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CITIZENS SUMMARY

Findings in the audit of the Fenton Crossing Transportation Development District

Background

The Fenton Crossing Transportation Development District (TDD) is located in the City of Fenton. The district was organized in February 2000 by petition of the property owner within the proposed district. The Fenton Crossing TDD was formed for the purpose of road and bridge construction; including demolition, excavation, utility relocation, sidewalk installation, curb and gutter installation, storm water control, traffic signalization, and landscaping. The Missouri Department of Transportation and the city are the public entities with jurisdiction over the project and serve as the Local Transportation Authorities (LTAs). The project was completed and the LTAs accepted dedication of the project in November 2000. The city issued Tax Increment Financing (TIF) bonds to finance the project and the TDD approved the imposition of a 1-cent (1 percent) sales tax on all taxable transactions within the district. The TDD makes payments to the city to help repay a portion of the TIF bonds, after paying Economic Activity Taxes to the TIF district and paying administrative costs of the TDD.

Statutory Requirement

Section 238.275, RSMo, requires the State Auditor to determine the financial status of a TDD before it may be abolished. The law prohibits the abolition of a TDD while there are outstanding claims or causes of action pending against it, if its liabilities exceed its assets or while the TDD is insolvent, in receivership or under the jurisdiction of a bankruptcy court.

Excess Funds

The TDD has accumulated a significant excess of funds after repaying all obligations. The TDD's final bond payment was made on October 1, 2014, but the amount paid to the city was \$105,611 more than the balance on the obligation. The excess was refunded to the TDD in April 2015. The TDD notified the Department of Revenue in March 2015 to rescind the sales tax, which was effective as of July 1, 2015. Because final sales tax collections will not be remitted until sometime after the July 2015 rescission date, sales taxes will likely continue to accumulate. The TDD's cash balance had increased to approximately \$449,000 as of July 15, 2015. State law requires any accumulated cash balances be remitted to the LTAs once a vote to abolish has occurred.

Financial Status

The audit of the Fenton Crossing TDD indicates the financial condition of the district is such that it may be abolished.

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