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Missouri State Auditor

Manchester Highlands Transportation Development District



August 2012
Report No. 2012-86

<http://auditor.mo.gov>



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CITIZENS SUMMARY

Findings in the audit of the Manchester Highlands Transportation Development District

Comments

The Manchester Highlands Transportation Development District (TDD) was organized in October 2007 and is located in the City of Manchester. The TDD was formed for the purpose of constructing parking areas, public access areas, and Highlands Boulevard Drive, and the city accepted dedication of the project upon its completion in August 2009. Taxable transactions within the TDD are subject to a 1 percent 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**.*

American Recovery and Reinvestment Act (Federal Stimulus)

The Manchester Highlands Transportation Development District did not receive any federal stimulus monies during the audited time period.

*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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THOMAS A. SCHWEICH

Missouri State Auditor

Denise Chomicki, Chairperson
and
Board of Directors
Manchester Highlands Transportation Development District
Manchester, Missouri

We have audited certain operations of the Manchester Highlands 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 2 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; 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) 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 Manchester Highlands 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:	Chris Vetter, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Katie Twiehaus

Manchester Highlands Transportation Development District Organization and Statistical Information

The Manchester Highlands Transportation Development District (TDD) is located in the City of Manchester. The TDD was organized in October 2007 by petition of the property owners within the proposed TDD. The Board of Directors and officers include property owners and representatives of property owners.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of up to 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) for 40 years.

The TDD was formed for the purpose of constructing parking areas, public access areas, and Highlands Boulevard Drive with an initial estimated cost of \$12.8 million. The City of Manchester is the public entity with jurisdiction over the projects. Actual project costs totaled approximately \$13 million at completion in August 2009 and the city accepted dedication of the projects upon completion.

The TDD is located within a Tax Increment Financing (TIF) area. The City of Manchester issued Sales Tax Revenue Notes of \$13 million in 2008 to finance the TDD projects. The City of Manchester issued Tax Increment and Transportation Refunding Revenue Bonds of \$5.5 million in 2010 to refinance a portion of the outstanding obligations of the TDD.

The TDD has a fiscal year end of December 31 and did not have independent audits performed during the 2 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:

Denise Chomicki, Chairperson and Executive Director
Rick Matejka, Secretary
Joe Beaudan, Treasurer
Mark Sedgwick, Member
George F. Meyer III, Member

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Manchester Highlands Transportation Development District did not receive any federal stimulus monies during the 2 years ended December 31, 2011.



Manchester Highlands Transportation Development District
Organization and Statistical Information

Financial Activity

A summary of the district's financial activity for the 2 years ended December 31, 2011, follows:

	Year Ended December 31,	
	2011	2010
Receipts:		
Sales taxes	\$ 2,842,779	2,482,558
Bond issuance	0	5,456,904
Total Receipts	<u>2,842,779</u>	<u>7,939,462</u>
Disbursements:		
Debt payments	1,383,985	6,682,381
Administrative	16,116	7,107
Tax increment financing	1,421,389	1,241,279
Total Disbursements	<u>2,821,490</u>	<u>7,930,767</u>
Receipts Over (Under) Disbursements	21,289	8,695
Beginning Cash Balance	<u>55,899</u>	<u>47,204</u>
Ending Cash Balance	<u>\$ 77,188</u>	<u>55,899</u>