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Missouri State Auditor

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Transportation Development Districts



Office Of The
State Auditor Of Missouri
Claire McCaskill

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The following problems were included in our audit of Transportation Development Districts.

Transportation development districts (TDDs) are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects, financed through the issuance of notes, bonds, or other debt securities and governed by a board of directors. These boards have the authority to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the respective TDDs to pay those transportation-related project expenditures.

TDDs are initiated by the filing of a petition in the circuit court of the county where the proposed district is located. For TDDs established as of December 31, 2004, 96 percent of the petitions initiating their establishment were filed by the owners of the property located within the proposed district. In many instances, it appears only a single property owner/developer petitioned for the creation of a district.

Although the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently the result of statutory changes the General Assembly made that year. These changes have resulted in a dramatic increase in the number of TDDs established. As of December 31, 2004, 69 TDDs had been established in the state. This significant growth has continued in 2005, with 18 additional TDDs being established as of October 2005.

In a survey of the 69 districts, officials of 68 of the TDDs reported total estimated transportation project costs of over \$578 million. In addition, 62 of the 69 TDDs reported total estimated revenues of over \$787 million would be collected during the lives of the respective TDDs. All of the districts established as of December 31, 2004, have imposed a sales tax, with rates ranging from one-eighth of one percent to one percent on retail items sold within the districts' boundaries. As a result, all retail establishments located within a TDD charge a higher total sales tax than the retail establishments that lie outside the district's boundaries.

Our audit disclosed various issues regarding the TDDs in the areas of public awareness/involvement, and accountability and compliance, including:

- There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held.
- Neither registered voters nor their elected representatives are involved in the decision to levy

YELLOW SHEET

taxes for most TDDs.

- There is no requirement the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD.
- There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.
- There is disagreement over whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.
- Most TDD sales taxes are not collected by the Missouri Department of Revenue, creating less assurance over the controls and monitoring of such revenue.
- Many TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required, and the current audit requirements related to TDDs need to be reconsidered.
- In many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. Such reimbursement process weakens the accountability over project-related costs.
- The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.

The audit recommended the General Assembly review the issues addressed in the report and work with the Missouri Department of Transportation, the State Auditor's Office, and other governmental entities to make necessary revisions to the TDD-related statutes.

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TRANSPORTATION DEVELOPMENT DISTRICTS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the transportation development districts (TDDs) established in the state of Missouri. This audit was conducted relative to our responsibilities pursuant to Section 238.272, RSMo. The scope of this audit included, but was not necessarily limited to, those TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2004. The objectives of this audit were to:

1. Identify the various TDDs that have been established and report selected information regarding those entities.
2. Determine the extent of the TDDs' estimated transportation projects costs as well as the total revenues those entities expect to collect, as reported by the individual TDDs.
3. Identify and report various issues related to public awareness/involvement, accountability, and compliance involving TDDs.
4. Perform a more in-depth review of selected TDDs that have operated for at least 3 fiscal years.

Our methodology to accomplish these objectives included reviewing financial reports or audits filed with the State Auditor's Office, information maintained by the Missouri Department of Transportation (MoDOT), and information obtained from various TDD officials/representatives and municipal officials.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The following Objectives, Scope, and Methodology and Observations and Results sections present our comments, observations, and results regarding our audit of transportation development districts.

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

Claire McCaskill
State Auditor

September 16, 2005 (fieldwork completion date)

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OBJECTIVES, SCOPE, AND METHODOLOGY

TRANSPORTATION DEVELOPMENT DISTRICTS OBJECTIVES, SCOPE, AND METHODOLOGY

Sections 238.200 to 238.275, RSMo, allow for the formation of transportation development districts (TDDs). These entities are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects. The projects are generally financed by these districts through the issuance of notes, bonds, or other debt securities for a period not to exceed forty years. A TDD is governed by a board of directors of not less than five nor more than fifteen members. The boards have the authority (after qualified voter approval¹) to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the TDD to pay the expenditures of the entity, including the liquidation of debt incurred to fund the transportation-related projects. The revenues of a TDD, most frequently sales taxes, can only be used for transportation-related projects.

The process of establishing a TDD is initiated by the filing of a petition in the circuit court of the county where the proposed district is located. Such a petition can be filed by: (1) not less than 50 registered voters residing within the proposed TDD; (2) if there are no eligible registered voters residing within the proposed district, by all the owners of real property located within its proposed boundaries; (3) a local transportation authority; or (4) two or more local transportation authorities. A local transportation authority includes a county, city, special road district, or any other local public authority having jurisdiction over transportation projects and services.

For those TDDs established as of December 31, 2004, most of the petitions initiating their establishment were filed by the owners of the property located within the proposed district. There is no minimum number of property owners that can petition for the formation a TDD, and in many instances it appears there has been a single property owner/developer who has petitioned for the creation of a district. See Appendix A for a complete list of all TDDs established as of December 31, 2004, which includes information regarding their establishment.

Within 30 days after the petition is filed, the circuit clerk is required to provide a copy of it to the respondents, who must include the Missouri Highways and Transportation Commission (highway commission) and each affected local transportation authority. The respondents then have 30 days to file an answer stating agreement with or opposition to the creation of the district. In addition, any resident, taxpayer, or any other entity within the proposed district may join in or file a petition supporting or answer opposing the creation of the district and seeking a declaratory judgment.

The court then hears the case without a jury and enters a declaratory judgment. If the circuit court determines the petition satisfies legal requirements, the court enters its judgment to that effect. If the petition is filed by registered voters or by a local transportation authority(ies), the court certifies the questions regarding the district's creation, project development, and proposed funding for public notice and voter approval. A public hearing may be held prior to the election. If the petition is filed by the owners of the real property located within the proposed district, the

¹ Section 238.202, RSMo, defines qualified voters as any persons eligible to be registered voters who reside within the proposed district. However, if no registered voters reside within the proposed district, the owners of real property located within the proposed district constitute the qualified voters.

court shall declare the district organized and certify the funding methods stated in the petition for qualified voter approval. If there is no opposition to its creation, the court can make such certifications without a court hearing.

The district must submit the proposed projects with specifications, to the highway commission for its approval. If the proposed projects are not intended to be merged into the state highway system, the district must also submit the proposed projects with specifications to the applicable local transportation authority for its approval since that entity will subsequently be responsible for accepting ownership and responsibility for the projects and related infrastructure.

Section 238.262, RSMo, authorizes the highway commission to adopt administrative rules related to TDDs. Pursuant to this statute, the Missouri Department of Transportation (MoDOT) has prepared administrative guidelines which, while not promulgated as administrative rules, are recommended practices which apply to any TDD whose projects are partially or wholly constructed on or to be merged into the state highway system. If the proposed transportation projects are not on the state highway system there is no statute that authorizes the local transportation authorities to establish administrative rules for the TDD projects.

Once a TDD has been formed, MoDOT has generally limited its role to the issuance of permits, review of design plans, and inspection of projects constructed on state right-of-way or connecting to the state highway system. MoDOT's involvement in these instances has not involved financial oversight. According to information provided by MoDOT, of the 69 TDDs established at December 31, 2004, 43 of those districts (or 62%) had projects of this nature. In a few cases, MoDOT has assisted with the financing and construction of the improvements because the applicable TDD accelerated a project MoDOT had already planned to construct. In those instances, MoDOT indicated it exercised a much higher degree of oversight over the financing and construction of those projects, including financial oversight. Six of the 69 TDDs (or 9%) established included projects of this nature. For the 20 remaining TDDs (or 29%), MoDOT had no participation or oversight over the projects because they were not constructed on state right-of-way or connected to the state highway system. In those instances, the local transportation authorities (the city or county) were responsible for overseeing the projects.

Many TDDs are located within a tax increment financing redevelopment (TIF) area. Tax increment financing is authorized pursuant to Section 99.800 to 99.865, RSMo, and allows a municipality (a city or county) to approve TIF plans and use new tax revenues generated by development to reimburse certain costs related to that development. This economic development tool provides an incentive for the development to occur. The new tax revenues generated for TIF-purposes include property taxes and 50 percent of all local economic activity taxes in the area, including the sales taxes of a TDD.

Section 67.010, RSMo, requires each TDD to prepare an annual budget which represents a complete financial plan for the ensuing fiscal year. In addition, Section 105.145, RSMo, requires each district to file an annual financial report with the State Auditor's Office (SAO).

Although there is no statutory annual audit requirement, many districts have issued bonds and are required to obtain annual audits by the bond covenants or bond underwriter. In addition,

Section 238.272, RSMo, provides the SAO shall audit each TDD once every three years, and may audit more frequently if deemed appropriate. The cost of the audit is to be paid by the respective district.

A TDD must transfer ownership of the transportation projects to the highway commission or the local transportation authority within six months after completion of the project and initial maintenance costs have been paid. The highway commission or local transportation authority will assume ownership and responsibility for any future maintenance costs of the transportation projects.

Section 238.275, RSMo, provides for the abolishment of a TDD once its projects are completed, ownership of the projects has been transferred to the highway commission or the local transportation authority, and the district has no outstanding liabilities. In addition, a TDD can be abolished if the board of directors determines the projects cannot be completed due to lack of funding or for any other reason. The board of directors must submit the question to abolish the district to a vote of the registered voters or all of the property owners in the TDD, if there are no registered voters. In addition, prior to submitting the question to abolish the district to the applicable voters, the SAO must audit the TDD to determine its financial status, and whether it can be abolished. As of September 2005, the SAO had not been advised of any action(s) regarding the abolishment of a TDD.

Objectives

The objectives of this audit were to 1) identify the various TDDs that have been established and report selected information regarding those entities; 2) determine the extent of these districts' estimated transportation project costs, as well as the total revenues those entities expect to collect, as reported by the individual TDDs; 3) identify and report various issues related to public awareness/involvement, accountability, and compliance involving TDDs; and 4) perform a more in-depth review of selected TDDs that have operated for at least 3 fiscal years.

Scope

The scope of this audit included, but was not necessarily limited to, those TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2004. At December 31, 2004, there were 69 TDDs which had been established in the state of Missouri, with one of these districts currently under appeal by the city of Chesterfield, in St. Louis County. Sixteen TDDs had operated for at least three complete fiscal years as of December 31, 2004.

Information used to compile this report included:

- TDD annual financial reports or audit reports and related information submitted to and maintained by the SAO.
- The provisions of the Transportation Development District Act, which include Sections 238.200 through 238.275, RSMo.

- A TDD database, petitions, court orders, and related information maintained by the Missouri Department of Transportation (MoDOT).
- Completed questionnaires received from officials or representatives of the TDDs which requested information including, but not limited to, estimated project costs, financing obligations, anticipated revenues, and expected life of the respective TDD.
- Communications with, and information received from, various TDD officials/representatives and municipal officials.

Methodology

During our audit, we used annual financial reports or audit reports that had been filed by the various TDDs with the SAO as well as an internal database used by this office to identify those TDDs which had been established and to account for the various financial reports/audits received.

We gathered additional information regarding TDDs through discussions with various MoDOT officials and from a TDD database and files maintained by that agency. Information obtained included TDD name, location, applicable county/municipality, date established, identity of the individual(s)/entity who filed the petition, the type of funding (i.e., sales taxes, property taxes, etc.), and the funding rate (i.e., 1 percent). Some of the information obtained from MoDOT is presented in Appendix A.

Survey questionnaires were sent to each TDD which had been established as of December 31, 2004, requesting information including, but not limited to: estimated total project costs, how project costs were financed and the amount of that financing, estimated total revenues to be collected and over what period of time, when the collection of revenue and incurrence of expenses started, who was responsible for collection of the revenues and the administering of the funds, and whether financial audits have been conducted by a CPA firm. Some of the survey information received from the TDDs is presented in Appendix B. A copy of the survey questionnaire is presented in Appendix D.

To get a better understanding of the operations and activities of TDDs and relative to our audit responsibilities pursuant to Section 238.272, RSMo, we selected sixteen of these districts (the selected districts) for a more in-depth review. The selected districts were those that had operated for at least three complete fiscal years as of December 31, 2004, and would be subject to audit pursuant to state law. We requested and obtained additional information regarding these selected districts through communications with various TDD officials or representatives and municipal officials who have been involved with district activities.

The objectives of this additional review of the selected TDDs were to 1) determine and report information concerning the establishment of the applicable districts and taxes imposed; 2) identify the transportation projects of the district and related costs; 3) determine how the transportation projects were financed; 4) identify various controls and procedures in place regarding the TDD's financial activities, including whether periodic financial audits are

conducted and whether any independent financial oversight exists; and 5) review and report the TDDs' financial data. A Schedule of Receipts, Disbursements, and Cash Balances for the selected districts is presented in Appendix E.

Limitations

Some data presented in Appendixes A, B, and E was compiled from survey information submitted by officials or representatives of the various TDDs and the annual financial or audit reports submitted by those districts. This information was not verified for accuracy by us.

OBSERVATIONS AND RESULTS

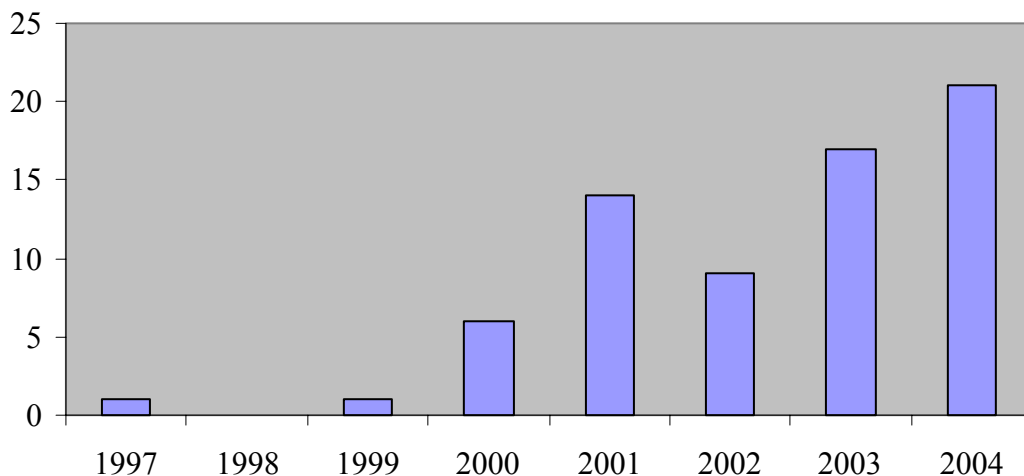
TRANSPORTATION DEVELOPMENT DISTRICTS OBSERVATIONS AND RESULTS

Background

As of December 31, 2004, 69 transportation development districts (TDDs) had been established in the state of Missouri. Over half of these districts have been established in the state's two biggest metropolitan areas, with 26 and 12 of the TDDs being located in the city of St. Louis or St. Louis County and Jackson County, respectively.

Even though the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently the result of statutory changes the General Assembly made that year. In those legislative changes, the General Assembly established another means of creating a TDD, allowing the owners of the real property located within the proposed district to petition for its creation, if there were no registered voters residing within the district. Previously, a petition to establish a TDD could only be filed by not less than 50 registered voters residing within the proposed district or by a local transportation authority.

This statutory change has apparently resulted in a dramatic increase in the number of TDDs established, particularly in recent years, as shown in the following graph.



Number of TDDs Established Each Year

Of the 69 TDDs established as of December 31, 2004, 66 (or 96 percent) were initiated by a petition filed by the property owners. The significant growth in the number of newly-established TDDs has continued in 2005, with 18 additional TDDs being established as of October 2005 (according to MoDOT records).

In a survey of the 69 TDDs established as of December 31, 2004, officials or representatives of 68 of the TDDs reported total estimated transportation project costs of

over \$578 million. Estimated transportation project costs of 1 TDD was not provided because the costs were not going to be determined until sales tax revenues were available. In addition, 62 of the 69 TDDs reported total estimated revenues of over \$787 million would be collected over the lives of the respective TDDs. Anticipated revenue information for 7 of the districts was not provided because the information had not been determined or could not be located. The total estimated project costs and anticipated revenue amounts provided by the various TDDs are presented in Appendix B. It appears that interest costs on TDD debt and administrative expenses of the districts would account for the difference between total estimated project costs and total anticipated revenues of the various TDDs.

The table below breaks down the total estimated project costs and anticipated revenues of the 69 TDDs into various dollar ranges.

Dollar Range	Number of TDDs	
	Estimated Transportation Project Costs	Expected Revenues
\$0 to \$1million	10	7
\$1 million to \$5 million	30	19
\$5 million to \$10 million	10	13
\$10 million to \$15 million	10	6
\$15 million to \$35 million	7	14
More than \$35 million	1	3
Not reported	1	7

In our survey, the TDD officials/representatives reported the number of years their respective districts expected to collect revenue (i.e. sales taxes, etc.), which should correlate with the expected life of the districts. Based on this information, the expected life of the 69 TDDs will range from 5 to 40 years. All of the districts established as of December 31, 2004, have imposed a sales tax, with rates ranging from one-eighth of one percent (1/8 percent) to one percent on retail items sold within the districts' boundaries. As a result, all retail establishments located within a TDD charge a higher total sales tax than the retail establishments that lie outside the district's boundaries. For example, if a TDD imposes a 1 percent sales tax and the total sales taxes charged in the surrounding community total 6 percent, retail establishments located within the TDD would charge a total sales tax of 7 percent on purchases, or 17 percent higher than the tax rate on retail purchases made outside the TDD. Also, 6 of the 69 TDDs have imposed a special assessment or property tax in addition to a sales tax.

The boundaries of 33 (48 percent) of the TDDs established as of December 31, 2004, were located either completely or partially in a tax increment financing redevelopment (TIF) area. Pursuant to Section 99.845, RSMo, 50 percent of the additional tax revenues generated in such areas are to be used for the purposes of that particular TIF area. After the TIF portion of the TDD revenues are disbursed to the applicable city for deposit into a TIF account, the remaining portion is to be used by the TDD to fund its transportation

project(s). However, based on our review of the selected districts, we noted three different scenarios occurring related to those TDDs located within a TIF area.

For some TDDs, 50 percent of the TDD tax revenues generated were turned over to the applicable city for TIF purposes (as described above). In other instances, cooperative agreements existed between the applicable city and the TDD which allowed the district to apply most, if not all, of its sale tax revenue to its own transportation project costs. For still other TDDs, we found the districts had agreed to disburse all of their revenues (both the TIF portion and the non-TIF portion), less administrative costs, to the applicable cities to help retire the city's TIF bond debt. In those instances, the applicable cities had used the proceeds from TIF bonds to finance both the TDDs' transportation projects and the cities' redevelopment (TIF) projects.

Identification of Issues

Our audit disclosed various issues regarding the TDDs in the areas of public awareness/involvement, and accountability and compliance which are presented below:

1. LACK OF PUBLIC AWARENESS/INVOLVEMENT

- **There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held.**

Current law does not require the circuit clerk to give any notice to the public of a petition filed to create and fund a TDD when the petition is filed by the property owner(s)/developer of a proposed TDD. This situation involves those TDDs in which no registered voters reside within the boundaries and comprised 66 of the 69 (96 percent) TDDs established as of December 31, 2004. For these TDDs, it appears the developer was generally the only property owner or owned much of the property in the district. In addition, there is no statutory provision which requires any public hearings be held prior to the creation of these districts.

Current law only requires the public be notified (through a notice in the newspaper) in situations where a petition related to a proposed TDD is filed by at least 50 registered voters who reside in the district, a government body, or joint government bodies. In addition, while a public hearing regarding these proposed TDDs may be ordered by the applicable circuit court, a public hearing is not required.

To provide better public awareness of the establishment of TDDs, notification should be provided to the public (through a notice in the newspaper or some other means) of all petitions filed related to the proposed establishment of a TDD, and public hearings should be held prior to the creation of these districts. For those TDDs that have been established, consideration should be given to ways

citizens/consumers might be made more aware that they are paying additional taxes on purchases made in those districts.

- **Neither registered voters nor their elected representatives are involved in the decision to levy taxes for most TDDs.**

For those TDDs established pursuant to a petition filed by the property owner(s)/developer, it is the responsibility of the property owner(s) to elect the district's board of directors. This board is responsible for imposing a district sales tax or other revenue method, after receiving approval to do so by the property owners.

In 96 percent of the TDDs established as of December 31, 2004, such tax impositions have been authorized by a few property owners who own the property within the districts' boundaries. Of the 66 TDDs established pursuant to a petition filed by the property owners, 60 involved 4 or fewer property owners. The taxes approved by these property owners and subsequently imposed by the TDD boards are paid by all citizens who purchase goods or services within the district, and are in addition to state and other local taxes those citizens/consumers are required to pay.

The imposition of TDD taxes, particularly sales taxes, in the present manner would appear to be inconsistent with the general principle that tax increases are approved by registered voters or their elected representatives.

2. **ACCOUNTABILITY AND COMPLIANCE ISSUES**

- **The individuals/entities responsible for initiating the establishment of a TDD are not required to include the estimated transportation project(s) costs or anticipated revenues to be collected in their petition to the circuit court.**

Under current law governing TDDs, there is no requirement the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD. Therefore, it appears TDDs did not generally include such information with the petitions filed with the circuit courts, nor included in information provided to MoDOT or the local transportation authorities. To obtain this information, we surveyed the various TDDs. Of the 69 districts established, 7 could not provide an estimate of the total revenues they anticipate collecting and 1 district could not provide estimated project costs.

In addition, we found that 13 of the 61 districts which had reported expected revenues and estimated project costs on our survey questionnaires, identified revenues which appeared to be excessive (more than two times the estimated cost of the transportation projects). Several of these TDDs reported projected revenues that were based on the district's life that had been requested during the

petition process and not what was actually determined later during the financing stage.

To provide adequate information to the courts, transportation authorities, and the public, the statutes governing the establishment of TDDs should require the petitions initiating the districts to include estimated transportation project costs and the anticipated revenues to be collected over the life of the TDDs. In addition, those entities or individuals petitioning for the creation of a district should take care to ensure such project cost and revenue estimates are reasonable and can be supported.

- **There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.**

For those TDDs established based on a petition of the property owners (66 of 69 TDDs at December 31, 2004), the districts are administered by a board of directors elected by the property owners in the district. For most of these TDDs, the developer is the only property owner or one of only a few property owners. In addition, the elected boards are generally composed of employees or representatives of the property owner(s)/developer. In essence, the property owner(s)/developer can control, oversee, and incur costs associated with public transportation projects that are associated with developments with which they have a personal financial interest. There is no other public vote on the selection of these boards and no statutory requirement of an independent review or oversight of a TDD's expenditures by the applicable transportation authority prior to payment.

Although no independent review or oversight of TDD expenditures is required, we found that for 9 of the 16 selected districts the applicable transportation authority (the city in most cases) was exercising some type of review or oversight of transportation project and/or administrative costs. In some cases, a city official(s) was required to review and approve all expenditures of the TDD prior to their payment. While not currently required by law, such independent oversight provides additional assurance the TDD expenditures are necessary and proper.

For 6 of the 16 selected districts, the activities and operations were handled by the TDDs' boards without any apparent independent oversight by the transportation authority or other public entity.

It was not determined whether any independent oversight existed for 1 selected district as officials of that TDD did not provide information requested regarding any involvement or review of its financial activities by its local transportation authority.

Requiring the transportation project costs and other expenditures of those TDDs initiated by the property owner(s)/developer to be reviewed by the applicable transportation authority prior to payment would provide more accountability and assurance that expenditures are proper and necessary. MoDOT would appear to be the appropriate entity to review the TDD-related costs of projects for which it will subsequently accept full ownership and future maintenance responsibility. The local transportation authorities (i.e. the applicable city, etc.) should be responsible for overseeing the costs of the TDD-related projects they will own and maintain. For those projects which will be partly owned by MoDOT and a local transportation authority, those entities would need to coordinate any financial oversight efforts.

- **It is unclear whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.**

There is currently some disagreement whether the construction of a TDD-funded transportation project can be started prior to the legal establishment of the district. Section 238.225, RSMo, states "before construction or funding of any project, the district shall submit the proposed project, together with the proposed plans and specifications, to the commission for its prior approval of the project." Apparently MoDOT and private legal counsel for some TDDs have different views as to how this statute and other provisions of Chapter 238 should be interpreted.

MoDOT officials indicated their department's position is that the construction of a TDD-related project cannot be started until the district has been legally established and formally approved by the highway commission (or the local transportation authority, if the project is not on the state highway system). Those officials believe this position is consistent with the legislative intent of the applicable statutes. However, communications with private attorneys of several TDDs found that they do not agree that a TDD must be legally established before the construction of a TDD-funded transportation project is started.

Information provided by one TDD indicated that a few of its transportation projects were completed prior to the legal establishment of the TDD. In that case, the property owner/developer was subsequently reimbursed approximately \$526,700 for these transportation projects after the TDD was established and revenue bonds were issued. A MoDOT official informed us that in another instance a \$7.5 million transportation project was almost complete before the property owners/developer filed a petition with the court requesting the formation of the district. We also found that 4 of the 16 selected districts started, and in some cases completed, transportation projects prior to the respective TDDs being legally established.

It appears the applicable statutes need to be clarified regarding this matter.

- **Unlike most other sales tax revenues collected in the state, very few TDD sales taxes are administered by the Missouri Department of Revenue (DOR). This situation provides less assurance these revenues are properly collected and accounted for and less ability to monitor the level of sales tax distributions to the TDDs.**

Current statutes do not require the DOR to administer the sales tax revenues of most TDDs that have been established. Sections 238.235 and 238.236, RSMo, provide that any sales taxes imposed by TDDs, except for those districts that consist of an entire county(ies) or city(ies), are to be collected and accounted for by the districts themselves. The DOR is only responsible for administering the sales tax revenues of those TDDs that consist of an entire county(ies) or city(ies). At December 31, 2004, the DOR was not accounting for any sales tax revenues for any TDDs. According to DOR officials, that department did not become responsible for any TDD sales tax revenues until January 2006, when it began administering the sales tax revenues of one TDD.

It appears that generally the TDDs that have been established have entered into an agreement with a private contractor or the local municipality to account for the sales taxes. Of the 16 selected TDDs reviewed, we noted the accounting of TDD sales tax revenues was evenly split between private contractors and the local municipalities.

The DOR is responsible for administering the vast majority of sales tax revenues in the state and has established controls and procedures to maximize and safeguard this process. Having DOR handle this function would also allow the sales tax revenues distributed to TDDs to be more effectively monitored by auditors and other outside parties to help ensure the sales tax collections are discontinued at that time when no further collections are needed.

- **Many of the TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required.**

As of December 31, 2004, we identified 15 of 69 TDDs (22 percent) that had not filed one or more annual financial reports with the SAO, as statutorily required. Section 105.145, RSMo, requires that all political subdivisions file an annual financial report with the SAO, and 15 CSR 40-3.030 provides that if a political subdivision is audited by a CPA firm, 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, but an audit report can be filed within 6 months of the entity's fiscal year-end.

The following table indicates with an "X" the 15 TDDs that had financial activity and did not file a financial report with the SAO by December 31, 2004, for fiscal year 2003 and/or prior.

TDD Name	Date Established	Fiscal Year-End	FY 03	FY 02	FY 01
Ballwin Towne Center	04/26/01	12/31	X	X	X
Boonville Riverfront	02/09/01	12/31		X	X
Country Club Plaza of Kansas City, Missouri	07/12/01	12/31	X	X	X
Douglas Square	09/21/00	12/31			X
Hanley/Eager Road	12/16/02	12/31	X		
I-470 & I-350	03/17/01	12/31	X	X	X
Interstate Plaza/North Town Village	11/06/01	12/31	X		
Kenilworth	08/15/00	12/31	X		
Mark Twain Mall	02/20/01	12/31	X	X	
Platte County Missouri South I	06/19/01	12/31	X	X	X
Platte County Missouri South II	04/12/02	12/31	X	X	
Raintree North	08/19/02	12/31	X		
Shoppes at Cross Keys	09/18/02	12/31	X		
Shoppes at Old Webster	11/29/01	12/31	X		
Stardust-Munger-Diamond	10/16/01	12/31	X		

The TDDs noted in the above table were contacted during our review and they provided the applicable financial reports upon our request. There were 10 other TDDs that had not filed a report(s) for some period(s) because no financial activity had occurred. In such situations, a TDD should notify the SAO indicating it had no financial activity.

As of October 2005, 35 TDDs established as of December 31, 2004, had not filed annual financial reports/audits for fiscal year 2004. Of these districts, 18 were established in 2004. The remaining 17 TDDs represented districts established prior to 2004. Many, but not all, of the TDDs listed in the above chart were among those TDDs which had not yet filed reports/audits for 2004. TDDs should make every effort to ensure the required annual financial reports/audits are filed by the time frames specified in 15 CSR 40-3.030.

The state regulation also provides that an audit report submitted to satisfy the financial reporting requirements of Section 105.145, RSMo, should be prepared in conformity with generally accepted government auditing standards (GAGAS). During our review of the selected districts, it was noted that of 8 districts which had received independent financial audits, 3 of the audits were conducted in accordance with generally accepted auditing standards rather than GAGAS. To fully comply with 15 CSR 40-3.030 reporting requirements, financial audits submitted in lieu of annual financial reports should be conducted in accordance with GAGAS.

- **The SAO is not notified when a TDD is established. In addition, current audit requirements related to TDDs need to be reconsidered.**

Section 238.272, RSMo, requires the SAO to audit each TDD at least every three years, and more frequently if deemed necessary. In addition, Section 238.275.3, RSMo, requires the SAO to audit a TDD prior to a vote regarding its abolishment. As indicated above, Section 105.145, RSMo, requires all political subdivisions in the state to file an annual financial report with the SAO. Despite these statutory responsibilities given the SAO regarding TDDs, there is no statutory provision requiring the SAO to be notified when a TDD is established. Although contacted by some TDD representatives after a district was established, it was necessary for us to consult with MoDOT officials to identify many of the TDDs which had been established.

In addition, while not statutorily required many TDDs are already being audited by independent auditors, with 19 of 56 (34 percent) TDDs indicating a financial audit was conducted for fiscal year 2004 by an independent auditor. It appears many of these audits are required by bond or other debt service covenants. Requiring such independent audits subject to rules and regulations promulgated by the SAO, would help avoid any duplication of audit work and related costs, while maintaining some SAO involvement in the post audit process of these districts.

- **Payment of project-related costs by the developer complicates the audit process and weakens accountability over those costs.**

The manner in which the project design, engineering and construction costs were sometimes initially financed created difficulties in ensuring costs were adequately reviewed by independent audits. It appears that in many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. In 10 of the 16 selected districts reviewed, the developer(s) initially paid some, if not all, of the project costs and were later reimbursed by the TDD for the costs incurred from debt proceeds. Some of these reimbursements related to millions of dollars in project-related costs.

For the selected districts where independent audits were conducted, it appears the auditors generally concentrated their audit work on the financial statements and related activity of the applicable TDD, which did not include any expenditures incurred directly by the developer(s). While any subsequent reimbursements to the developer would be reflected in the TDD's financial statements and activity, there was generally little or no documentation indicating the reimbursements were reviewed by the auditors, and it appears they generally relied on the TDD, city or trustee officials to ensure any such reimbursements were proper.

The payment of significant project costs by the developer complicates the audit process and weakens the accountability over project-related costs. Considering this situation, the need for an independent review or oversight of a TDD's expenditures by the transportation authority or other public entity, as noted above, is even more critical.

- **The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.**

As discussed earlier, some TDDs are either completely or partially in a TIF area. Section 99.845, RSMo, provides that 50 percent of the additional tax revenues generated in such TIF areas are to be used for the purposes of that particular TIF area. Nine of the selected districts were located in a TIF area, and in several of the districts the related funding was handled differently than described in that section of law.

During our review of the selected TDDs, we noted that 5 of the 9 districts located in a TIF area had a cooperative agreement with the city which allowed the TDD to apply most, if not all, of its sale tax revenue to its own transportation project costs. In contrast, we noted that 3 other districts disburse all their sales tax revenue, less an amount needed to cover the administrative costs of the district, to the local municipality (city) to pay the debt service costs of the city's tax increment financing (TIF) bonds. This apparently occurred because the applicable cities used TIF bonds to finance both the TDDs' transportation projects and the cities' redevelopment (TIF) projects. Each of these TDDs entered into intergovernmental agreements with the respective city whereby all the TDD's revenues, less administrative costs, were to be disbursed to the city until the TIF bonds were retired. These agreements did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs. For one other TDD, 50 percent of the TDD's revenues are disbursed to the city for TIF purposes. Because this TDD's projects were also financed with the applicable city's TIF bonds, most of the TDD's remaining revenues are disbursed to the city to pay the TIF debt of the city. However, for this TDD an agreement provides that in no instance shall the TDD revenues be applied to the payment of more than a specified percentage (the TDD-portion of the debt). Any TDD revenue in excess of that debt liability is disbursed to the TDD.

In situations where TDDs are turning over their sales tax revenues to a city to liquidate TIF bond debt, any agreements supporting such arrangements should include provisions that ensure the district's revenues are only used to pay the TDD's share of the bond financing costs.

WE RECOMMEND the General Assembly review the public awareness, accountability, and compliance issues addressed in this report and work with

MoDOT, the State Auditor's Office, and other governmental entities to make necessary revisions to the TDD-related statutes.

MoDOT'S COMMENTS

As you are aware, Missouri has many more transportation needs than can be funded with existing revenues. In some instances, TDDs have provided funds for state system highway improvements that might not have been built were it not for the additional funds provided by the TDDs. We report the dollars generated through cost-sharing and other partnering agreements, such as TDDs, in our performance measurement tool, TRACKER. During fiscal year 2005, \$65.5 million in additional state transportation system improvements were generated through such agreements.

In 2005, MoDOT supported Senate Bill 77. That proposed legislation included many of the safeguards mentioned in the audit report. For example, the bill required the appropriate transportation authorities to approve projects before filing TDD court petitions and submit TDD tax increases to voters. The bill also contained a provision to help the State Auditor's Office meet its requirements to audit each TDD every three years. Unfortunately, the legislation did not pass.

As your report noted, MoDOT provides financial and/or project management on many TDD projects, particularly those that substantially involve the state highway system. We will continue to do so. We would also be happy to work with the General Assembly on future TDD legislation.

Review of Selected Districts

The following section reports information related to the 16 TDDs that were selected for a more in-depth review. The selected districts represented TDDs that had operated, and had financial activity, for at least three complete fiscal years as of December 31, 2004¹. The selected districts are presented in the order of date established. A Schedule of Receipts, Disbursements, and Cash Balances for the selected districts is located at Appendix E.

- **210 Highway TDD**

The 210 Highway TDD was organized in September 1997 by petition of the owner of property within the proposed district. The district's developer was also the property owner at the time the district was established. In 2000, the property was sold to another corporation. The TDD's Board of Directors and officers are representatives of the current owner.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 1997. In addition, a property tax of up to \$.10 per \$100 assessed valuation was approved, with the property tax ranging from \$.0497 to \$.0577 per \$100 assessed valuation. The property taxes levied by the district are capped at \$30,000 annually.

The sales tax and property tax levy are currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax revenues and the county collector collects the property taxes, with both being forwarded to a private contractor, which serves as the district's collection agent.

The TDD is located in the city of Kansas City, in Clay County, and has a fiscal year end of March 31. Annual financial audits of the district have been conducted by an independent CPA firm.

The district was formed for the purpose of constructing the following transportation projects with a total estimated cost of approximately \$8.6 million:

- Widening of Missouri 210 Highway from two lanes to four lanes
- Construction of two bridges
- Street lights

The MoDOT is the public entity with jurisdiction over these projects and it accepted dedication of the projects upon their completion.

¹ The Platte County Missouri South II TDD, while not having operated for three complete fiscal years, was included in this additional review because of its close association with the Platte County Missouri South I TDD and because the survey information provided by these two TDDs was reported to us in a consolidated manner. Because of this, these two districts are reported in a combined manner.

The district issued \$7,115,000 and \$1,895,000 in Series A and B revenue bonds, respectively, in 1999 to finance its projects. Prior to the issuance of the bonds, the developer financed the costs incurred related to the TDD's formation, project design and engineering. After the revenue bonds were issued, the developer was reimbursed for the costs incurred. A portion of the district's bond proceeds were used to finance and accelerate a transportation project that MoDOT had planned to construct in 2006. As a result, MoDOT agreed to repay the principal on the Series A bonds in the amount of approximately \$6.6 million beginning in 2006. As of December 31, 2004, this was the only TDD for which MoDOT had committed funding.

MoDOT provided independent oversight on these projects and was responsible for the projects' construction and the review and approval of contractor invoices prior to payment.

- **Gravois Bluffs TDD**

The Gravois Bluffs TDD was organized in December 1999 by petition of the two owners of property within the proposed district, one being the city of Fenton. The district's developer was the other property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the two property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2000. The sales tax is currently expected to remain in effect for 11½ years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Fenton, which serves as the district's collection agent.

The TDD is located in the city of Fenton, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$12.7 million:

- Gravois Road and South Old Highway 141 connection streets
- Highway 141 intersection
- Country Home Road and Old Smizer Mill Road connection street
- Curbs, gutters, sidewalks, storm water facilities, traffic signalization, as needed.

The city of Fenton is the public entity with jurisdiction over these projects and it will accept dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected has been paid to the city of Fenton for deposit to the accounts relating to the TIF projects.

The city of Fenton issued \$39,610,000 and \$19,035,000 in TIF bonds in 2001 and 2002, respectively, to finance the district's projects and other TIF projects. Prior to the issuance of the TIF revenue bonds, the developer financed the cost of the TDD projects and received TDD and TIF notes. When the TIF revenue bonds were issued, the notes were retired. Pursuant to a formal agreement with the city, the district has agreed to disburse all the TDD sales tax revenues, less administrative and collection costs, to the city to pay debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The city of Fenton has provided some independent oversight and was responsible for the review and approval of contractor invoices prior to issuing the TDD and TIF notes.

- **Strother Interchange TDD**

The Strother Interchange TDD was organized in January 2000 by petition of the owner of property within the proposed district. The district's developer was the property owner. The TDD's Board of Directors and officers are employees of the developer and its affiliates.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-half of one percent (0.50%) sales tax on all transactions which are taxable within the boundaries of the district, effective May 1, 2000. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to a private contractor acting as the district's collection agent.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$25.8 million:

- I-470 and Strother Road interchange
- Strother Road intersection with Independence Avenue and Ralph Powell Road
- East Road design and construction
- Ralph Powell Road realignment and reconstruction

The city of Lee's Summit and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The district is located within a TIF area, with the TDD and TIF area having the same geographic boundaries and funding the same projects. Pursuant a formal agreement, the city of Lee's Summit has agreed to allow the TIF portion of the TDD sales tax to be retained by the district and applied to its debt service costs.

The district issued \$8,530,000 in revenue bonds in 2004 to finance a portion of the costs of the projects. Prior to the issuance of the revenue bonds, the developer financed some costs of the TDD projects. When the TDD revenue bonds were issued, the developer was reimbursed and all subsequent costs were paid with the remaining bond proceeds.

According to a TDD representative, road work was started prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight and was responsible for reviewing and approving contractor invoices prior to payment by the trustee.

- **Fenton Crossing TDD**

The Fenton Crossing TDD was organized in February 2000 by petition of the owner of property within the proposed district. The district's developer was also the owner of the property. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective July 1, 2000. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Fenton, which serves as the district's collection agent.

The TDD is located in the city of Fenton, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$4.5 million:

- Country Home Drive extension
- Traffic signals along Highway 141
- Offsite road work
- Bridges
- Purchase of a Break in Access to Route 141

The city of Fenton is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected is paid to the city of Fenton for deposit to the accounts relating to the TIF projects.

The city of Fenton issued \$10,205,000 in TIF bonds in 2000 to finance the district's projects and other TIF projects. During the construction stage of the projects, the developer financed the project costs. When the projects were completed, the developer was reimbursed with TIF bond revenues. Pursuant to a lease agreement with the city, the district agreed to disburse all of its sales tax revenues, less administrative costs, to the city to pay the debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices. No independent oversight or review of this TDD's expenditures has been performed by the local transportation authority.

- **Kenilworth TDD**

The Kenilworth TDD was organized in August 2000 by petition of the owner of property within the proposed district. The district's developer was also the property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective January 1, 2001. The sales tax is currently expected to remain in effect for 14½ years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Brentwood, which serves as the district's collection agent.

The TDD is located in the city of Brentwood, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$1.5 million:

- Strassner Avenue extension
- Wrenwood Lane and Brentwood Boulevard intersection reconfiguration
- Additional traffic lanes along Brentwood Boulevard and Eager Road
- Eager Road and Brentwood Boulevard intersection reconfiguration
- Curbs, gutters, sidewalks, storm water facilities, traffic signalization, as needed.

The city of Brentwood is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected is paid to the city of Brentwood for deposit to the accounts relating to the TIF projects.

The city of Brentwood issued \$15,660,000 in TIF bonds in 2001 to finance the district's projects and the city's TIF projects. Pursuant to a formal agreement with the city, the district agreed to disburse all its sales tax revenues, less administrative and collection costs, to the city to pay the debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The city of Brentwood has provided some independent oversight and was responsible for overseeing the project's construction and the review and approval of contractor invoices prior to payment by the trustee.

- **Douglas Square TDD**

The Douglas Square TDD was organized in September 2000 by petition of the four owners of property within the proposed district. The district's developer was the owner of a majority of the property in the district. In 2002, the developer sold its property and interests in the development to another corporation. The TDD's Board of Directors and officers are employees or representatives of the current property owners.

The qualified voter(s) of the district, consisting of the property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective June 1, 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner.

The retail establishments collect the sales tax and mail the collections directly to the district's bank. The district's collection agent is a private contractor.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of designing, engineering and constructing an extension to Missouri Road, with an estimated cost of approximately \$450,000.

The city of Lee's Summit is the public entity with jurisdiction over this project and accepted dedication of the project upon completion.

The district obtained a \$550,000 commercial loan to finance the costs of the project. Prior to the district's loan, the developer had funded the project by obtaining a private loan. After the district's loan was obtained, the developer was reimbursed for the costs incurred.

The TDD's petition indicated portion of the project was started &/or completed prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight and was responsible for overseeing the project's construction and the review and approval of contractor invoices prior to the developer being reimbursed. The district's board chairman reviews and approves all general operating expenditures prior to payment by a private contractor.

- **Boonville Riverfront TDD**

The Boonville Riverfront TDD was organized in February 2001 by petition of the owner of the property within the proposed district and the property's leaseholder. The district's property owner is the city of Boonville and the developer is the leaseholder. The district's Board of Directors and officers were appointed by the city's mayor and city council.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishment collects the sales tax and forwards the collections to the city of Boonville, which serves as the district's collection agent.

The TDD is located in the city of Boonville, in Cooper County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$3.9 million:

- Traffic signals along Main Street at the intersection of Spring Street and Morgan Street
- Santa Fe Trail and Spring Street realignment and reconstruction
- Second Street extension
- Highway B and Highway 5 turn lanes
- Signage at various intersections

The city of Boonville and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

According to a city official, as of June 2005, none of the transportation projects have been started, nor are there plans to start them in the foreseeable future. The petition to establish the district indicated the city of Boonville initially planned to loan the district \$1.15 million to fund the transportation projects; however, the city administration has since changed and it is currently thought the projects will not be constructed until sufficient revenues have been accumulated to fund the projects.

Considering the city of Boonville was involved with the creation of the TDD and the expenses of this district have been minimal, independent oversight does not appear to be an issue at this time.

- **I-470 and I-350 TDD**

The I-470 and I-350 TDD was organized in March 2001 by petition of the owner of property within the proposed district. The district's developer was also the property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Lee's Summit, which serves as the district's collection agent.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$17 million:

- Acquisition of highway right-of-way
- Construct a four lane divided parkway from I-470 to Chipman Road
- Construct highway ramps on US 50 and Chipman Road
- Chipman Road turn lanes
- Traffic signals and raised median
- Through lanes

The city of Lee's Summit and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The district is located within a TIF area, thus, the city of Lee's Summit could claim 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed that the TIF portion of the TDD sales tax will be remitted to the trustee and applied to the district's debt service costs.

The district issued \$14,755,000 in revenue bonds in 2001 to finance the costs of the projects.

According to a TDD representative, work on some of the projects was started prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight related to the projects' construction and performed a review and approval of contractor invoices and district administrative costs prior to payment by the trustee.

- **Ballwin Towne Center TDD**

The Ballwin Towne Center TDD was organized in April 2001 by petition of the owner of property within the proposed district. The district's developer was also the property owner at the time the district was established. In December 2002, the developer sold the property and its interests in the development to another corporation. The TDD's Board of Directors and officers are employees of the current property owner.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 21 years unless

terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Ballwin, which serves as the district's collection agent.

The TDD is located in the city of Ballwin, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$1.3 million:

- Seven Trails Drive and Kehrs Mill connector road
- Holloway and Kehrs Mill traffic signal and related improvements

The city of Ballwin is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

The district is located within a TIF area, thus, 50 percent of the sales tax collected is paid to the city of Ballwin for deposit to the accounts relating to the TIF projects.

The city of Ballwin issued \$20.1 million in TIF bonds in 2002 to finance the district's projects and other TIF projects. Prior to the issuance of the TIF bonds, the developer financed the cost of the district's projects. When the TIF revenue bonds were issued, the developer was reimbursed for the costs incurred. Pursuant to a formal agreement with the city, the district agreed to pay the debt service costs on the portion of TIF revenue that was used for the transportation projects, with the district's revenue limit set at 6.661% of the TIF debt service costs.

The city of Ballwin has provided some independent oversight related to the projects' construction and performed a review and approval of contractor invoices and district administrative costs prior to payment by the trustee.

- **Brentwood Pointe TDD**

The Brentwood Pointe TDD was organized in May 2001 by petition of the two owners of property within the proposed district. All of the property owners are affiliates of the district's developer. The TDD's Board of Directors and officers are employees of the developer.

The qualified voters of the district, in this case the property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective January 1, 2002. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Brentwood, which serves as the district's collection agent.

The TDD is located in the city of Brentwood, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits have been conducted of the TDD by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$5.1 million:

- Eager Road improvements
- Overpass improvements
- Hanley Industrial Drive extension

The city of Brentwood and St. Louis County are the public entities with jurisdiction over these projects and accepted dedication of the projects upon completion.

The district is located within a TIF area, thus, the city of Brentwood could claim 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed that the TIF portion of the TDD sales tax will be remitted to the trustee and applied to the district's debt service costs.

The district issued \$6.8 million in revenue bonds in 2001 to finance the costs of the projects. Prior to the issuance of the revenue bonds, the district obtained a bank loan to finance the cost of the TDD projects. When the TDD revenue bonds were issued, the bank loan was repaid.

The city of Brentwood has provided some independent oversight related to the review and approval of contractor invoices and administrative costs after district approval and prior to payment by the trustee.

- **Platte County Missouri South I and II TDDs**

The Platte County Missouri South I and II TDDs were organized in June 2001 and April 2002, respectively, by petition of the owner of property within the proposed districts. The districts were petitioned and organized separately and represent separate political subdivisions; however, their borders connect, they have the same property owner/developer, and they reported their activities and operations to us on a consolidated basis. Therefore, we have reported on them together for purposes of this review. The TDDs' have separate boards and officers, but they are made up of the same individuals who are employees of an affiliate of the developer.

The qualified voter(s) of the districts, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the districts, effective September 1, 2001. The sales tax is currently expected to remain in effect for 30 years unless terminated

sooner. The retail establishments collect the sales tax and mail the collections directly to the district's bank. The district's collection agent is a private contractor.

The TDDs are located in the city of Kansas City, in Platte County, and have a fiscal year end of December 31. Annual financial audits had not been conducted prior to FY 2004; however, as of August 2005, the districts were in the process of receiving a FY 2004 financial audit performed by an independent CPA firm.

The districts were formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$24 million:

- Northwest Prairie View Road
- North Congress Avenue, including sidewalks, bridge crossings, and traffic circles
- M-152 and Congress Interchange
- Break in access study
- Vehicle and pedestrian bridges
- Underground utilities
- 86th Street and Rush Creek Parkway
- Street lighting, trees, sidewalks, greenway stabilization for trails
- Pedestrian walkways, trail head, rest stations, bike trails, trolley/bus, rest shelters
- Sidewalks, curbs and gutters
- Barry Road widening
- I-29 off-ramp widening

The city of Kansas City and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The Industrial Development Authority, an entity given development authority within the city of Kansas City, issued \$19.7 million in revenue bonds in 2003 to finance the districts' projects. Prior to the issuance of the revenue bonds, the developer financed the project costs. When the revenue bonds were issued, the developer was reimbursed and all subsequent project costs were paid from the bond proceeds.

The districts' boards were responsible for the projects' construction and the review and approval of contractor invoices. No independent oversight or review of these TDDs' expenditures has been performed by the applicable transportation authorities.

- **Truman Road TDD**

The Truman Road TDD was organized in June 2001 by petition of the owner of property within the proposed district. The district's developer is also the property

owner. The TDD's Board of Directors and officers are employees/representatives of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishment collects the sales tax and forwards the collections to the district's collection agent, a private contractor.

The district is located in the city of Independence, in Jackson County, and has a fiscal year end of December 31. A financial audit was conducted by an independent CPA firm for fiscal year 2001, but no audits have been conducted since that time.

The TDD was formed for the purpose of the design and construction of streetscape improvements along a portion of Truman Road, with an estimated cost of approximately \$233,000.

The city of Independence and MoDOT are the public entities with jurisdiction over and which will accept dedication of the project upon completion.

The TDD is located within a TIF area, thus, the city of Independence has a claim to 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed to allow the district to retain the TIF portion of the revenues to pay for the transportation project.

According to a representative of the district, as of July 2005, the transportation project has not started and no timetable has been established regarding the construction and completion of the project. The representative indicated the project is on a pay-as-you-go schedule and no financing will be obtained.

The district's board is responsible for overseeing the TDD administrative operations, future project construction, and the review and approval of invoices prior to payment. No independent oversight or review of this TDD's expenditures has been performed by the applicable transportation authorities.

- **Country Club Plaza of Kansas City, MO TDD**

The Country Club Plaza of Kansas City, MO TDD was organized in July 2001 by petition of the three owners of property within the proposed district. The district's developer was one of the property owners. The TDD's Board of Directors and officers are employee/representatives of the property owners.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a one-half of one percent (0.50%) sales tax on all transactions

which are taxable within the boundaries of the district, effective November 1, 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to a private contractor, which serves as the district's collection agent.

The district is located in the city of Kansas City, in Jackson County, and has a fiscal year end of December 31. Annual financial audits have been conducted by an independent CPA firm since its inception.

The TDD was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$11.1 million:

- A 495-space parking garage at the intersection of 47th Street and Pennsylvania Avenue
- The rehabilitation of other parking garages, if funding is available

The city of Kansas City is the public entity with jurisdiction over the projects and which will accept dedication of the projects upon completion for a period of 24 years.

The TDD is located within a TIF area, thus, the TIF Commission of Kansas City has a claim to 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the TIF Commission agreed the TIF-related revenues, less 5 percent, would be remitted to the trustee and applied to the district's debt service costs.

The district issued \$12.8 million in revenue bonds in 2002 to finance the costs of the projects. Prior to issuance of the bonds, the developer financed the project costs. When the revenue bonds were issued, the developer was reimbursed.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices. No independent oversight or review of this TDD's expenditures has been performed by the local transportation authority.

- **Wentzville TDD**

The Wentzville TDD was organized in November 2001 by petition of the five owners of property within the proposed district. The district's developers were two of the property owners. The TDD's Board of Directors and officers are employees of the two developers.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 2001. The sales tax is currently expected to remain in effect for 15 years unless

terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Wentzville, which serves as the district's collection agent.

The district is located in the city of Wentzville, in St. Charles County, and has a fiscal year end of December 31. Annual financial audits have been conducted by an independent CPA firm since its inception.

The TDD was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$3.1 million:

- Pearce Boulevard overpass enhancements
- Pearce Boulevard/Wentzville Parkway interchange
- Pearce Boulevard extension to May Road
- Local transit system

The city of Wentzville and MoDOT are the public entities with jurisdiction over the projects and which will accept dedication of the projects upon completion.

The TDD issued \$3.97 million in revenue bonds in 2002 to finance the costs of the projects. Prior to issuance of the bonds, the developers financed the cost of the district's formation and various project costs. When the revenue bonds were issued, the developers were reimbursed and all subsequent project costs were paid from the bond proceeds.

The district's project improvement budget indicated a few of the projects were completed prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices prior to payment by the trustee. No independent oversight or review of this TDD's expenditures has been performed by the applicable transportation authorities.

- **Shoppes at Old Webster TDD**

The Shoppes at Old Webster TDD was organized in November 2001 by petition of the three owners of property within the proposed district.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a five-eighths of one percent (0.625%) sales tax on all transactions which are taxable within the boundaries of the district, which became effective in 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The district's collection agent is a private contractor.

The district is located in the city of Webster Groves, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits have not been conducted.

The TDD was formed for the purpose of constructing a two-level parking garage at an estimated cost of approximately \$520,000.

The city of Webster Groves is the public entity with jurisdiction over the project and which will accept dedication of the project upon completion.

The district obtained a \$450,000 bank loan to finance the transportation project.

We requested other information about this TDD which we had planned to present in our report including, but not limited to: the composition of the TDD board, the manner in which revenues are collected and remitted to the district, how project costs were financed prior to the district securing the bank loan, if applicable, and those parties/entities who have had involvement or responsibility for overseeing the costs incurred by the district. However, as of September 30, 2005, we had not received the additional information requested.

APPENDIXES

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS
 INFORMATION REGARDING ESTABLISHMENT OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners
210 Highway	09/23/97	Clay	Kansas City	Property Owners	1
Gravois Bluffs	12/07/99	St. Louis	Fenton	Property Owners & City of Fenton	2
Strother Interchange	01/21/00	Jackson	Lee's Summit	Property Owners	1
Fenton Crossing	02/08/00	St. Louis	Fenton	Property Owners	1
Kenilworth	08/15/00	St. Louis	Brentwood	Property Owners	1
Meramec Station Road and Highway 141	09/07/00	N/A	St. Louis	Property Owners	2
Douglas Square	09/21/00	Jackson	Lee's Summit	Property Owners	4
370 Missouri Bottom Road/Taussig Road	11/01/00	St. Louis	Bridgeton/Hazelwood	Property Owners	2
Boonville Riverfront	02/09/01	Cooper	Boonville	Property Owners & City of Boonville	1
Mark Twain Mall	02/20/01	St. Charles	St. Charles	Property Owners	1
I-470 and I-350	03/17/01	Jackson	Lee's Summit	Property Owners	1
St. John Church Road	04/17/01	N/A	St. Louis	Property Owners	9
Ballwin Towne Center	04/26/01	St. Louis	Ballwin	Property Owners	1
Brentwood Pointe	05/16/01	St. Louis	Brentwood	Property Owners	2
Platte County Missouri South I	06/19/01	Platte	Kansas City	Property Owners	3
Big Bend Crossing	06/25/01	St. Louis	Crestwood	Property Owners & City of Crestwood	1
Truman Road	06/25/01	Jackson	Independence	Property Owners	1
Country Club Plaza of Kansas City, Missouri	07/12/01	Jackson	Kansas City	Property Owners & TIF Commission of KC	3
Stardust-Munger-Diamond	10/16/01	Marion	Hannibal	Property Owners & City of Hannibal	1
Interstate Plaza/North Town Village	11/06/01	Pulaski	St. Robert	Property Owners & City of St. Robert	27
Wentzville	11/16/01	St. Charles	Wentzville	Property Owners	5
Shoppes at Old Webster	11/29/01	St. Louis	Webster Groves	Property Owners	3
Platte County Missouri South II	04/12/02	Platte	Kansas City	Property Owners	1
Thirty-Ninth Street	04/25/02	Jackson	Independence	City of Independence	**
St. John Crossings	06/25/02	St. Louis	St. John	Property Owners & City of St. John	1
Douglas Station	06/27/02	Jackson	Lee's Summit	Property Owners	1
CenterState	08/05/02	Boone	Columbia	Property Owners	1
Raintree North	08/19/02	Jackson	Lee's Summit	Property Owners	1
Shoppes at Cross Keys	09/18/02	St. Louis	Florissant	Property Owners	1
Station Plaza	12/04/02	St. Louis	Kirkwood	Property Owners & City of Kirkwood	1
Hanley/Eager Road	12/16/02	St. Louis	Brentwood	Property Owners	6
US Highway 65 and Truman Dam Access	03/12/03	Benton	Warsaw	Property Owners	1
Lake of the Woods	03/24/03	Boone	Columbia	Property Owners	2
I-70 and Adams Dairy Parkway	03/25/03	Jackson	Blue Springs	Property Owners	1
Ozark Centre	04/25/03	Christian	Ozark	Property Owners	1
Crestwood Point	05/15/03	St. Louis	Crestwood	Property Owners & City of Crestwood	2
M 150 and 135th Street	05/15/03	Jackson	Kansas City	Property Owners	1
Boscherts Landing	05/16/03	St. Charles	St. Peters	Property Owners	2
Salt Lick Road	05/16/03	St. Charles	St. Peters	Property Owners	1
Parkville Commons	06/09/03	Platte	Parkville	Property Owners	1
Pershall Road	07/30/03	St. Louis	Ferguson	Property Owners & City of Ferguson	1
Lee's Summit Missouri New Longview	07/31/03	Jackson	Lee's Summit	Property Owners	1
Prewitt Point	08/22/03	Miller	Osage Beach	Property Owners	2
Branson Regional Airport	09/04/03	Taney	Branson	Property Owners	1
WingHaven	09/11/03	St. Charles	O'Fallon	Property Owners	12
Merchant's Laclede	10/08/03	N/A	St. Louis	Property Owners	2
Belton Town Center	11/17/03	Cass	Belton	Property Owners	10
71 Highway & 150 Highway	11/20/03	Jackson	Grandview	Property Owners	2

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS
 INFORMATION REGARDING ESTABLISHMENT OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners
Brentwood/Strassner Road	02/24/04	St. Louis	Brentwood	City of Brentwood and St. Louis County	**
Hutchings Farm Plaza	03/04/04	St. Charles	O'Fallon	Property Owners	1
Mexico Road	04/08/04	St. Charles	O'Fallon	Property Owners	1
Southtown	04/12/04	N/A	St. Louis	Property Owners	1
Francis Place	04/13/04	St. Louis	Richmond Heights	Property Owners	1
Poplar Bluff Conference Center	05/04/04	Butler	Poplar Bluff	Property Owners	1
Eureka Commercial Park	05/10/04	St. Louis	Eureka	Property Owners	4
Hanley Road and North of Folk Avenue	05/19/04	St. Louis	Maplewood	Property Owners	1
Megan Shoppes	06/07/04	St. Charles	O'Fallon	Property Owners	2
Folk Avenue South	07/14/04	St. Louis	Maplewood	Property Owners	2
Hyannis Port Road	07/16/04	Jefferson	Hillsboro	Property Owners & Jefferson County	3
St. Joseph Gateway	07/20/04	Buchanan	St. Joseph	Property Owners	1
Park Hills	07/28/04	St. Francois	Park Hills	Property Owners	2
Hawk Ridge	09/02/04	St. Charles	Lake St. Louis	Property Owners & City of Lake St. Louis	3
Olive Boulevard	09/09/04	St. Louis	Creve Coeur	Property Owners & City of Creve Coeur	2
Shoppes at Stadium	09/27/04	Boone	Columbia	Property Owners	1
Stadium Corridor	10/04/04	Boone	Columbia	Property Owners	4
Troy/Lincoln County	10/05/04	Lincoln	Troy	City of Troy & Lincoln County	**
Chesterfield Commons	10/12/04	St. Louis	Chesterfield	Property Owners	1
Eureka Old Town	10/12/04	St. Louis	Eureka	Property Owners & City of Eureka	4
North Main/Malone	11/19/04	Scott	Sikeston	Property Owners	1

** The district has registered voters who approved the district's establishment.

Source: MoDOT TDD data base and the Judgement and Order issued by the Circuit Courts.

APPENDIX B

TRANSPORTATION DEVELOPMENT DISTRICTS
ESTIMATED TDD PROJECT COSTS AND ANTICIPATED REVENUES

District Name	Estimated Project Costs	TTD's Estimated Life	Total Anticipated Revenues**	TDD Within a TIF district?
210 Highway	\$ 8,587,389	11 Years	\$ 5,972,759	1 No
Gravois Bluffs	* 12,764,073	11.5 Years	30,211,614	Yes
Strother Interchange	25,846,800	20 Years	4,231,781	1 Yes
Fenton Crossing	* 4,574,762	20 Years	8,000,000	Yes
Kenilworth	* 1,500,000	14.5 Years	3,859,150	Yes
Meramec Station Road and Highway 141	6,720,000	40 Years	15,700,000	Yes
Douglas Square	450,000	20 Years	4,320,746	2 No
370 Missouri Bottom Road/Taussig Road	34,010,000	17 Years	54,596,724	Yes
Boonville Riverfront	3,908,420	40 Years	4,000,000	No
Mark Twain Mall	1,500,000	30 Years	5,000,000	Yes
I-470 and I-350	17,080,627	40 Years	134,326,373	3 Yes
St. John Church Road	12,000,000	25 Years	27,000,000	No
Ballwin Towne Center	* 1,300,000	21 Years	5,751,400	Yes
Brentwood Pointe	5,101,697	20 Years	13,503,100	Yes
Platte County Missouri South I	* 24,000,000	30 Years	52,000,000	No
Big Bend Crossing	1,487,415	20 Years	2,500,000	No
Truman Road	232,700	21 Years	483,363	Yes
Country Club Plaza of Kansas City, Missouri	11,149,363	20 Years	30,163,825	Yes
Stardust-Munger-Diamond	4,704,000	19 Years	11,678,000	Yes
Interstate Plaza/North Town Village	* 3,980,000	20 Years	6,500,000	Yes
Wentzville	* 3,150,000	15 Years	5,921,700	No
Shoppes at Old Webster	520,000	20 Years	865,000	Yes
Platte County Missouri South II	-	-	-	4 No
Thirty-Ninth Street	15,075,640	23 Years	23,614,406	Yes
St. John Crossings	901,630	22 Years	2,354,600	Yes
Douglas Station	1,742,852	20 Years	3,461,671	No
CenterState	7,542,000	21 Years	8,000,000	No
Raintree North	* 1,700,000	14 Years	1,700,000	No
Shoppes at Cross Keys	4,900,000	23 Years	12,000,000	Yes
Station Plaza	* 1,550,000	25 Years	3,461,395	No
Hanley/Eager Road	12,000,000	30 Years	22,924,051	Yes
US Highway 65 and Truman Dam Access	2,000,000	25 Years	4,250,000	No
Lake of the Woods	* 2,700,000	30 Years	Unknown	5 No
I-70 and Adams Dairy Parkway	* 1,950,000	10 Years	1,883,723	No
Ozark Centre	3,408,293	20 Years	6,000,000	No
Crestwood Point	2,986,000	30 Years	4,827,000	Yes
M 150 and 135th Street	12,000,000	20 Years	18,817,000	No
Boscherts Landing	553,342	40 Years	Unknown	5 No
Salt Lick Road	1,406,281	30 Years	Unknown	5 No
Parkville Commons	8,000,000	22 Years	12,000,000	Yes
Pershall Road	620,000	25 Years	993,000	No
Lee's Summit Missouri New Longview	5,900,000	20 Years	10,500,000	Yes
Prewitt Point	4,750,000	25 Years	16,152,000	Yes
Branson Regional Airport	* 150,000,000	30 Years	Unknown	5 No
WingHaven	3,048,098	20 Years	8,178,263	6 No
Merchant's Laclede	6,510,000	30 Years	10,080,000	No
Belton Town Center	* 19,000,000	23 Years	5,480,360	1 Yes
71 Highway & 150 Highway	450,000	23 Years	763,850	Yes

APPENDIX B

TRANSPORTATION DEVELOPMENT DISTRICTS
ESTIMATED TDD PROJECT COSTS AND ANTICIPATED REVENUES

District Name		Estimated Project Costs	TTD's Estimated Life	Total Anticipated Revenues**	TDD Within a TIF district?
Brentwood/Strassner Road	*	8,365,000	11 Years	8,550,000	Yes
Hutchings Farm Plaza	*	600,000	8 Years	816,000	No
Mexico Road	*	2,600,000	40 Years	3,000,000	No
Southtown	*	1,231,292	23 Years	4,204,762	Yes
Francis Place		4,400,000	23 Years	10,000,000	Yes
Poplar Bluff Conference Center		2,400,000	40 Years	Unknown ⁵	No
Eureka Commercial Park		1,430,000	40 Years	Unknown ⁵	No
Hanley Road and North of Folk Avenue		16,300,000	25 Years	30,900,000	No
Megan Shoppes	*	1,145,834	40 Years	5,520,000	No
Folk Avenue South		6,958,609	26 Years	19,500,000	Yes
Hyannis Port Road		564,512	5 Years	650,000	No
St. Joseph Gateway	*	Unknown	23 Years	1,821,212 ⁷	Yes
Park Hills	*	750,000	20 years	200,000 ¹	Yes
Hawk Ridge		19,400,000	25 Years	38,700,000	No
Olive Boulevard	*	4,500,000	20 Years	8,881,735	No
Shoppes at Stadium		2,500,000	15 Years	4,000,000	No
Stadium Corridor		13,819,603	25 Years	16,120,457	No
Troy/Lincoln County	*	14,000,000	20 Years	28,060,000	No
Chesterfield Commons		12,000,000	30 Years	Unknown ⁵	Yes
Eureka Old Town		1,367,500	30 Years	1,260,000 ⁸	No
North Main/Malone	*	8,600,000	23 Years	1,398,084 ¹	Yes
Total	\$	<u>578,193,732</u>		\$ <u>787,609,104</u>	

* The amount of project costs and anticipated revenues presented were amended by a district official or representative from the amounts initially reported on the TDD survey questionnaire.

**Interest costs on TDD debt and administrative costs of the districts would appear to account for the difference between total estimated project costs and total anticipated revenues for many of the TDDs.

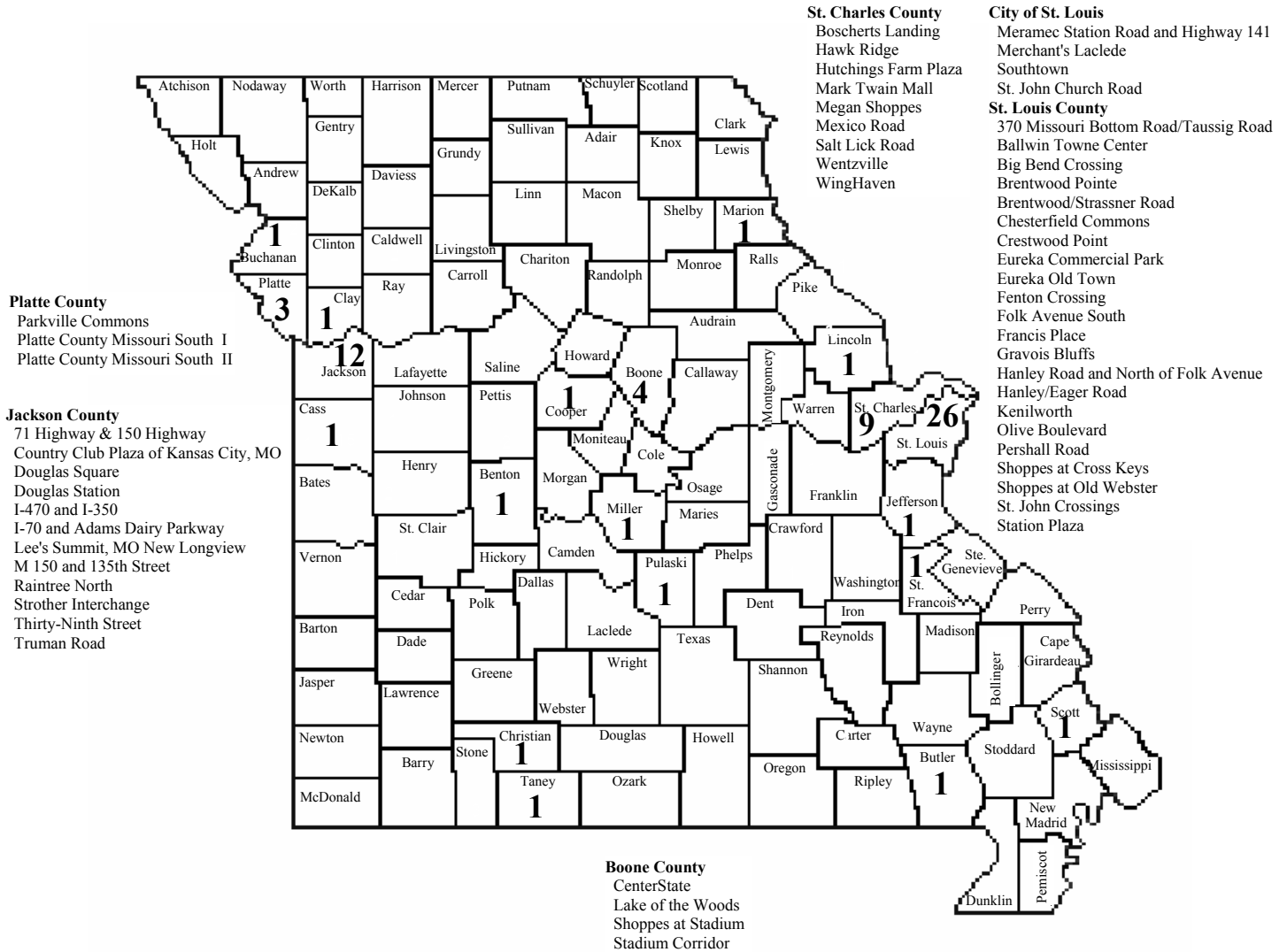
TIF - Tax Increment Financing - 50% of the sales tax collected is used for TIF projects unless an agreement specifies otherwise.

1. TDD sales tax revenues are used to supplement the project cost with the remaining project cost being funded from other revenue sources.
2. The additional revenue will be used to supplement the project cost related to an adjacent district.
3. The district's project(s) has several construction phases with estimated project costs provided only for Phase 1.
4. Project cost/life of district/anticipated revenue included in information presented for Platte County Missouri South I.
5. Anticipated revenues were not determined and sales tax will be collected until the project financing has been paid.
6. The estimated project costs reported by the district do not include an estimated annual expense of approximately \$200,000 for a trolley service system.
7. Projects will be determined as revenue is received.
8. The district's project(s) was split into four phases and revenue was only estimated on two of the phases.

Source: TDD survey questionnaires and communication with district officials/representatives.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS
 LOCATION OF TDDs BY COUNTY
 (As of DECEMBER 31, 2004)



Note - of the twenty-six TDDs located in the area identified as St. Louis, twenty-two of the districts are located in St. Louis County and four are located in the city of St. Louis.

Source: MoDOT TDD database

APPENDIX D

TRANSPORTATION DEVELOPMENT DISTRICTS
TDD QUESTIONNAIRE

Name of TDD _____
(identify TDD on this line)

1. What is the TDD's fiscal year end (i.e. year ended 12/31/XX, year ended 3/31/XX, etc.)?

2. At the time TDD was established, what was the estimated total cost of constructing the project(s)/infrastructure (i.e. design costs, construction costs, etc.)?

3. How were the costs of the project(s)/infrastructure financed (i.e. revenue bonds, general obligation bonds, bank notes, pay-as-you-go, etc.), and the amount of that financing? _____

4. At the time the TDD was established, what was the total estimated amount of revenues (sales taxes, property taxes, special assessments, etc.) to be collected and over what period of time?

5. When did the TDD begin collecting revenue? _____

6. When did the TDD begin paying expenses related to its project(s) or operations?

7. Who collects the revenues for the TDD (i.e. TDD employees, the city, the county, a private contractor, etc.)? _____

8. Who administers the funds of the TDD, including the handling of disbursements (i.e. TDD employees, the city, the county, a private contractor, bank trust department, etc.)?

APPENDIX D

TRANSPORTATION DEVELOPMENT DISTRICTS
TRANSPORTATION DEVELOPMENT DISTRICT QUESTIONNAIRE

9. Has the TDD had any financial audits conducted by a CPA firm? If so, please indicate the years that have been audited. _____

10. In the spaces below please provide the requested information for the TDD's primary contact (please print):

Name of primary contact _____

Title (if applicable) _____

Mailing address _____

Email address _____

Phone number _____

Preparer

Date

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	210 Highway	Gravois Bluffs	Strother Interchange **	Fenton Crossing	Kenilworth
Beginning balance, Fiscal Year 2002	\$ 159,313	412,660	4,021,828	76,301	26,594
Receipts:					
Sales tax	275,850	2,174,261	285,729	354,031	156,179
Property tax	29,157	0	0	0	0
Interest	5,693	0	91,789	982	314
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	957,963	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	940,563	0	0	0	0
Total Receipts	1,251,263	2,174,261	1,335,481	355,013	156,493
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	15,489	26,995	89,059	13,708	0
Debt service	1,236,305	1,159,184	641,700	143,059	64,592
Insurance	3,078	0	14,234	3,483	0
Accounting and auditing	9,318	0	0	0	0
Administrative	0	0	0	0	2,951
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	2,476,111	0	0
Collection fees	0	21,488	0	4,020	0
Tax increment financing	0	1,159,184	0	234,334	76,893
Other	506	0	3,200	18	0
Total Disbursements	1,264,696	2,366,851	3,224,304	398,622	144,436
Ending Balance, Fiscal Year 2002	145,880	220,070	2,133,005	32,692	38,651
Receipts:					
Sales tax	330,721	2,529,428	216,162	383,713	191,772
Property tax	29,961	0	0	0	0
Interest	2,235	0	58,828	145	28
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	1,242,703	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	95,355	0	0	0	0
Total Receipts	458,272	2,529,428	1,517,693	383,858	191,800
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	6,327	32,691	65,548	5,724	0
Debt service	407,482	1,205,074	1,351,700	178,275	97,491
Insurance	5,622	0	14,929	4,982	0
Accounting and auditing	2,445	0	0	0	0
Administrative	0	0	0	0	17,312
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	18,626	0	0
Collection fees	0	25,005	0	3,815	0
Tax increment financing	0	1,237,765	0	188,866	93,481
Other	267	0	6,855	64	0
Total Disbursements	422,143	2,500,535	1,457,658	381,726	208,284
Ending Balance, Fiscal Year 2003	182,009	248,963	2,193,040	34,824	22,167
Receipts:					
Sales tax	328,341	2,809,441	140,222	410,467	198,532
Property tax	29,533	0	0	0	0
Interest	1,587	0	47,821	148	0
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	1,548,581	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	20,095	0	0	0	0
Total Receipts	379,556	2,809,441	1,736,624	410,615	198,532
Disbursements:					
Bond issuance costs	0	0	343,014	0	0
Professional fees	3,445	57,750	26,904	2,409	0
Debt service	407,482	1,327,689	571,253	162,831	60,664
Insurance	4,356	0	16,207	5,204	0
Accounting and auditing	7,395	0	0	0	0
Administrative	0	0	0	0	29,227
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	27,686	0	3,711	0
Tax increment financing	0	1,370,475	0	234,061	113,200
Other	2,877	0	15,413	40	0
Total Disbursements	425,555	2,783,600	972,791	408,256	203,091
Ending Balance, Fiscal Year 2004	\$ 136,010	274,804	2,956,873	37,183	17,608

** Non-cash items presented on the TDD's financial statements were not presented on this schedule.

Source: TDD Annual Financial Reports or Audit Reports.

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Douglas Square *	Boonville Riverfront	1-470 and 1-350	Ballwin Towne Center	Brentwood Pointe
Beginning balance, Fiscal Year 2002	\$ 14,290	0	2,461,435	0	1,305,927
Receipts:					
Sales tax	58,508	27,811	1,616,870	106,099	369,448
Property tax	0	0	92,910	0	0
Interest	512	100	0	60	25,234
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	76,697	0	0
Total Receipts	59,020	27,911	1,786,477	106,159	394,682
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	3,304	0	897,915	34,191	388,013
Insurance	0	915	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	17,617	0	31,388	19,090	42,715
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	273,475	0	307,067
Collection fees	0	0	16,174	1,075	0
Tax increment financing	0	0	0	53,219	0
Other	0	0	0	0	9,156
Total Disbursements	20,921	915	1,218,952	107,575	746,951
Ending Balance, Fiscal Year 2002	52,389	26,996	3,028,960	(1,416)	953,658
Receipts:					
Sales tax	120,196	20,445	1,804,600	139,671	458,562
Property tax	0	0	0	0	0
Interest	28	65	71,225	25	22,420
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	120,224	20,510	1,875,825	139,696	480,982
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	78,312	0	1,264,572	61,539	516,850
Insurance	0	915	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	23,724	0	12,758	6,921	17,197
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	0	18,382	1,383	0
Tax increment financing	0	0	0	68,437	0
Other	18,893	0	0	0	19,827
Total Disbursements	120,929	915	1,295,712	138,280	553,874
Ending Balance, Fiscal Year 2003	51,684	46,591	3,609,073	0	880,766
Receipts:					
Sales tax	134,727	20,133	1,954,981	145,319	618,306
Property tax	0	0	0	0	0
Interest	0	22	84,514	41	22,742
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	134,727	20,155	2,039,495	145,360	641,048
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	36,438	0	1,188,825	69,536	515,400
Insurance	0	1,148	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	36,588	0	18,166	2,438	30,497
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	0	19,556	1,453	0
Tax increment financing	0	0	0	71,933	0
Other	92,560	15	0	0	8,735
Total Disbursements	165,586	1,163	1,226,547	145,360	554,632
Ending Balance, Fiscal Year 2004	\$ 20,825	65,583	4,422,021	0	967,182

* Fiscal year 2002 information is for an 18-month period, due to a change in year end.

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Platte County		Country Club Plaza of Kansas City, Missouri**	Wentzville	Shoppes at Old Webster
	Missouri South I & II	Truman Road			
Beginning balance, Fiscal Year 2002	\$ 12,136	3,471	0	0	0
Receipts:					
Sales tax	33,790	20,782	1,362,581	160,937	2,651
Property tax	0	0	0	0	0
Interest	1,006	21	18,819	22,349	2
Bond proceeds	0	0	12,815,000	3,970,000	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	811,496	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	201,371	0	54	0	0
Total Receipts	1,047,663	20,803	14,196,454	4,153,286	2,653
Disbursements:					
Bond issuance costs	0	0	394,600	211,883	0
Professional fees	0	0	8,168	240,679	0
Debt service	0	0	1,084,186	191,938	0
Insurance	0	0	0	4,040	0
Accounting and auditing	0	0	51,744	0	0
Administrative	0	10,322	0	0	95
City transportation project costs	1,005,310	0	0	0	0
Transportation project costs	0	0	11,149,363	2,117,097	0
Collection fees	0	0	0	1,866	0
Tax increment financing	0	0	10,933	0	0
Other	90	0	3,879	0	0
Total Disbursements	1,005,400	10,322	12,702,873	2,767,503	95
Ending Balance, Fiscal Year 2002	54,399	13,952	1,493,581	1,385,783	2,558
Receipts:					
Sales tax	32,046	9,521	1,175,452	267,663	15,975
Property tax	0	0	0	0	0
Interest	2,448	21	13,612	8,819	19
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	3,080,828	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	1,827	0	0
Total Receipts	3,115,322	9,542	1,190,891	276,482	15,994
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	10,305	45,250	0
Debt service	0	0	1,060,968	234,230	15,900
Insurance	0	0	0	0	0
Accounting and auditing	0	0	46,893	0	0
Administrative	0	8,401	0	0	66
City transportation project costs	2,887,014	0	0	0	0
Transportation project costs	0	0	0	312,545	0
Collection fees	0	0	0	2,677	0
Tax increment financing	0	0	19,497	0	0
Other	170,089	0	13,102	0	0
Total Disbursements	3,057,103	8,401	1,150,765	594,702	15,966
Ending Balance, Fiscal Year 2003	112,618	15,093	1,533,707	1,067,563	2,586
Receipts:					
Sales tax	522,282	7,029	1,250,597	307,299	
Property tax	0	0	0	0	
Interest	5,480	16	16,009	7,550	
Bond proceeds	0	0	0	0	Waiting on TDD contact to provide financial statement
Tax increment financing	0	0	0	0	
Kansas City Municipal Assistance Corporation	884,623	0	0	0	
Industrial Development Authority	13,166,048	0	0	0	
Other	0	0	2,466	0	
Total Receipts	14,578,433	7,045	1,269,072	314,849	0
Disbursements:					
Bond issuance costs	0	0	0	0	
Professional fees	51,429	0	11,142	8,525	
Debt service	420,115	0	1,115,088	234,230	
Insurance	0	0	0	0	
Accounting and auditing	17,691	0	50,824	0	
Administrative	0	3,832	0	0	
City transportation project costs	824,090	0	0	0	
Transportation project costs	13,138,140	0	0	279,355	
Collection fees	0	0	0	3,079	
Tax increment financing	0	0	38,313	0	
Other	548	0	4,040	0	
Total Disbursements	14,452,013	3,832	1,219,407	525,189	0
Ending Balance, Fiscal Year 2004	\$ 239,038	18,306	1,583,372	857,223	2,586

** Non-cash items presented on the TDD's financial statements were not presented on this schedule.