



CITIZENS SUMMARY

Findings in the audit of the Hawthorne Development Transportation Development District

Background

The Hawthorne Development Transportation Development District (TDD) was formed in November 2005 for the purpose of making improvements to Hawthorne Boulevard, Highway 13, Simpson Street, Cooper Boulevard, Basswood Street, Northern Hill Drive, and Thompson Street. Phase 1 included improving and relocating intersections, upgrading traffic signals, and adding additional turn lanes. Phase 2 included construction of a roundabout, installing a permanent ground mounted traffic signal, and ingress and egress improvements. Phase 3 included construction of an extension of Cooper Boulevard. The first, second, and third project phases were completed in 2011, 2019, and February 2024, respectively, and the City of Warrensburg and the Missouri Highways and Transportation Commission (MHTC) subsequently accepted ownership of the project. Project costs for the Hawthorne Development TDD totaled \$5,700,000.

The project was funded by a 1/2-cent (0.5 percent) sales tax on all taxable transactions within the boundaries of the district. The sales tax was effective January 2006.

In April 2006, the Board of Directors entered into an agreement with Commerce Bank to issue revenue bonds up to \$4,265,000 for phase one of the project. In April 2017, the Board of Directors entered into an agreement with Commerce Bank to issue revenue bonds up to \$2,530,000 for phase two. This agreement included the redemption of the Series 2006 bonds with the Series 2017 bond issuance. The Hawthorne Development TDD satisfied the debt in October 2022. In January 2023, the Board of Directors entered into an amended cooperative agreement with the City of Warrensburg. Pursuant to the agreement, the Hawthorne Development TDD reimbursed the City of Warrensburg \$1,052,556 in April 2024 for phase three project costs incurred. The Board of Directors approved rescinding the sales tax and notifying the Department of Revenue to stop collecting the district's sales tax on December 29, 2023. The sales tax officially expired on March 31, 2024.

Based on the audit, the cash balance of the Hawthorne Development TDD as of April 30, 2024, was \$542,470. According to district legal counsel, as of April 4, 2024, the district is expected to incur approximately \$75,000 in fees to dissolve the district. After the district's final costs and professional fees are paid, the remaining balance will be distributed to the City of Warrensburg in accordance with the amended cooperative agreement dated January 9, 2023, and state law.

Financial Status

The audit of the Hawthorne Development Transportation Development District indicates the financial condition of the district is such that it may be abolished.

Because of the nature of this audit, no rating is provided.