



# Nicole Galloway, CPA

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Missouri State Auditor

South Manchester  
Transportation Development District

Report No. 2021-124

December 2021

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the South Manchester Transportation Development District

### Financial Status

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

Due to the nature of this report, no rating is provided.

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# South Manchester Transportation Development District

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

John Heckmann, Chairman & Director  
and  
Board of Directors  
South Manchester Transportation Development District  
City of Manchester, Missouri

The State Auditor is required under Section 238.275, RSMo, to audit a transportation development district prior to the question of abolishment being submitted to a vote. On December 22, 2020, the Board of Directors of the South Manchester Transportation Development District approved a resolution of its intent to dissolve the district and request an audit as required by statute. The State Auditor was subsequently notified of this request.

The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2020. The objectives of our audit were to evaluate the financial status of the district and determine whether it may be abolished pursuant to law.

Our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; and interviewing various personnel of the district, as well as certain external parties. We 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 applicable 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 audit determined the Board of Directors may proceed with abolishment of the district in accordance with Section 238.275, RSMo.

The accompanying Management Advisory Report presents our findings arising from our audit of the South Manchester Transportation Development District.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# South Manchester Transportation Development District Management Advisory Report - State Auditor's Findings

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## **Financial Status**

Our audit of the South Manchester Transportation Development District (TDD) indicates the financial condition of the district is such that it may be abolished.

The South Manchester TDD is located in St. Louis County, in the City of Manchester. The TDD was organized in March 2007 by petition of the property owners within the boundaries of the proposed TDD. The members of the Board of Directors and officers are representatives of the property owners. The district has a fiscal year end of December 31.

In April 2007, the Board of Directors passed a resolution formally approving the imposition of the sales tax after qualified voter approval. In April 2007, the qualified voters of the district approved a three quarters of one percent (0.75%) sales tax on all taxable transactions within the boundaries of the district for a period not to exceed 25 years. The sales tax became effective June 1, 2007. From 2007 through March 31, 2021, the South Manchester TDD received \$2,046,316 in sales tax revenue.

The South Manchester TDD was originally formed for the purpose of improving the existing roadway located between Gaywood Avenue and Enchanted Parkway, installing a new traffic signal, updating directional signage, and adding other alternative roadway connections within the district. TDD legal counsel indicated the project was originally intended to be completed in two phases. Phase one of the project was completed in 2012 and included improvements to landscaping and sidewalks in addition to other improvements to Manchester Road. Phase two of the project was to include repair or reconstruction of a bus stop in the district, but was never initiated because the district Board concluded in late 2019 it would be better for the City of Manchester to perform this project. The City of Manchester is the public entity with jurisdiction over the project and serves as the Local Transportation Authority. Upon completion of the phase one improvements, the City of Manchester accepted dedication of the project.

In 2012, the South Manchester TDD Board entered into a \$135,467 promissory note with the developer to pay for project costs. The TDD satisfied its note debt in May 2019. An additional \$667,937 was paid directly from district funds for project costs from 2007 through 2019.

In December 2020, the Board of Directors approved a resolution to repeal the sales tax effective March 31, 2021. The Department of Revenue was subsequently notified of the resolution in January 2021. In December 2020, the Board of Directors approved a resolution formalizing its intent to dissolve the TDD and a TDD official subsequently advised the State Auditor's Office (SAO) of this resolution and requested the SAO proceed with all necessary actions as required pursuant to Section 238.275, RSMo.



South Manchester Transportation Development District  
Management Advisory Report State Auditor's Findings

The SAO has performed an audit of the South Manchester TDD as required by Section 238.275, RSMo. That statute requires the State Auditor to audit the TDD to determine its financial status, and determine whether it may be abolished pursuant to law. That law also states the board shall not propose the question to abolish the 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.

The following table presents the financial activity and cash balance of the South Manchester TDD for the year ended December 31, 2020.

	<u>Year Ended December 31, 2020</u>
<b>RECEIPTS</b>	
Sales Tax	\$ 240,350
Interest	<u>231</u>
Total Receipts	<u>240,581</u>
<b>DISBURSEMENTS</b>	
Insurance	8,806
Legal	7,514
Administration	3,000
Project Costs	500
Service Charge	<u>3</u>
Total Disbursements	<u>19,823</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	220,758
BEGINNING CASH	<u>526,990</u>
ENDING CASH	<u>\$ 747,748</u>

Source: Compiled by the SAO using the TDD's bank statements and transaction register.

Based on our audit, the cash balance of the South Manchester TDD as of December 31, 2020, was \$747,748. The TDD's legal counsel indicated the district had an outstanding balance for legal services and expenses totaling \$10,342 as of April 30, 2021, and estimated additional legal service costs required to abolish the district would be between \$15,000 and \$20,000. The Chairman of the Board indicated there were no additional outstanding liabilities. Based on these representations, TDD assets will be sufficient to pay any remaining costs and obligations. After the district's final wind up costs and professional fees are paid, the remaining balance will be distributed to the City of Manchester in accordance with state statute.

Based on our audit, the Board of Directors may proceed with the abolishment of the South Manchester TDD in accordance with Section 238.275, RSMo.