



**Thomas A. Schweich**  
Missouri State Auditor

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# Truman Road Transportation Development District



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# CITIZENS SUMMARY

## Findings in the audit of the Truman Road Transportation Development District

### Board of Directors

The Truman Road Transportation Development District (TDD) does not have an active board of directors and the TDD project is inactive. The TDD has not prepared budgets or filed financial statements, and it appears there have been no Board meetings since 2006. The funeral home, which was the primary source of TDD sales tax revenues, ceased operations in July 2010. Current TDD property owners have appointed a company to manage the TDD properties. If the TDD properties will not generate revenues and it is not possible to complete the TDD project, the owners should consider seeking to abolish the TDD.

Pursuant to Section 105.148.8, RSMo, the district may be subject to a maximum fine of \$640,000 through June 30, 2012, for failing to timely file its annual financial statements, but the law does not establish the agency responsible for assessment and collection authority for these fines.

In the areas audited, the overall performance of this entity was **Poor\***

### American Recovery and Reinvestment Act (Federal Stimulus)

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

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# THOMAS A. SCHWEICH

## Missouri State Auditor

Property Owners  
Truman Road Transportation Development District  
Independence, MO

We have audited certain operations of the Truman Road Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included interviewing certain external parties and reviewing bank account information. We performed procedures to obtain an understanding of internal controls that are significant within the context of the audit objectives. However, there were no district personnel and no transactions occurred during the audit period. In addition, the funeral services company managing the cemetery does not have access to the district's records or the bank account. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from various sources and was not subjected to the procedures applied in our audit of the district.

No conclusions were reached regarding (1) internal controls over significant management and financial functions. For the areas audited, we identified (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the Truman Road Transportation Development District.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: Harry J. Otto, CPA  
Director of Audits: Alice M. Fast, CPA, CIA  
Audit Manager: Randall Gordon, M.Acct., CPA, CGAP  
In-Charge Auditor: Gayle Garrison

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# Truman Road Transportation Development District Management Advisory Report State Auditor's Findings

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## **Board of Directors**

The Truman Road Transportation Development District (TDD) does not have an active board of directors, and as a result, has not prepared budgets or filed financial statements as required by state law. The corporate property owner that established the original TDD Board of Directors also operated the TDD. The TDD property consists of a cemetery and a funeral home. According to the funeral services company, which currently manages the cemetery on behalf of the current property owners, the funeral home, which was the primary source of TDD sales tax revenues, ceased operations in July 2010, and it is not clear when it may resume operations. The funeral services company is not able to locate many of the financial or administrative records for the TDD and does not have access to the TDD bank account.

Based on discussions with a City of Independence economic development official, it appears the TDD Board met through 2006 but has not held meetings since that time. In addition, there is no indication that annual budgets were prepared for the TDD as required by Section 67.010, RSMo.

Also, annual financial statements have not been filed with the State Auditor's office (SAO) by the TDD for the 5 years ended December 31, 2011, as required by Section 105.145, RSMo. The district may be subject to a maximum fine of \$640,000 through June 30, 2012, for the late filing. However, the law does not establish the agency responsible for assessment and collection authority of these fines (see report no. 2012-13, *Transportation Development Districts*, issued in February 2012). Section 105.148.8, RSMo, states any district that fails to timely submit a copy of the annual financial statement with the SAO shall be subject to a fine not to exceed \$500 per day. 15 CSR-40.30.030 provides if a political subdivision is audited by an independent auditor, a copy of the audit report can be filed in lieu of a separate financial report. The annual financial report is to be filed within 4 months of the entity's fiscal year end, while an audit report is to be filed within 6 months of the entity's fiscal year end.

## **Recommendation**

The current Truman Road TDD property owners establish an active Board of Directors. The Board should ensure the TDD project is completed in accordance with state law and other contracts and agreements currently in force. In addition, the Board should hold meetings, adopt annual budgets, and file annual financial statements with the SAO. If it is determined the TDD properties will not generate revenues and it is not possible to complete the TDD project, the owners should consider seeking abolishment pursuant to the Missouri Development Transportation Development District Act, Sections 238.200 to 238.275, RSMo.

## **Auditee's Response**

*The Truman Road TDD property owners declined to provide a response.*

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# Truman Road Transportation Development District Organization and Statistical Information

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The Truman Road Transportation Development District (TDD) is located in the City of Independence. The Truman Road TDD was organized in June 2001 by petition of the owner of the property within the proposed TDD.

The TDD has a year end of December 31 and did not have independent audits performed during the 2 years ended December 31, 2011.

The TDD was formed for the purpose of improving public transportation infrastructure with a total initial estimated cost of \$233,000. The qualified voters of the TDD approved the imposition of a sales tax of up to 1-cent (1 percent) on all transactions which are taxable within the boundaries of the district. The sales tax is currently expected to remain in effect for 40 years, unless terminated sooner. The City of Independence and the Missouri Department of Transportation (MoDOT) are the public entities with jurisdiction over this project. A city official indicated that project construction has not started, and a MoDOT official indicated the project has not been approved by the Missouri Highways and Transportation Commission. If the project is approved, the Commission will accept dedication of the project upon completion. There is no active TDD Board of Directors and the TDD project is inactive. The current property owners have appointed a company to manage the TDD properties.

The TDD is located within a Tax Increment Financing (TIF) redevelopment area; however, per a formal agreement, the city has allowed the district to retain the TIF portion of sales tax collections to pay for the TDD's transportation project.

## District Board

An elected board usually acts as the policy-making body for a transportation development district's operations. However, there is no functioning board.

## American Recovery and Reinvestment Act 2009 (Federal Stimulus)

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



Truman Road Transportation Development District  
Organization and Statistical Information

Financial Activity

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

	Year Ended December 31,	
	2011	2010
Receipts:		
Interest	\$ 4	3
Total Receipts	<u>4</u>	<u>3</u>
Disbursements:		
Total Disbursements	<u>0</u>	<u>0</u>
Receipts Over (Under) Disbursements	4	3
Beginning Cash Balance	<u>37,009</u>	<u>37,006</u>
Ending Cash Balance	<u>\$ 37,013</u>	<u>37,009</u>