property Owners & City of Arnold	5	9,000,000	29 Years	14,000,000	10 1.000%	Yes
University Place	09/06/06	St. Louis	N/A	The Curators of the University of Missouri	1	15,415,000	25 Years	26,300,000	1.000% B	No
Broadway Hotel	09/06/06	N/A	St. Louis	Property Owners	1	6,500,000	25 Years	11,500,000	1.000%	No
620 Market	09/06/06	N/A	St. Louis	Property Owners	1	991,600	30 Years	2,670,000	1.000%	No
U.S. Highway 50/63 and City View	09/25/06	Cole	Jefferson City	Property Owners	2	14,700,000	20 Years	8,000,000	1 1.000%	No
Cornerstone Pointe	10/10/06	Cass	Belton	Property Owners	1	2,000,000	25 Years	5,910,656	1.000%	No
Town and Country Crossing	10/20/06	St. Louis	Town and Country/Ballwin	Property Owners	1	10,500,000	17 Years	13,000,000	0.500%	No
Belton/Raymore Interchange	10/30/06	Cass	Belton/Raymore	Property Owners & City of Belton	3	13,000,000	20 Years	Unknown	5 1.000%	No
Wentzville Three	12/04/06	St. Charles	Wentzville	Property Owners	1	2,750,000	40 Years	Unknown	5 0.250%	No
Indian Ridge Resort	12/07/06	Stone	Branson West/Village of Indian Point	Property Owners	4	28,152,034	30 Years	34,797,760	1.000%	No
1200 Main/South Loop	12/11/06	Jackson	Kansas City	Property Owners & City of Kansas City	10	40,583,010	25 Years	64,637,467	1.000%	Yes
Gans Road and U.S. 63	12/12/06	Boone	Columbia	Property Owners	2	29,000,000	Unknown	30,000,000	0.500% A	No
Stone Ridge	01/24/07	Cole	Jefferson City	Property Owners	1	3,106,782	20 Years	2,350,000	11 1.000%	No
Meadows	01/29/07	St. Charles	Lake Saint Louis	Property Owners & City of Lake St. Louis	1	10,900,000	25 Years	27,883,277	0.750%	No
Shoppes at Hilltop	02/06/07	St. Louis	Eureka	Property Owners	1	2,500,000	20 Years	4,900,000	1.000% B	No
Spindler	02/07/07	Webster	Seymour	Property Owners	1	Unknown	Unknown	Unknown	12 Unknown	Unknown
St. Cyr Road	02/20/07	St. Louis	Moline Acres	Property Owners & City of Moline Acres	1	1,250,000	22 Years	1,452,155	0.625%	Yes
Cross Creek	02/26/07	Boone	Columbia	Property Owners	1	10,200,000	25 Years	5,084,948	13 0.500%	No
Highway 367 & Parker Road	03/02/07	St. Louis	N/A	Property Owners	1	1,000,000	21 Years	3,800,000	0.500%	Yes
CB 5421/5975	03/05/07	N/A	St. Louis	Property Owners	6	2,900,000	40 Years	4,000,000	1.000%	Yes
Platte Valley Plaza	03/09/07	Platte	Platte City	Property Owners	1	1,400,000	40 Years	1,400,000	0.625% B	No
Adler Lofts	03/12/07	N/A	St. Louis	Property Owners	1	1,000,000	19 Years	1,448,400	1.000% B	Yes
South Manchester	03/30/07	St. Louis	Manchester	Property Owners	5	2,500,000	25 Years	4,902,571	0.750%	No
Independence Avenue & Colbern Road	05/02/07	Jackson	Lee's Summit	Property Owners	4	900,000	30 Years	3,042,600	0.750%	No
Raytown Highway 350	05/07/07	Jackson	Raytown	Property Owners & Raytown Consolidated School District #2	2	6,141,276	30 Years	3,871,350	1 0.125%	Yes
The Market at McKnight I	05/11/07	St. Louis	Rock Hill	Property Owners	4	2,200,000	20 Years	3,305,933	1.000%	Yes
Bottle District	05/17/07	N/A	St. Louis	Property Owners	1	6,000,000	40 Years	6,000,000	1.000%	Yes
Euclid Buckingham	06/14/07	N/A	St. Louis	City of St. Louis	1	4,500,000	Unknown	1,200,000	1 Unknown	Yes
Harrisonville Market Place A	08/27/07	Cass	Harrisonville	Property Owners	1	Unknown	Unknown	Unknown	14 Unknown	Unknown
Harrisonville Market Place B	08/27/07	Cass	Harrisonville	Property Owners	2	Unknown	Unknown	Unknown	14 Unknown	Unknown

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS  
 INFORMATION REGARDING ESTABLISHMENT, ESTIMATED PROJECT COSTS, AND ANTICIPATED REVENUES OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners	Estimated Project Costs	TDD Estimated Duration	Total Anticipated Revenues ****	Sales Tax Rate *****	TDD Within a TIF district?
<i>New TDDs Established in 2008:</i>										
Manchester Highlands	01/22/08	St. Louis	Manchester	Property Owners	1	12,800,000	40 Years	18,750,000	1.000%	Yes
Highway 61, Route U	02/04/08	Lincoln	Moscow Mills	Property Owners	1	14,100,000	Unknown	9,700,000	1 0.375%	Yes
Arnold Retail Corridor	03/11/08	Jefferson	Arnold	City of Arnold & Arnold Triangle TDD	**	26,950,000	Unknown	56,000,000	1.000%	Yes
Rock Bridge Center	04/29/08	Boone	Columbia	Property Owners	1	Unknown	Unknown	Unknown	0.500%	No
Toad Cove Complex	05/02/08	Camden	Lake Ozark	Property Owners	2	2,000,000	Unknown	Unknown	Unknown	No
Toad Cove Resort	05/02/08	Camden	Lake Ozark	Property Owners	2	3,000,000	40 Years	Unknown	1.000%	No
Forsythe Road	06/05/08	Taney	Branson	Property Owners	1	5,250,000	25 Years	7,000,000	1.000%	No
Horseshoe Bend Pedestrian Corridor	06/10/08	Camden	N/A	Property Owners	1	3,000,000	35 Years	5,940,146	1.000%	No
Osage National	06/12/08	Miller	Lake Ozark	Property Owners	1	15,000,000	20 Years	7,341,000	1 1.000%	Yes
Lucas & Hunt/Chandler	06/25/08	St. Louis	Country Club Hills	Property Owners	1	500,000	Unknown	800,000	1.000%	Yes
Loop Trolley	07/16/08	St. Louis	University City	Property Owners	1	32,000,000	40 Years	16,000,000	1 1.000%	Yes
Des Peres Corners	07/21/08	St. Louis	Des Peres	Property Owners	1	7,600,000	25 Years	22,029,257	1.000%	No
Adams Farm	08/25/08	Jackson	Blue Springs	Property Owners	10	36,713,147	30 Years	65,548,559	1.000%	Yes
Hubach Hill Road & North Cass Parkway	08/25/08	Cass	Raymore	Property Owners	1	6,831,443	32 Years	6,761,930	0.250%	No
North Kansas City, Missouri Light Rail	11/04/08	Clay	North Kansas City	City of North Kansas City & North Kansas City Special Road	**	56,000,000	25 Years	56,000,000	0.500%	No
Centene Plaza	12/17/08	St. Louis	Clayton	Property Owners	2	22,000,000	40 Years	49,000,000	1.000%	B/D No
						<u>\$ 1,507,059,447</u>		<u>\$ 1,861,356,537</u>		

\* The amount of project costs, anticipated revenues, and/or sales tax rate presented were amended by a district official or representative from the amounts initially reported on the TDD survey questionnaire.

\*\* The district has registered voters who approved establishment of the district.

\*\*\* This district was in the process of being abolished at December 31, 2008.

\*\*\*\* Interest costs on TDD debt and administrative costs of the districts appear to account for the difference between total estimated project costs and total anticipated revenues for many of the TDDs. In addition, sales tax will be collected until the project financing has been paid. If revenues exceed expectations this will decrease the estimated duration of the TDD.

\*\*\*\*\* In addition to sales tax, several districts authorized the following additional revenue sources: property taxes (A); special assessments (B); private hanger rental, fueling, airline agreement, rental car agreement, and other collateral service fees (C); and parking fees (D).

TIF - Tax Increment Financing - 50 percent of the sales tax collected is used for TIF projects unless an agreement specifies otherwise.

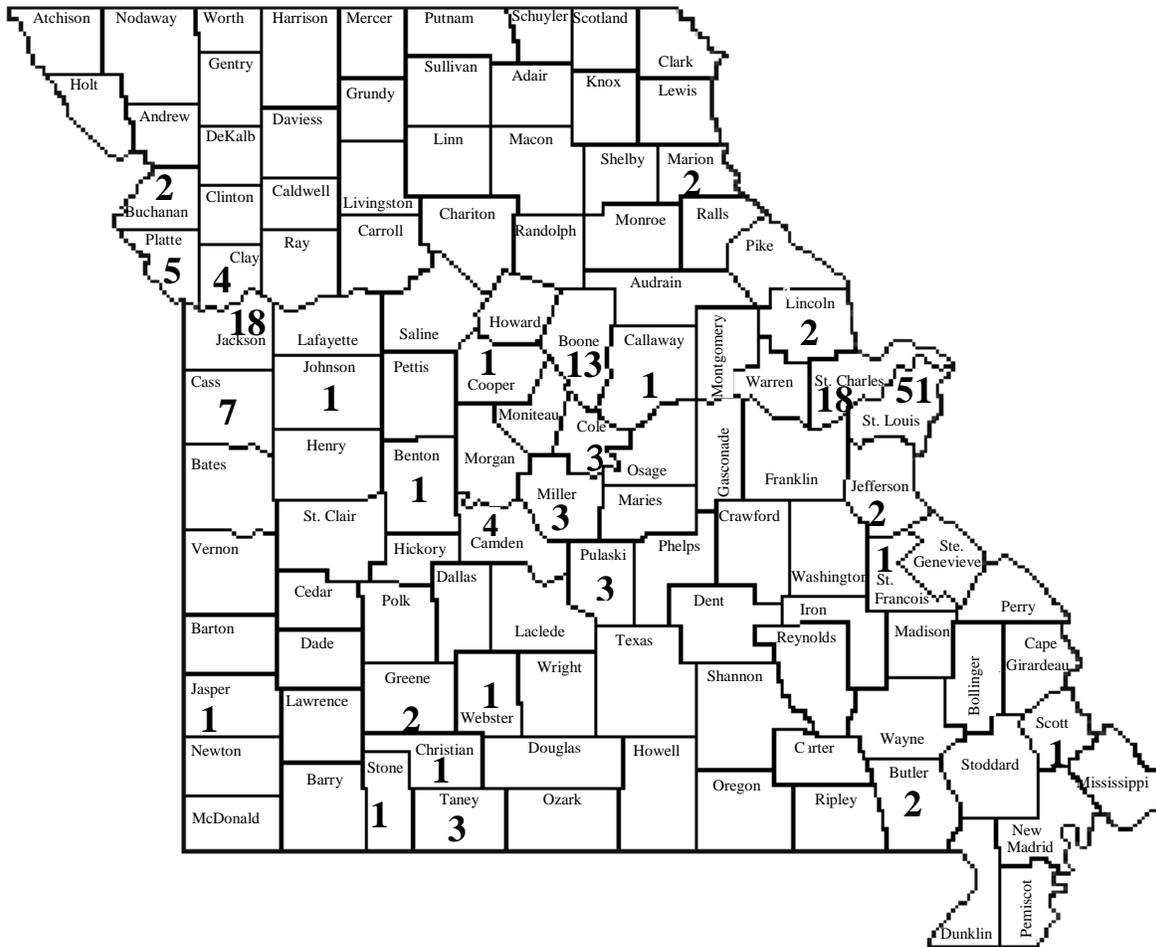
Footnote legend for Total Anticipated Revenues

1. TDD sales tax revenues are used to supplement project costs with the remaining project costs funded from other revenue sources.
2. The additional revenue will be used to supplement project costs related to an adjacent district.
3. The project(s) has more than one construction phase, with estimated project costs provided only for Phase 1.
4. Project costs/duration/anticipated revenues of Platte County Missouri South II are included in information presented for Platte County Missouri South I.
5. Anticipated revenues were not determined and sales tax will be collected until the project financing has been paid.
6. The estimated project costs reported by the district do not include an estimated annual expense of approximately \$200,000 for a trolley service system.
7. The district sales tax was repealed August 2005, and the district was subsequently abolished in January 2009.
8. Projects were split into four phases and revenue was only estimated on two of the phases.
9. Anticipated project costs and revenues were not determined. It is expected infrastructure costs will be financed by a loan.
10. At the time of the creation of the Arnold Retail Corridor (ARC) TDD in March 2008 and the imposition of the ARC TDD sales tax, the district repealed its sales tax and revised the scope of its original projects to include ARC TDD additional projects.
11. Additional revenues needed to finance the projects have not yet been determined.
12. After this TDD was created, the developer found the proposed projects not to be feasible.
13. The City of Columbia and the developer will cover costs over and above that to be reimbursed by the TDD sales tax. For their contribution, the city and developer will be issued notes subordinate to any revenue bonds issued for the TDD projects.
14. The TDDs did not respond to our questionnaires soliciting applicable information.

Source: Judgment and Order issued by the Circuit Courts, TDD survey questionnaires, and communication with district officials/representatives.

APPENDIX B

TRANSPORTATION DEVELOPMENT DISTRICTS  
 LOCATION OF THE 154 TDDs BY COUNTY  
 (AS OF DECEMBER 31, 2008)



Note - The location (by county and municipality) of the various TDDs is presented on Appendix A. Of the 51 TDDs located in the area identified as St. Louis, 41 districts are located in St. Louis County and 10 are located in the City of St. Louis.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Lee's Summit Missouri New Longview	Branson Regional Airport *	BaratHaven	College Station	Briarcliff Parkway and Highway 9
Beginning balance, Fiscal Year 2006	\$ 106,801	0	0	0	0
Receipts:					
Sales taxes	3,049	0	0	0	0
Special assessments	0	0	0	0	0
Interest	34,119	0	0	0	0
Revenue bond/note proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	1,920,000	0	0	0	0
Advance from developer	0	0	100	0	500
Other	0	0	0	0	3,602
Total Receipts	1,957,168	0	100	0	4,102
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	1,939,005	0	0	0	0
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	0	0	0	0	227
Transportation project costs	0	0	0	0	0
Collection fees	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Other	0	0	0	0	0
Total Disbursements	1,939,005	0	0	0	227
Ending Balance, Fiscal Year 2006	124,964	0	100	0	3,875
Receipts:					
Sales taxes	10,682	0	0	0	59,645
Special assessments	0	0	0	0	0
Interest	6,004	2,863,747	0	0	0
Revenue bond/note proceeds	0	113,795,000	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	400,000	0	0	0	0
Advance from developer	0	16,009,996	0	0	1,289,747
Other	0	0	0	0	2,724
Total Receipts	416,686	132,668,743	0	0	1,352,116
Disbursements:					
Bond issuance costs	0	6,786,140	0	0	0
Professional fees	0	0	0	0	18,330
Debt service	496,934	0	0	0	0
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	2,508	5,749	0	0	0
Transportation project costs	41,312	26,046,637	0	0	1,285,141
Collection fees	0	0	0	0	0
Tax increment financing	0	0	0	0	25,781
Other	0	0	0	0	1,538
Total Disbursements	540,754	32,838,526	0	0	1,330,790
Ending Balance, Fiscal Year 2007	896	99,830,217	100	0	25,201
Receipts:					
Sales taxes	9,025	0	0	0	115,491
Special assessments	0	0	0	0	0
Interest	14	3,166,413	0	0	0
Revenue bond/note proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	0	6,474	0	610,456
Other	0	0	0	0	80
Total Receipts	9,039	3,166,413	6,474	0	726,027
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	0	6,884,598	0	0	0
Insurance	0	0	0	0	7,533
Accounting and auditing	0	0	0	0	0
Administrative	4,921	8,830	6,474	0	0
Transportation project costs	183	57,328,605	0	0	611,233
Collection fees	0	0	0	0	33,599
Tax increment financing	0	0	0	0	55,413
Other	3,921	0	0	0	2,138
Total Disbursements	9,025	64,222,033	6,474	0	709,916
Ending Balance, Fiscal Year 2008	\$ 910	38,774,597	100	0	41,312

\* Non-cash items on the TDD financial statements were not presented on this schedule.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Fulton South Business 54	Crackerneck Creek *	Arnold Triangle	Broadway Hotel	University Place *
Beginning balance, Fiscal Year 2006	\$ 0	0	0	0	0
Receipts:					
Sales taxes	10,173	0	0	0	0
Special assessments	0	0	0	0	0
Interest	0	0	0	0	48,289
Revenue bond/note proceeds	0	0	0	0	13,415,000
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	25,000	0	0	0	0
Advance from developer	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	35,173	0	0	0	13,463,289
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	174,926
Debt service	0	0	0	0	27,830
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	879	0	0	0	432,221
Transportation project costs	0	0	0	0	4,771,200
Collection fees	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Other	0	0	0	0	0
Total Disbursements	879	0	0	0	5,406,177
Ending Balance, Fiscal Year 2006	34,294	0	0	0	8,057,112
Receipts:					
Sales taxes	40,883	0	0	223,156	0
Special assessments	0	0	0	0	432,579
Interest	2,009	0	0	0	301,140
Revenue bond/note proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	42,892	0	0	223,156	733,719
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	142,183
Debt service	16,432	0	0	0	566,907
Insurance	5,655	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	0	0	0	5,625	27,221
Transportation project costs	0	0	0	0	3,439,092
Collection fees	0	0	0	2,107	0
Tax increment financing	0	0	0	0	0
Other	0	0	0	157	0
Total Disbursements	22,087	0	0	7,889	4,175,403
Ending Balance, Fiscal Year 2007	55,099	0	0	215,267	4,615,428
Receipts:					
Sales taxes	53,109	76,020	19,815	272,736	0
Special assessments	0	0	0	0	0
Interest	1,119	0	14	0	59,818
Revenue bond/note proceeds	0	0	3,000,000	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	0	42,259	0	0
Other	0	0	0	0	0
Total Receipts	54,228	76,020	3,062,088	272,736	59,818
Disbursements:					
Bond issuance costs	0	0	21,500	0	0
Professional fees	0	8,615	20,759	4,600	81,195
Debt service	28,894	0	0	133,662	661,246
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	9,624	0	0	7,500	31,191
Transportation project costs	0	0	3,000,000	0	2,203,423
Collection fees	0	0	0	2,672	0
Tax increment financing	0	27,418	0	0	0
Other	0	0	19,829	0	0
Total Disbursements	38,518	36,033	3,062,088	148,434	2,977,055
Ending Balance, Fiscal Year 2008	\$ 70,809	39,987	0	339,569	1,698,191

\* Non-cash items on the TDD financial statements were not presented on this schedule.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	U.S. Highway 50/63 and City View	Cornerstone Pointe	Town and Country Crossing *	Belton/Raymore Interchange	1200 Main/South Loop
Beginning balance, Fiscal Year 2006	\$ 0	0	0	0	0
Receipts:					
Sales taxes	0	0	0	0	0
Special assessments	0	0	0	0	0
Interest	0	0	0	0	0
Revenue bond/note proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	0	0	0	0	0
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	0	0	0	0	0
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Other	0	0	0	0	0
Total Disbursements	0	0	0	0	0
Ending Balance, Fiscal Year 2006	0	0	0	0	0
Receipts:					
Sales taxes	0	0	48,512	0	0
Special assessments	0	0	0	0	0
Interest	0	0	499	0	0
Revenue bond/note proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	62,698	0	0	0
Other	0	0	0	0	0
Total Receipts	0	62,698	49,011	0	0
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	0	0	0	0	0
Insurance	0	0	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	0	62,186	0	0	0
Transportation project costs	0	499	0	0	0
Collection fees	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Other	0	0	4,054	0	0
Total Disbursements	0	62,685	4,054	0	0
Ending Balance, Fiscal Year 2007	0	13	44,957	0	0
Receipts:					
Sales taxes	0	0	166,230	0	418,819
Special assessments	0	0	0	0	0
Interest	0	0	6,406	509	289
Revenue bond/note proceeds	0	0	12,619,669	3,325,898	0
Tax increment financing	0	0	0	0	0
Payments from county	0	0	0	0	0
Payments from city	0	0	0	0	0
Advance from developer	0	3,050	0	0	0
Other	0	0	0	0	0
Total Receipts	0	3,050	12,792,305	3,326,407	419,108
Disbursements:					
Bond issuance costs	0	0	0	36,300	0
Professional fees	0	49	1,485	0	13,767
Debt service	0	0	11,271,337	0	0
Insurance	0	2,977	0	0	0
Accounting and auditing	0	0	0	0	7,519
Administrative	0	0	0	0	2,024
Transportation project costs	0	0	501,759	2,063,087	0
Collection fees	0	0	0	0	3,737
Tax increment financing	0	0	0	0	0
Other	0	0	36,985	0	0
Total Disbursements	0	3,026	11,811,566	2,099,387	27,047
Ending Balance, Fiscal Year 2008	\$ 0	37	1,025,696	1,227,020	392,061

\* Non-cash items on the TDD financial statements were not presented on this schedule.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	<u>Gans Road and U.S. 63</u>
Beginning balance, Fiscal Year 2006	\$ <u>0</u>
Receipts:	
Sales taxes	0
Special assessments	0
Interest	0
Revenue bond/note proceeds	0
Tax increment financing	0
Payments from county	0
Payments from city	0
Advance from developer	0
Other	<u>0</u>
Total Receipts	<u>0</u>
Disbursements:	
Bond issuance costs	0
Professional fees	0
Debt service	0
Insurance	0
Accounting and auditing	0
Administrative	0
Transportation project costs	0
Collection fees	0
Tax increment financing	0
Other	<u>0</u>
Total Disbursements	<u>0</u>
Ending Balance, Fiscal Year 2006	<u>0</u>
Receipts:	
Sales taxes	0
Special assessments	0
Interest	0
Revenue bond/note proceeds	0
Tax increment financing	0
Payments from county	0
Payments from city	232,109
Advance from developer	3,953,637
Other	<u>0</u>
Total Receipts	<u>4,185,746</u>
Disbursements:	
Bond issuance costs	0
Professional fees	13,076
Debt service	0
Insurance	0
Accounting and auditing	459
Administrative	137
Transportation project costs	4,278,605
Collection fees	0
Tax increment financing	0
Other	<u>0</u>
Total Disbursements	<u>4,292,277</u>
Ending Balance, Fiscal Year 2007	<u>(106,531)</u>
Receipts:	
Sales taxes	0
Special assessments	0
Interest	0
Revenue bond/note proceeds	0
Tax increment financing	0
Payments from county	0
Payments from city	0
Advance from developer	186,789
Other	<u>0</u>
Total Receipts	<u>186,789</u>
Disbursements:	
Bond issuance costs	0
Professional fees	0
Debt service	0
Insurance	0
Accounting and auditing	0
Administrative	0
Transportation project costs	77,314
Collection fees	0
Tax increment financing	0
Other	<u>7</u>
Total Disbursements	<u>77,321</u>
Ending Balance, Fiscal Year 2008	\$ <u><u>2,937</u></u>

\* Non-cash items on the TDD financial statements were not presented on this schedule.

## APPENDIX D

### TRANSPORTATION DEVELOPMENT DISTRICTS SUMMARY OF AUDIT FINDINGS REPORTED BY OTHER INDEPENDENT AUDITORS – SELECTED TDDS

#### Accounting Records and Procedures

- Complete documentation supporting construction draws for 2008 was maintained only by the bond trustee. No representative of the TDD maintained copies of supporting invoices or signed copies of written requests for disbursements (Branson Regional Airport TDD).
- A lack of segregation of duties was noted as the accountant obtained the bank statement, prepared the bank reconciliation, and maintained the general ledger with no management review of monthly bank reconciliations (University Place TDD).
- The TDD relied on its CPA firm to assist with the drafting of the financial statements and related disclosures and material adjustments as well as preparation of the Management Discussion and Analysis, instead of drafting this information itself (University Place TDD).

#### Budgetary Procedures

- An annual budget was not adopted for the fiscal year ended June 30, 2008 (Crackerneck Creek TDD).
- An annual budget was not formally approved and adopted by the Board of Directors for the fiscal year ended December 31, 2006. In addition, the actual expenditures exceeded the budget expenditures in an unapproved budget document provided to the CPA by management (University Place TDD).

Note - The above findings were included in the Management Letters and/or the Independent Auditor's Reports on Compliance and Internal Control issued with the independent audits of the selected TDDs.