



Thomas A. Schweich
Missouri State Auditor

Branson Landing Transportation Development District



May 2012

Report No. 2012-39

<http://auditor.mo.gov>



CITIZENS SUMMARY

Findings in the audit of the Branson Landing Transportation Development District

Background	The Branson Landing Transportation Development District (TDD) was formed in 2005 and is located in the City of Branson. The City of Branson is the sole owner of land within the district. Because the TDD is located in a TIF, 50 percent of the sales tax collected is deposited into accounts relating to TIF projects and the remaining TDD sales tax revenues are used to pay transportation project costs financed by the city. Total debt service costs allocated to the TDD over the life of various Infrastructure Facility Revenue Bonds were \$42.6 million.
Comments	No findings resulted from the audit of the Branson Landing TDD. The audit notes the revenues generated by the TDD through 2011 are not sufficient to meet the financial obligations allocated to the district, but the debt payments are the responsibility of the City of Branson, which used other taxes and city revenues to fund the remaining debt payments due.

In the areas audited, the overall performance of this entity was **Good**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The Branson Landing 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

Raeanne Presley, Chairman
and
Board of Directors
Branson Landing Transportation Development District
Branson, Missouri

We have audited certain operations of the Branson Landing 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; interviewing various personnel of the TDD, as well as certain external parties; and testing selected transactions. 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 TDD's management and was not subjected to the procedures applied in our audit of the TDD.

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 Branson Landing Transportation Development District.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

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:	Alice M. Fast, CPA, CIA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Michelle Crawford, M.Acct.

Branson Landing Transportation Development District Organization and Statistical Information

The Branson Landing Transportation Development District (TDD) is located in the City of Branson. The TDD was formed in 2005 under a petition submitted by the City of Branson which is the sole owner of property within the district. The city leases portions of the land within the district to private businesses. The Branson Landing development includes a hotel and convention center, mixed-use retail establishments, and commercial and residential properties. The retail establishments and hotel located within the TDD collect and remit the TDD sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR sends the monies to the City of Branson which serves as the administrator of the TDD.

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

The TDD was formed for the purpose of financing a portion of several related transportation projects with a total estimated cost of approximately \$53.8 million. The Missouri Department of Transportation (MoDOT) and the City of Branson were the public entities with jurisdiction over these projects and accepted dedication of the completed projects.

MoDOT and the City of Branson were responsible for overseeing construction of the projects. The City of Branson was also responsible for reviewing and approving transportation project costs incurred.

Because the district is located within a Tax Increment Financing (TIF) area, 50 percent of the sales tax is deposited into accounts relating to the TIF projects. In addition, pursuant to a formal agreement between the district and the city, the remaining TDD sales tax revenues are used to pay transportation project costs financed by the city.

The Missouri Development Finance Board issued a total of approximately \$176.3 million in Infrastructure Facility Revenue Bonds on behalf of the city in January 2003 (\$56.3 million), June 2004 (\$40 million), and September 2005 (\$80 million) to finance the costs of the Branson Landing Redevelopment Project and refund certain other obligations of the city. Portions of the 2004 and 2005 bonds were used to finance TDD-eligible costs totaling approximately \$12.4 million. Total debt service costs of \$42.6 million were allocated to the TDD over the life of the bonds.

Revenues generated by the Branson Landing TDD through 2011 have not been adequate to meet financial obligations allocated to the district. However, the debt payments are the responsibility of the City of Branson which used TIF, tourism sales tax, transportation sales tax, and other city revenues to fund the balance of the debt payments due.



Branson Landing
Transportation Development District
Organization and Statistical Information

District Board

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board are the mayor and members of board of aldermen of the City of Branson. Members of the district board at December 31, 2011, were:

Raeanne Presley, Chairperson
Rick Davis, Vice-Chairman
Mike Booth, Secretary
Cris Bohinc, Treasurer
Bob Simmons, Member
Rick Todd, Member
Patrick Parnell, Member

Selected Information on
the District

Estimated Project Costs	\$53.8 million
Project Costs Allocated to the TDD	\$12.4 million
Debt Service Costs Allocated to the TDD	\$42.6 million
Estimated TDD Life	30 years
Total Estimated Revenues	\$47.1 million
Sale Tax Rate	1 percent
TDD is within a TIF District?	Yes

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

The Branson Landing Transportation Development District did not receive any federal stimulus monies during the 2 years ended December 31, 2011.



Branson Landing
Transportation Development District
Organization and Statistical Information

Financial Activity

A summary of the district's financial activity for the 2 years ended December 31, 2011 follows:

	Year Ended December 31,	
	2011	2010
Receipts:		
Sales taxes	\$ 1,185,162	1,013,002
Total Receipts	<u>1,185,162</u>	<u>1,013,002</u>
Disbursements:		
Debt service	592,581	502,067
Collection fees	0	4,434
Tax increment financing	<u>592,581</u>	<u>506,501</u>
Total Disbursements	<u>1,185,162</u>	<u>1,013,002</u>
Revenues Over (Under) Disbursements	0	0
Beginning Cash Balance	<u>0</u>	<u>0</u>
Ending Cash Balance	<u>\$ 0</u>	<u>0</u>