



Thomas A. Schweich
Missouri State Auditor

Stardust-Munger-Diamond Transportation Development District



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Stardust-Munger-Diamond Transportation Development District

Background	The Stardust-Munger-Diamond Transportation Development District (TDD) was organized in October 2001 and is located in the City of Hannibal. The TDD Board approved a 1/4-cent sales tax on all taxable transactions within the TDD. It later approved increasing the tax to 5/8-cent. The TDD was formed for the purpose of constructing approximately \$1.7 million worth of transportation projects. Full payment of the final bond obligation was made in May 2012. On March 30, 2012, the TDD Board approved resolutions formalizing its intent to dissolve the TDD and repealing its sales tax, and the State Auditor's office was notified.
Statutory Requirement	Section 238.275, RSMo, requires the State Auditor to determine the financial status of a TDD before it may be abolished. The law prohibits the abolishment of a 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.
Financial Status	The Stardust-Munger-Diamond TDD had a cash balance of \$2,508 at March 31, 2012. The TDD subsequently received sales tax collections in April, May and June, bringing its account balance to \$53,000 as of June 30, 2012. The TDD's legal counsel estimates the expected remaining costs and obligations to be \$825. Based on legal counsel's representations, TDD assets will be sufficient to pay the remaining costs and obligations. The remaining balance will be transferred to the City of Hannibal after the July 2012 tax revenues are received. Based upon our audit, the Board of Directors may proceed with the abolishment of the Stardust-Munger-Diamond TDD.

Because of the limited objective of this audit, no overall rating is provided.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Stardust-Munger-Diamond TDD did not receive any federal stimulus monies during the audited time period.
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THOMAS A. SCHWEICH

Missouri State Auditor

Jeff LaGarce, Chairman
and
Board of Directors
Stardust-Munger-Diamond Transportation Development District
Hannibal, 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 March 30, 2012, the Board of Directors of the Stardust-Munger-Diamond 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 Wade Stables P.C., Certified Public Accountants (CPAs) to audit the district's financial statements for the years ended December 31, 2011 and 2010. To minimize duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011, and the period from January 1 through March 31, 2012. 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 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 audit determined the Board of Directors can proceed with abolishment of the district in accordance with Section 238.275, RSMo.

The accompanying Management Advisory Report presents our finding arising from our audit of the Stardust-Munger-Diamond 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

Stardust-Munger-Diamond Transportation Development District Management Advisory Report - State Auditor's Findings

Financial Status

Our audit of the Stardust-Munger-Diamond Transportation Development District (TDD) indicates the financial condition of the TDD is such that it may be abolished.

The Stardust-Munger-Diamond TDD is located in the City of Hannibal. The TDD was organized in October 2001 by petition of the owners/developer of property within the proposed TDD. The Board of Directors and officers include the property owners/developer and Mayor, Manager, and Public Works Director for the City of Hannibal. The retail establishments within the TDD collected and remitted the TDD sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR distributed the monies to the TDD.

The TDD was formed for the purpose of constructing transportation projects with a cost of approximately \$1.7 million, and has a fiscal year end of December 31. The TDD Board approved a 1/4-cent sales tax on all transactions which are taxable within the boundaries of the TDD, effective November 2001. The sales tax was expected to remain in effect until April 15, 2023, unless terminated sooner. An increase in the sales tax to 5/8-cent was subsequently approved by the TDD Board, effective January 2004. The Missouri Department of Transportation and the City of Hannibal are the public entities with jurisdiction over the projects and accepted dedication of the projects.

The TDD financed the transportation projects in 2001 with a \$1.7 million revenue note. The City of Hannibal refunded the revenue note in May 2002 with proceeds from a \$9.5 million Tax Increment and Transportation Development Refunding and Improvement Revenue Bond issuance. In January 2006, the city refunded the 2002 bonds with proceeds from an \$8.3 million Tax Increment and Transportation Development Refunding and Improvement Revenue Bond issuance.

The TDD entered into an intergovernmental cooperation agreement in 2002 with the City of Hannibal obligating the TDD to use certain net sales tax revenues to pay the principal and interest of the portion of the 2002 bonds issued to finance the TDD transportation projects. The agreement was amended in 2006 to reflect the repayment of the 2002 bonds and obligated the TDD to use certain sales tax revenues to pay a portion of the principal and interest of the 2006 bond issuance.

On March 30, 2012, the Stardust-Munger-Diamond TDD Board approved resolutions formalizing its intent to dissolve the TDD and repealing its sales tax upon full repayment of the Series 2006 Bonds or as soon thereafter as the DOR could cease collections. Full payment of the bond obligation was made in May 2012. In April 2012, the TDD's legal counsel advised the State Auditor's office (SAO) of the Board's intent to dissolve the TDD and



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requested the SAO proceed with all necessary actions as required pursuant to Section 238.275, RSMo.

The SAO has performed an audit of the Stardust-Munger-Diamond 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 the TDD 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 balances of the TDD for the 2 years ended December 31, 2011, and the period from January 1 through March 31, 2012:

	Period January 1,		
	2012 to March 31,	Year Ended December 31,	
	2012	2011	2010
RECEIPTS			
Sales taxes	\$ 121,120	436,428	404,332
Interest	45	189	590
Total Receipts	121,165	436,617	404,922
DISBURSEMENTS			
Legal	659	1,000	901
Administration	2,900	2,900	2,900
Collection fees	0	0	909
Auditing	0	3,600	3,500
Debt service	60,597	208,359	214,680
Tax increment financing	56,982	218,179	221,287
Miscellaneous	35	105	105
Total Disbursements	121,173	434,143	444,282
RECEIPTS OVER (UNDER)	(8)	2,474	(39,360)
DISBURSEMENTS			
BEGINNING CASH	2,516	42	39,402
ENDING CASH	\$ 2,508	2,516	42

Based on our audit, the cash balance of the TDD at March 31, 2012, is \$2,508. The TDD subsequently received sales tax collections in April, May and June, maintaining a balance in its account of approximately \$53,000 as of June 30, 2012. The TDD's legal counsel estimates the outstanding liabilities for final administrative costs (legal costs) to be \$825. Based on



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legal counsel's representations, TDD assets will be sufficient to pay any remaining costs and obligations. The remaining balance will be transferred to the City of Hannibal after July 2012 tax revenues are received.

Based on our audit, the Board of Directors can proceed with the abolishment of the TDD in accordance with Section 238.275, RSMo.