



# Scott Fitzpatrick

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Missouri State Auditor

North Main-Malone  
Transportation Development District

Report No. 2024-051

July 2024

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



**Scott Fitzpatrick**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the North Main-Malone Transportation Development District

### Background

The North Main-Malone Transportation Development District (TDD) was formed in January 2005 for the purpose of improving Main Street and Malone Avenue in the City of Sikeston. Details of this project include, but are not limited to, the construction of turning lanes and a new traffic signal at the intersection of Main Street and Lake Street, improvements to the intersection of Main Street and Malone Avenue, improvements to the intersection of Main Street and Tanner Street, municipal utility relocation, storm water related improvements, and sidewalk, street, and other public areas throughout the district. The Missouri Highways and Transportation Commission (MHTC) serves as the transportation authority with jurisdiction over the portion of the project intended to be merged into the state highways and transportation system. The City of Sikeston serves as a local transportation authority with jurisdiction over the local portion of the project. The project was completed in March 2006. The North Main-Malone TDD's portion of the project costs was \$925,587.

The project was funded by a 1-cent (1 percent) sales tax on all taxable transactions within the boundaries of the district. The sales tax was approved in June 2005, and the Board of Directors subsequently passed a resolution formally establishing that sales tax rate to be effective for 40 years unless terminated sooner.

In May 2006, the City of Sikeston issued Tax Increment Revenue Notes to pay for the project costs as well as other costs related to the redevelopment project. The North Main-Malone TDD satisfied its portion of this debt in April 2023. The Board approved repealing the District's sales tax on April 25, 2023. In June 2023, the North Main-Malone TDD Board formalized its intent to dissolve the district.

Based on the audit, the cash balance of the North Main-Malone TDD as of December 31, 2023, was \$133,377. The TDD's cash balance as of March 31, 2024, was \$135,039. According to district legal counsel, as of October 18, 2023, the district is expected to incur approximately \$5,000 in fees to dissolve the district. After the district's final costs and professional fees are paid, the North Main-Malone TDD will enter into an agreement with the City of Sikeston and the MHTC dictating how the surplus funds will be distributed in accordance with state law.

### Financial Status

The audit of the North Main-Malone 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.

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# North Main-Malone Transportation Development District

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**SCOTT FITZPATRICK**  
MISSOURI STATE AUDITOR

J.D. Douglass, Chairperson  
and  
Board of Directors  
North Main-Malone Transportation Development District  
Sikeston, 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 June 28, 2023, the Board of Directors of the North Main-Malone 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, 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 the 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 North Main-Malone Transportation Development District.

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

Scott Fitzpatrick  
State Auditor

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# North Main-Malone Transportation Development District Management Advisory Report - State Auditor's Findings

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## **Financial Status**

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

The North Main-Malone TDD is located in Scott County, in the City of Sikeston. The district was organized in January 2005 by petition of the property owner/developer within the proposed TDD. The district consisted of one property owner at the time of formation. The members of the Board of Directors and officers consist of three representatives of the property owner/developer with two vacant seats. The district has a fiscal year end of December 31.

The North Main-Malone TDD was established for the purpose of improving Main Street and Malone Avenue in the City of Sikeston. Details of this project include, but are not limited to, the construction of turning lanes and a new traffic signal at the intersection of Main Street and Lake Street, improvements to the intersection of Main Street and Malone Avenue, improvements to the intersection of Main Street and Tanner Street, municipal utility relocation, storm water related improvements, and improvements to sidewalks, streets, and other public areas throughout the district. The Missouri Highways and Transportation Commission (MHTC) serves as the transportation authority with jurisdiction over the portion of the project intended to be merged into the state highways and transportation system. The City of Sikeston serves as a local transportation authority with jurisdiction over the local portion of the project. The project was completed in March 2006. The North Main-Malone TDD's portion of the project costs was \$925,587.

In June 2005, the qualified voters of the district approved a 1-cent (1 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 be effective for 40 years unless terminated sooner.

In May 2006, the City of Sikeston issued Tax Increment Revenue Notes to pay for the project costs as well as other costs related to the redevelopment project. The North Main-Malone TDD satisfied its portion of this debt in April 2023. The Board approved repealing the District's sales tax on April 25, 2023.

In June 2023, the North Main-Malone TDD Board formalized its intent to dissolve the district. The District 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. 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



North Main-Malone Transportation Development District  
Management Advisory Report - State Auditor's Findings

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 ending cash balance for the year ended December 31, 2023.

	Year Ended December 31, 2023
RECEIPTS	
Sales Tax	\$ 11,208
Interest	5,647
Total Receipts	<u>16,855</u>
DISBURSEMENTS	
Administrative	1,981
Total Disbursements	<u>1,981</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,874
BEGINNING CASH	118,503
ENDING CASH	<u>\$ 133,377</u>

Source: Compiled by the SAO using the district's accounting ledger.

Based on our audit, the cash balance of the North Main-Malone TDD as of December 31, 2023, was \$133,377. The TDD's cash balance as of March 31, 2024, was \$135,039. According to district legal counsel, as of October 18, 2023, the district is expected to incur approximately \$5,000 in fees to dissolve 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 North Main-Malone TDD will enter into an agreement with the City of Sikeston and the MHTC dictating how the surplus funds will be distributed in accordance with Section 238.275.5(1), RSMo.

Based on our audit, the Board of Directors may proceed with the abolishment of the North Main-Malone TDD in accordance with Section 238.275, RSMo.