



Thomas A. Schweich
Missouri State Auditor

Clarkson Kehrs Mill Transportation Development District



December 2013
Report No. 2013-146

<http://auditor.mo.gov>



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Clarkson Kehrs Mill Transportation Development District

Comments

The Clarkson Kehrs Mill Transportation Development District (TDD) was organized in August 2009 and is located in the City of Ballwin. The TDD was formed for the purpose of funding street improvements to Clarkson Road and Kehrs Mill Road, and final construction was approved by the Missouri Department of Transportation in March 2013. Taxable transactions within the TDD are subject to a 1-cent sales tax. 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.

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

*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.

All reports are available on our Web site: auditor.mo.gov

Clarkson Kehrs Mill Transportation Development District

Table of Contents

State Auditor's Report	2
------------------------	---

Organization and Statistical Information	4
---	---



THOMAS A. SCHWEICH

Missouri State Auditor

David Fontana, Chairman and Executive Director
and
Board of Directors
Clarkson Kehrs Mill Transportation Development District
Ballwin, Missouri

We have audited certain operations of the Clarkson Kehrs Mill Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The district engaged Wade Stables P.C., Certified Public Accountants (CPAs) to audit the district's financial statements for the year ended December 31, 2012. To minimize duplication of effort, we reviewed the report of the CPA firm. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. 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 district, 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 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 Clarkson Kehrs Mill 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:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rex Murdock, M.S.Acct.
Audit Staff:	Wayne Kauffman, MBA

Clarkson Kehrs Mill Transportation Development District

Organization and Statistical Information

The Clarkson Kehrs Mill Transportation Development District (TDD) is located in the City of Ballwin. The TDD was organized in August 2009 by petition of the owner of property within the proposed TDD. The Board of Directors and officers were elected by the property owner.

The qualified voters of the TDD, in this case the property owner, approved the imposition of a sales tax of 1-cent (1 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 1-cent (1 percent) in September 2009 and it is currently expected to remain in effect for 40 years, unless terminated sooner after all obligations have been paid. The TDD started collecting sales taxes in January 2013.

The TDD was formed for the purpose of funding street improvements to Clarkson Road and Kehrs Mill Road. The improvements included adding a northbound right-turn lane, raised median, and dual southbound left-turn lanes on Clarkson Road, and widening of Kehrs Mill Road to provide two eastbound lanes. The Missouri Department of Transportation, the City of Ballwin, and St. Louis County are the public entities with jurisdiction over these projects. Final construction was approved by the Missouri Department of Transportation in March 2013.

The TDD has a fiscal year end of December 31, and obtained an independent audit of its financial statements for the year ended December 31, 2012.

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, 2012, were:

David Fontana, Chairman and Executive Director
David Bell, Secretary and Treasurer
Melissa Setser, Director
Dina Nilhas, Director
Franklin Sears, Director

Financial Activity

In September 2012, the TDD issued approximately \$2.9 million in revenue notes to reimburse the developer for project expenses. The receipt of this money, along with the \$2.9 million in payments to the developer, were reported in the audited financial statements of the TDD. No principal or interest payments were made by the TDD during 2012.