



**Thomas A. Schweich**  
Missouri State Auditor

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# Highway 61/ State Highway U Transportation Development District



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September 2012  
Report No. 2012-108

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<http://auditor.mo.gov>



# CITIZENS SUMMARY

## Findings in the audit of the Highway 61/State Highway U Transportation Development District

Comments	The Highway 61/State Highway U Transportation Development District (TDD) was organized in November 2007 and is located in the City of Moscow Mills. The TDD was formed for the purpose of constructing a new diamond interchange at the intersection of Highway 61 and State Highway U. The project was completed in August 2010. Taxable transactions within the TDD are subject to a 3/8-cent sales tax. The TDD is located within a Tax Increment Financing area. For the areas audited, we identified no significant deficiencies in internal controls, no significant noncompliance with legal provisions, and no significant deficiencies in management practices and procedures.
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In the areas audited, the overall performance of this entity was **Excellent**.\*

American Recovery and Reinvestment Act (Federal Stimulus)	The Highway 61/State Highway U Transportation Development District did not receive any federal stimulus monies during the audited time period.
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\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

Mark Schuette, Chairman and Executive Director  
and  
Board of Directors  
Highway 61/State Highway U Transportation Development District  
Moscow Mills, Missouri

We have audited certain operations of the Highway 61/State Highway U Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; and interviewing various personnel of the district. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

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 Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. No findings resulted from our audit of the Highway 61/State Highway U Transportation Development District.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is written in a cursive style with a large, stylized 'S' at the end.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Katie Twiehaus

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# Highway 61/State Highway U Transportation Development District Organization and Statistical Information

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The Highway 61/State Highway U Transportation Development District (TDD) is located in the City of Moscow Mills in Lincoln County. The TDD was organized in November 2007 by petition of the property owners within the proposed TDD. The Board of Directors and officers include representatives of the property owners.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of 3/8-cent (0.375 percent) on all transactions which are taxable within the boundaries of the district. The Board of Directors subsequently passed a resolution which set the sales tax rate at 3/8-cent (0.375 percent) and is currently expected to remain in effect for 40 years, unless terminated sooner after all obligations have been paid.

Through December 31, 2011, there were no retail businesses operating within the TDD; therefore, no sales tax revenues have been collected. The developer of the project funded the project costs and has not yet been reimbursed for the costs incurred.

The TDD was formed for the purpose of constructing a new diamond interchange at the intersection of Highway 61 and State Highway U with an initial estimated cost of \$14.1 million. The Missouri Department of Transportation (MoDOT) and the City of Moscow Mills are the public entities with jurisdiction over the project. Actual project costs totaled approximately \$12 million at completion in August 2010 and MoDOT and the city accepted dedication of the project upon completion.

The TDD is located within a Tax Increment Financing (TIF) area; therefore, 50 percent of the sales tax collected is to be paid to the City of Moscow Mills for deposit to the accounts relating to the TIF projects.

The TDD has a fiscal year end of December 31 and did not have independent audits performed during the 2 years ended December 31, 2011.

## District Board

An elected board acts as the policy-making body for the district's operations. The board's five members serve 3-year terms without compensation. Members of the board at December 31, 2011, were

Mark Schuette, Chairman and Executive Director  
Martin Meyer, Vice Chairman  
Mark Pearl, Secretary and Treasurer  
Matt Bass, Member  
Fred Grannenam, Member



Highway 61/State Highway U  
Transportation Development District  
Organization and Statistical Information

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American Recovery and  
Reinvestment Act 2009  
(Federal Stimulus)

The Highway 61/State Highway U Transportation Development District did not receive any federal stimulus monies during the 2 years ended December 31, 2011.

Financial Activity

The Highway 61/State Highway U Transportation Development District did not have any financial activity during the 2 years ended December 31, 2011.