



Thomas A. Schweich
Missouri State Auditor

Cripple Creek Transportation Development District



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Cripple Creek Transportation Development District

Engineering Services	The Cripple Creek Transportation Development District (TDD) did not solicit proposals for engineering services. The TDD paid a total of \$488,000 for engineering services between 2009 and 2011.
Budgets	The TDD did not adopt budgets for 2011 or 2010, as required by state law.
Financial Statements	The TDD submitted its 2010 financial statement to the State Auditor's office 341 days after it was due. The TDD may be subject to a maximum fine of \$170,500 for the late filing, but the law does not establish the agency responsible for assessing and collecting these fines.

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

American Recovery and Reinvestment Act (Federal Stimulus)	The Cripple Creek 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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Cripple Creek Transportation Development District

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THOMAS A. SCHWEICH

Missouri State Auditor

Paul Duckett, Chairman
and
Board of Directors
Cripple Creek Transportation Development District
Poplar Bluff, Missouri

We have audited certain operations of the Cripple Creek 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 3 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 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Cripple Creek Transportation Development District.



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: Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor: Joyce Thomson

Cripple Creek Transportation Development District

Management Advisory Report

State Auditor's Findings

1. Engineering Services

The Cripple Creek Transportation Development District (TDD) did not solicit proposals for engineering services. In May 2009, the TDD entered into an agreement with an engineering firm to provide planning and engineering services. TDD personnel explained the firm was selected due to their qualifications, knowledge of the project, and up-front funding provided by the firm during the planning stages of the project. The TDD paid the engineering firm a total of \$488,000 between 2009 and 2011.

Sections 8.285 to 8.291, RSMo, provide requirements for the selection of engineering services. Soliciting proposals for services ensures necessary services are obtained from the best qualified provider after taking expertise and experience into consideration.

Recommendation

The Board of Directors comply with state law when procuring engineering services and document the evaluation and selection process.

Auditee's Response

The TDD Board provided the following written response:

The TDD Board concurs with the finding. The Board will take corrective measures to ensure that these findings are addressed in the future actions of the Board.

2. Budgets

The TDD did not adopt budgets for 2011 or 2010. Without budgets, it is difficult for the Board to evaluate operations and project anticipated needs of the district for the upcoming year. TDD personnel indicated budgets were not prepared due to lack of financial activity. However, the TDD received and disbursed over \$3 million in 2010, and received over \$4,000 and disbursed over \$12,000 in 2011. The TDD adopted budgets for 2009 and 2012 as required.

Section 67.010, RSMo, requires the preparation of an annual budget that presents a complete financial plan for the ensuing budget year and outlines the various information to be included in the budget. A complete and well planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of TDD operations. A budget can also provide a means to effectively monitor actual disbursements by periodically comparing budgeted amounts to actual amounts.

Recommendation

The Board of Directors prepare annual budgets which include all information required by state law.



Cripple Creek Transportation Development District
Management Advisory Report - State Auditor's Findings

Auditee's Response

The TDD Board provided the following written response:

The TDD Board concurs with the finding. The Board will take corrective measures to ensure that these findings are addressed in the future actions of the Board.

3. Financial Statements

The TDD did not submit a 2010 financial statement to the State Auditor's Office (SAO) timely. The 2010 financial statement was submitted on April 5, 2012, 341 days after it was due. The TDD may be subject to a maximum fine of \$170,500 for the late filing. However, the law does not establish the agency responsible for assessment and collection authority of these fines (see report no. 2012-13, *Transportation Development Districts*, issued in February 2012). The 2009 and 2011 financial statements were filed in April of the following year, as required.

The Board's accounting firm prepares and submits financial statements to the SAO. Representatives of the accounting firm were unsure why the 2010 financial statement was not submitted timely.

Section 105.145, RSMo, requires TDDs to file annual financial statements with the SAO. Section 105.148.8, RSMo, states any district that fails to timely submit a copy of the annual financial statement with the SAO shall be subject to a fine not to exceed \$500 per day. 15 CSR-40.30.030 provides if a political subdivision is audited by an independent auditor, a copy of the audit report can be filed in lieu of a separate financial report. The annual financial report is to be filed within 4 months of the entity's fiscal year end, while an audit report is to be filed within 6 months of the entity's fiscal year end.

Recommendation

The Board of Directors file annual financial statements with the SAO timely.

Auditee's Response

The TDD Board provided the following written response:

The TDD Board concurs with the finding. The Board will take corrective measures to ensure that these findings are addressed in the future actions of the Board.

Cripple Creek Transportation Development District

Organization and Statistical Information

The Cripple Creek Transportation Development District (TDD) is located in the City of Poplar Bluff. The Cripple Creek TDD was organized in November 2005 by petition of the City of Poplar Bluff and owners of the property within the proposed TDD. The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects, with an initial estimated cost of \$2 million. The project was expanded and costs are currently estimated at approximately \$5 million. The qualified voters of the TDD, in this case the property owners, approved the imposition of a 1-cent (1 percent) sales tax for 40 years. The qualified voters also established a special assessment of 60 cents per square foot for non-retail property, and a one-time development fee of 20 percent of the land sale value for developments accessing the road extension but not joining the TDD. The TDD Board subsequently passed a resolution setting the sales tax, special assessment, and development fee rates. The City of Poplar Bluff is the public entity with jurisdiction over these projects and will accept dedication of the completed project.

The City of Poplar Bluff obtained a loan in the amount of approximately \$5.2 million from the Missouri Transportation Finance Corporation to provide financing for the construction projects. The TDD, Board Chairman, and City entered into a joint venture agreement obligating the TDD to repay half of the loan from future TDD revenues. The Board Chairman is responsible for any loan payments if TDD revenues are insufficient to repay the obligation.

The TDD has a fiscal year end of December 31 and did not have independent audits performed during the 3 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:

Paul Duckett, Chairman/President
Frank Carroll, Vice President
Colby Robertson, Member
Dave Ryman, Treasurer
One board seat is vacant



Cripple Creek Transportation Development District
 Organization and Statistical Information

American Recovery and
 Reinvestment Act 2009
 (Federal Stimulus)

The Cripple Creek Transportation Development District did not receive any federal stimulus monies during the 3 years ended December 31, 2011.

Financial Activity

A summary of the district's financial activity for the 3 years ended December 31, 2011, follows:

	Year Ended December 31,		
	2011	2010	2009
Receipts:			
Interest	\$ 121	358	1,669
Revenue bond/note proceeds	0	3,342,966	1,748,161
Other	4,042	3,580	8,000
Total Receipts	4,163	3,346,904	1,757,830
Disbursements:			
Professional fees	0	70	0
Debt service	0	315,920	0
Administrative	12,249	10,726	30,525
Transportation project costs	0	3,023,588	1,668,888
Other	0	21,324	0
Total Disbursements	12,249	3,371,628	1,699,413
Receipts Over (Under) Disbursements	(8,086)	(24,724)	58,417
Beginning Cash Balance	33,693	58,417	0
Ending Cash Balance	\$ 25,607	33,693	58,417