



Scott Fitzpatrick

Missouri State Auditor

Wentzville Parkway
Transportation Development District

Report No. 2023-034

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Wentzville Parkway Transportation Development District

Background

The Wentzville Parkway Transportation Development District (TDD) was formed in March 2005 for the purpose of improving Wentzville Parkway, North Road, the North Road retaining wall, and a North Road extension. The project was completed in April 2006 and the City of Wentzville subsequently accepted ownership of the project.

The Wentzville Parkway TDD projects totaled approximately \$1,899,000. The project was funded by a voter-approved one-half percent sales tax on all taxable transactions within the boundaries of the district. Debt associated with the project was paid off in November 2020 and the Board of Directors approved rescinding the sales tax in December 2020.

The ending cash balance for the Wentzville Parkway TDD as of July 31, 2022, was \$272,801. According to district legal counsel, as of September 2022, the district owed approximately \$26,000 in unpaid legal fees, and could incur an additional \$60,000 in legal fees during the dissolution of the district. After the district's final costs and professional fees are paid, the remaining balance will be distributed to the City of Wentzville in accordance with state law.

Financial Status

The audit of the Wentzville Parkway TDD 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.

Wentzville Parkway Transportation Development District

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Brent Beumer, Chairman/Executive Director
and
Board of Directors
Wentzville Parkway Transportation Development District
Wentzville, 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 July 29, 2022, the Board of Directors of the Wentzville Parkway 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 resolution.

The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2021, and the period from January 1 through July 31, 2022. 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 financial records and other pertinent documents; 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 Wentzville Parkway Transportation Development District.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is stylized with a large "S" and "F".

Scott Fitzpatrick
State Auditor

Wentzville Parkway Transportation Development District Management Advisory Report - State Auditor's Findings

Financial Status

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

The Wentzville Parkway TDD is located in St. Charles County, in the city of Wentzville. The district was organized in March 2005, by petition of the property owner/developer within the proposed TDD. The district consisted of 1 property owner at the time of formation with 3 other entities becoming property owners within the district's boundaries subsequent to the establishment of the district. The members of the Board of Directors and officers consist of 5 representatives of the property owners. The district has a fiscal year end of December 31.

The Wentzville Parkway TDD was formed for the purpose of improving Wentzville Parkway, North Road, the North Road retaining wall, and a North Road extension. The City of Wentzville is the public entity with jurisdiction over the local portion of the project and serves as the Local Transportation Authority. The transportation projects are not intended to be merged into state highways, therefore, the Missouri Highways and Transportation Commission has no direct interest in the TDD. The project was completed in April 2006, and the City of Wentzville subsequently accepted ownership of the project. The Wentzville Parkway TDD projects totaled approximately \$1,899,000.

In 2005, the qualified voters of the district approved a 1/2-cent (0.5 percent) sales tax on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution formally establishing that sales tax rate to remain in effect until district obligations had been paid in full.

In 2005, the Wentzville Parkway TDD set up a line of credit with a maximum limit of \$3,500,000 from First Bank to fund district project costs. The district's project costs totaled approximately \$1,899,000. The Wentzville Parkway TDD satisfied this debt in November 2020. The Board approved rescinding the sales tax in December 2020, and notified the Department of Revenue to stop collecting the district's tax in June 2021. Sales tax collection expired September 30, 2021.

From the district's inception in 2005, through December 31, 2021, the Wentzville Parkway TDD received \$2,612,685 in sales tax revenues and paid \$2,503,586 in principal and interest. See the subsequent table for district financial activity for the 17 years ended December 31, 2021, and the period January 1, 2022, through July 31, 2022.

In June 2021, the Wentzville Parkway TDD Board formalized its intent to dissolve the district. The district subsequently advised the State Auditor's Office (SAO) of this resolution in July 2022 and requested the SAO proceed



Wentzville Parkway Transportation Development District Management Advisory Report - State Auditor's Findings

with all necessary actions as required pursuant to Section 238.275, RSMo. That statute requires the State Auditor to audit the district to determine its financial status, and determine whether it may be abolished pursuant to law. It also states the board shall not propose the question to abolish the district while there are outstanding claims or causes of action pending against it; if its liabilities exceed its assets; or while the district is insolvent, in receivership, or under the jurisdiction of a bankruptcy court.

The following table presents the financial activity and cash balances for the 17 years ended December 31, 2021, and the period January 1, 2022, through July 31, 2022.

	January 1, 2022 through July 31, 2022	17 Years Ended December 31, 2021
RECEIPTS		
Sales Tax	\$ 0	2,612,685
Developer Note Proceeds	0	180,350
Loan Proceeds	0	725,803
Interest	24	1,298
Total Receipts	24	3,520,136
DISBURSEMENTS		
Debt Service	0	2,503,589
Capital Outlay	0	440,757
Maintenance and Utilities	1,400	201,209
Administration	4,743	95,661
Total Disbursements	6,143	3,241,216
RECEIPTS OVER (UNDER)	(6,119)	278,920
DISBURSEMENTS		
BEGINNING CASH	278,920	0
ENDING CASH	\$ 272,801	278,920

Source: Compiled by the SAO using the district's bank statements and financial statements.

Based on our audit, the cash balance of the Wentzville Parkway TDD as of July 31, 2022, was \$272,801. According to district legal counsel, as of September 2022, the district owed approximately \$26,000 in unpaid legal fees, and may incur an additional \$60,000 in legal fees during the dissolution of the district. There are no pending, threatened, or unasserted claims or assessments against the district according to district legal counsel. District officials confirmed the district is not insolvent, in receivership, or under the jurisdiction of a bankruptcy court. Based on these representations, district assets are sufficient to pay any remaining costs and obligations. After the district's final costs and professional fees are paid, the remaining balance will



Wentzville Parkway Transportation Development District Management Advisory Report - State Auditor's Findings

be distributed to the City of Wentzville in accordance with Section 238.275.5(1), RSMo.

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