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Missouri State Auditor

**I-70 & Adams Dairy Parkway
Transportation Development District**

Report No. 2022-034

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Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the I-70 & Adams Dairy Parkway Transportation Development District

Financial Status

The audit of the I-70 & Adams Dairy Parkway Transportation Development District indicates the financial condition of the district is such that it may be abolished.

Due to the nature of this report, no rating is provided.

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John Chescavage, Executive Director
and
Board of Directors
I-70 & Adams Dairy Parkway Transportation Development District
Blue Springs, Missouri

The State Auditor is required under Section 238.275, RSMo, to audit a transportation development district prior to the question of abolishment being submitted to a vote. On September 13, 2021, the Board of Directors of the I-70 & Adams Dairy Parkway Transportation Development District approved a resolution of its intent to dissolve the district and request an audit as required by statute. The State Auditor was subsequently notified of this resolution.

The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2021. The objectives of our audit were to evaluate the financial status of the district and determine whether it may be abolished pursuant to law.

Our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; and interviewing various personnel of the district, as well as certain external parties. We 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 applicable 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 audit determined the district's Board of Directors may proceed with abolishment of the district in accordance with Section 238.275, RSMo.

The accompanying Management Advisory Report presents our findings arising from our audit of the I-70 & Adams Dairy Parkway Transportation Development District.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

I-70 & Adams Dairy Parkway Transportation Development District Management Advisory Report - State Auditor's Findings

Financial Status

Our audit of the I-70 & Adams Dairy Parkway Transportation Development District (TDD) indicates the financial condition of the district is such that it may be abolished.

The I-70 & Adams Dairy Parkway TDD is located in Jackson County, in the City of Blue Springs. The TDD was organized in March 2003 by petition of the property owner/developer within the proposed TDD. The members of the Board of Directors and officers are representatives of the property owner/developer. The district has a fiscal year end of December 31.

The I-70 & Adams Dairy Parkway TDD was originally formed for the purpose of acquiring, constructing and/or improving a roadway, bike trail, and parking lot located just south of Interstate 70 at the intersection of Adams Dairy Parkway and Northeast Coronado Drive. The City of Blue Springs is the public entity with jurisdiction over the project and serves as the Local Transportation Authority. Upon completion the City of Blue Springs accepted dedication of the project.

In April 2003, the Board of Directors passed a resolution formally approving the imposition of the sales tax after qualified voter approval. In June 2003, the qualified voters of the district¹ approved a one-half of one percent (0.50%) sales tax on all transactions within the boundaries of the district for a period not to exceed 40 years. The sales tax became effective September 1, 2003.

In October 2003, the I-70 & Adams Dairy Parkway TDD Board entered into a reimbursement agreement with the property owner/developer to pay for original project costs. The TDD satisfied this debt in September 2020.

In July 2008, the I-70 & Adams Dairy Parkway TDD also entered into an agreement with the City of Blue Springs for the reconstruction of Coronado Drive east of Adams Dairy Parkway, improvements to the Adams Dairy Parkway and I-70 eastbound and I-70 westbound ramp intersections, construction improvements of the Home Depot and Walmart west entrances, and improvements to the Adams Dairy Parkway and RD Mize Road. The project was included as a part of a larger redevelopment project that included multiple political subdivisions.² The City of Blue Springs is the public entity with jurisdiction over the local portion of the project and serves as the Local Transportation Authority. Upon completion, the City of Blue Springs accepted dedication of the project. The Missouri Highways and Transportation Commission (MHTC) serves as the entity with jurisdiction over the state portion of the project.

¹ The only qualified voter in the district was Home Depot Stores, LLC.

² Political subdivisions involved in the Adams Farms redevelopment plan included the Adams Farms Tax Increment Financing Plan Projects A, B and C; Adams Farms TDD; I-70 and Adams Dairy Parkway TDD; and the Coronado Drive TDD.



I-70 & Adams Dairy Parkway
Transportation Development District
Management Advisory Report - State Auditor's Findings

In July 2009, the Board of Directors passed a resolution approving an additional one-half of one percent (0.50%) district sales tax that the qualified voters approved on July 29, 2009. The additional sales tax was effective August 1, 2009, for a ten year period ending July 31, 2019.

From 2003 through December 31, 2021, the I-70 & Adams Dairy Parkway TDD received a total of \$4,472,082 in sales tax revenue.

In September 2021, the Board of Directors approved a resolution to repeal the sales tax effective December 31, 2021. The Department of Revenue was subsequently notified of the resolution in September 2021. In September 2021, the Board of Directors approved a resolution formalizing its intent to dissolve the TDD and a TDD official subsequently advised the State Auditor's Office (SAO) of this resolution and requested the SAO proceed with all necessary actions as required pursuant to Section 238.275, RSMo.

The SAO has performed an audit of the I-70 & Adams Dairy Parkway TDD as required by Section 238.275, RSMo. That statute requires the State Auditor to audit the TDD to determine its financial status, and determine whether it may be abolished pursuant to law. That law also states the board shall not propose the question to abolish the TDD while there are outstanding claims or causes of action pending against it; if its liabilities exceed its assets; or while the TDD is insolvent, in receivership, or under the jurisdiction of a bankruptcy court.

The following table presents the financial activity and cash balance of the I-70 & Adams Dairy Parkway TDD for the year ended December 31, 2021.

	Year Ended December 31, 2021
RECEIPTS	
Sales Tax	\$ 272,589
Interest	25
Total Receipts	<u>272,614</u>
DISBURSEMENTS	
Legal	10,577
Accounting and Auditing	1,860
Bank Fees	60
Total Disbursements	<u>12,497</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	260,117
BEGINNING CASH	<u>57,201</u>
ENDING CASH	<u>\$ 317,318</u>

Source: Compiled by the SAO using the TDD's bank statements, transaction ledger and financial statements.



I-70 & Adams Dairy Parkway
Transportation Development District
Management Advisory Report - State Auditor's Findings

Based on our audit, the cash balance of the I-70 & Adams Dairy Parkway TDD as of December 31, 2021, was \$317,318. The district continued to receive sales tax revenue in 2022, resulting in a cash balance of \$356,804 as of February 28, 2022. The TDD's legal counsel indicated the district had an estimated outstanding balance for legal services, accounting services, and bank charges totaling \$13,560. The Executive Director indicated there were no additional outstanding liabilities. Based on these representations, TDD assets are sufficient to pay any remaining costs and obligations. After the district's final costs and professional fees are paid, the remaining balance will be distributed to the City of Blue Springs and/or the MHTC in accordance with Section 238.275.5(1), RSMo.

Based on our audit, the Board of Directors may proceed with the abolishment of the I-70 & Adams Dairy Parkway Transportation District in accordance with Section 238.275, RSMo.