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Missouri State Auditor

Wentzville Transportation Development District

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Wentzville Transportation Development District

Background

The Wentzville Transportation Development District (TDD) was formed in November 2001 for the purpose of improving the Pearce Boulevard/Wentzville Parkway interchange with new and widened lanes, enhancing the Pearce Boulevard overpass with aesthetic improvements, extending Pearce Boulevard to May Road, and implementing a local transit system. The project was substantially completed in March 2010. Prior to the district's termination, the district, City of Wentzville, and the Missouri Highways and Transportation Commission (MHTC) will enter into an agreement regarding ownership, ongoing maintenance, and allocation of excess revenues. Project costs for the Wentzville TDD totaled \$6,872,136.

The project was funded by a 1/4-cent (0.25 percent) sales tax on all taxable transactions within the boundaries of the district. The sales tax was effective December 1, 2001. In February 2002, the Wentzville TDD issued revenue bonds to pay for project costs. The TDD satisfied this debt in November 2022. The Board approved certain actions in connection with abolishment of the TDD, including repealing the District's sales tax in September 2023, effective after December 2023.

Based on the audit, the cash balance of the Wentzville TDD as of December 31, 2023, was \$876,255. According to the district's legal counsel, as of March 2024, the district would incur additional estimated legal and administrative expenses totaling \$75,000 related to the dissolution of the district. After the district's final costs and professional fees are paid, the remaining balance will be transferred to the City of Wentzville and/or the MHTC in accordance with state law.

Financial Status

The audit of the Wentzville 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.

Wentzville Transportation Development District

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	Financial Status3
---	-------------------------



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Robert Green, Chairman
and
Board of Directors
Wentzville 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 December 15, 2022, the Board of Directors of the Wentzville 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 on October 9, 2023.

The district engaged Wade Stables P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2022. To minimize duplication of effort, we reviewed the CPA firm's report for the year ended December 31, 2022, since the December 31, 2023, audit had not yet been completed. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2023. 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 this performance audit in accordance with generally accepted government auditing standards. 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 Transportation Development District.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive style.

Scott Fitzpatrick
State Auditor

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

Financial Status

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

The Wentzville TDD is located in St. Charles County, in the City of Wentzville. The district was organized in November 2001 by petition of the property owners/developer within the proposed TDD. The district consists of 5 property owners. The members of the Board of Directors consist of 5 representatives of the property owners/developer. The district has a fiscal year end of December 31.

The Wentzville TDD was formed for the purpose of improving the Pearce Boulevard/Wentzville Parkway interchange with new and widened lanes, enhancing the Pearce Boulevard overpass with aesthetic improvements, extending Pearce Boulevard to May Road, and implementing a local transit system. These projects generally included signage, signalization, lighting, and other costs. The project was substantially completed in March 2010. 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 Missouri Highways and Transportation Commission (MHTC) serves as the entity with jurisdiction over the state portion of the project. Prior to the district's termination, the district, City of Wentzville, and MHTC will enter into an agreement regarding ownership, ongoing maintenance, and allocation of excess revenues. Project costs for the Wentzville TDD totaled \$6,872,136.

In November 2001, the Board of Directors passed a resolution formally approving the submission of the proposed sales tax rate to the qualified voters of the district and establishing a sales tax rate of 1/4-cent (0.25 percent) on all taxable transactions within the boundaries of the district. The sales tax was effective December 1, 2001.

In February 2002, the Wentzville TDD issued revenue bonds to pay for project costs. The TDD satisfied this debt in November 2022. The Board approved certain actions in connection with abolishment of the TDD, including repealing the District's sales tax in September 2023, effective after December 2023. See the table below for district financial activity for the calendar year ended December 31, 2023.

In December 2022, the Wentzville TDD Board of Directors formalized its intent to dissolve the district. The District subsequently advised the State Auditor's Office (SAO) in October 2023 of this resolution and requested the SAO proceed 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



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

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 the year ended December 31, 2023.

	Year Ended December 31, 2023
RECEIPTS	
Sales Tax	\$ 400,097
Interest	15,220
Total Receipts	<u>415,317</u>
DISBURSEMENTS	
Legal Fees	493
Bank Fees	28
Trustee Fees	3,600
Audit Fees	3,035
Administrative	5,320
Insurance	837
Miscellaneous	360
Total Disbursements	<u>13,673</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	401,644
BEGINNING CASH	<u>474,611</u>
ENDING CASH	<u>\$ 876,255</u>

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

Based on our audit, the cash balance of the Wentzville TDD as of December 31, 2023, was \$876,255. According to the district's legal counsel, as of March 2024, the district would incur additional estimated legal and administrative expenses totaling \$75,000 related to 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 be transferred to the City of Wentzville and/or the MHTC 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.