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Missouri State Auditor

Lake of the Ozarks Community Bridge Transportation Development District

Report No. 2024-096

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auditor.mo.gov



Scott Fitzpatrick
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Lake of the Ozarks Community Bridge Transportation Development District

Background

The Lake of the Ozarks Community Bridge Transportation Development District (TDD) was formed in August 2010 for the purpose of operating the Lake of the Ozarks Community Bridge and paying off construction debt by collecting tolls.

The TDD's sole property owner, The Lake of the Ozarks Community Bridge Corporation, was formed in 1992 as a not-for-profit corporation under the Missouri Transportation Corporation Act. In 1994, the corporation and the Missouri Highways and Transportation Commission (MHTC) entered a cooperative agreement for the corporation to design, construct and operate the bridge. Bridge construction began in 1996, was financed through the issuance of \$43,445,000 in revenue bonds, and was completed and dedicated for public use and toll collection in May 1998. The cooperative agreement determined that after the revenue bonds and all other liabilities were satisfied, the corporation would transfer the bridge to the MHTC.

In June 2012, the TDD refinanced the previous revenue bonds by issuing \$31,570,000 in new revenue bonds, supported by a loan with the U.S. Department of Agriculture. The refinanced revenue bonds were set to mature in June 2042, and were paid in full by April 1, 2024. The TDD stopped collecting tolls after April 30, 2024. The corporation and TDD did not impose sales taxes during bridge operations.

In November 2023, the TDD Board of Directors formalized its intent to dissolve the district. Through a resolution, the TDD agreed to later transfer at least \$600,000 to the MHTC to cover toll plaza facility removal, related improvements, and other bridge operating or maintenance costs. On July 10, 2024, the TDD transferred the bridge to the MHTC.

Based on the audit, the cash balance of the Lake of the Ozarks Community Bridge TDD as of April 30, 2024, was \$2,018,804. According to the district's legal counsel, after additional costs were paid out in 2024, the district's estimated cash balance was \$1,318,000 as of September 30, 2024, and the district's estimated remaining liabilities totaled \$702,500, including the \$600,000 minimum transfer to the MHTC. After the district's final costs are paid, the remaining balance will be transferred to the MHTC in accordance with state law.

Financial Status

The audit of the Lake of the Ozarks Community Bridge Transportation Development District indicates the financial condition of the district is such that it may be abolished.

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

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Eddie Pue, Chairman
and
Board of Directors
Lake of the Ozarks Community Bridge Transportation Development District
Lake Ozark, 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 November 15, 2023, the Board of Directors of the Lake of the Ozarks Community Bridge 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 district engaged Evers & Company, Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended April 30, 2024. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended April 30, 2024. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 Lake of the Ozarks Community Bridge Transportation Development District.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive, flowing style.

Scott Fitzpatrick
State Auditor

Lake of the Ozarks Community Bridge Transportation Development District Management Advisory Report - State Auditor's Findings

Financial Status

Our audit of the Lake of the Ozarks Community Bridge Transportation Development District (TDD) indicates the financial condition of the district is such that it may be abolished.

The Lake of the Ozarks Community Bridge TDD is located in Camden County, in the City of Lake Ozark, within Missouri Route MM. The district was organized in August 2010 by petition of the property owner within the proposed TDD. The district consists of 1 property owner. The members of the Board of Directors consist of 6 members: 5 representatives of the property owner, and 1 vacancy. The district has a fiscal year end of April 30.

The TDD organized to continue operating the bridge and paying off construction debt by collecting tolls. The TDD's sole property owner, The Lake of the Ozarks Community Bridge Corporation (corporation), was formed in 1992 as a not-for-profit corporation under the Missouri Transportation Corporation Act. In 1994, the corporation and the Missouri Highways and Transportation Commission (MHTC) entered a cooperative agreement for the corporation to design, construct and operate the bridge. Bridge construction began in 1996, was financed through the issuance of \$43,445,000 in revenue bonds, and was completed and dedicated for public use and toll collection in May 1998. The cooperative agreement determined that after the revenue bonds and all other liabilities were satisfied, the corporation would transfer the bridge to the MHTC.

Following the TDD's August 2010 organization, the corporation, the TDD and the MHTC entered a similar cooperative agreement, with the TDD replacing the corporation, and continuing operations. In June 2012, the TDD refinanced the previous revenue bonds by issuing \$31,570,000 in new revenue bonds, supported by a loan with the U.S. Department of Agriculture. The refinanced revenue bonds were set to mature in June 2042, and were paid in full by April 1, 2024. The TDD stopped collecting tolls after April 30, 2024. The corporation and TDD did not impose sales taxes during bridge operations.

In November 2023, the TDD Board of Directors formalized its intent to dissolve the district. Through a resolution, the TDD agreed to later transfer at least \$600,000 to the MHTC to cover toll plaza facility removal, related improvements, and other bridge operating or maintenance costs. On July 10, 2024, the TDD transferred the bridge to the MHTC.

In May 2024, the State Auditor's Office (SAO) was notified of the resolution and was requested to proceed with all necessary actions as required pursuant to Section 238.275, RSMo. That statute requires the State Auditor to audit the district to determine its financial status, and determine whether it may be abolished pursuant to law. It also states the board shall not propose the question to abolish the district while there are outstanding claims or causes of



Lake of the Ozarks Community Bridge
Transportation Development District
Management Advisory Report - State Auditor's Findings

action pending against it; if its liabilities exceed its assets; or while the district is insolvent, in receivership, or under the jurisdiction of a bankruptcy court.

The following table presents the financial activity and cash balances the year ended April 30, 2024.

	Year Ended April 30, 2024
RECEIPTS	
Tolls Received from Customers	\$ 4,755,941
Sales and Maturities from Investing Activities	4,339,716
Interest	270,357
Non-Toll Revenue	169
Total Receipts	<u>9,366,183</u>
DISBURSEMENTS	
Principal Payments for Revenue Bonds	7,837,500
Interest Paid on Revenue Bonds	188,149
Bond Trustee Fees	8,698
Payroll Expense	873,410
Operating Expense	423,536
Total Disbursements	<u>9,331,293</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	34,890
BEGINNING CASH	<u>1,983,914</u>
ENDING CASH	<u>\$ 2,018,804</u>

Source: Compiled by SAO using the district's bank statements, accounting ledger, and audited financial statement.

Based on our audit, the cash balance of the Lake of the Ozarks Community Bridge TDD as of April 30, 2024, was \$2,018,804. According to the district's legal counsel, after additional costs were paid out in 2024, the district's estimated cash balance was \$1,318,000 as of September 30, 2024, and the district's estimated remaining liabilities totaled \$702,500, including the \$600,000 minimum transfer to the MHTC. There are no pending, threatened, or unasserted claims or assessments against the district, according to district legal counsel. District officials confirmed the district is not insolvent, in receivership, or under the jurisdiction of a bankruptcy court. Based on these representations, district assets are sufficient to pay any remaining costs and obligations. After the district's final costs are paid, the remaining balance will be transferred to 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 district in accordance with Section 238.275, RSMo.