



Scott Fitzpatrick

Missouri State Auditor

Wentzville II
Transportation Development District

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Wentzville II Transportation Development District

Background

The Wentzville II Transportation Development District (TDD) was formed in March 2005 for the purpose of making improvements to Wentzville Parkway, West Pearce Boulevard, exit 208 from Interstate 70, and Bear Creek Drive; including widening existing driving lanes, construction of dedicated turn lanes, signalization, and related improvements within the city of Wentzville, for an estimated cost of \$2,077,500. The City of Wentzville serves as the Local Transportation Authority with approval over the local portion of the projects. The Missouri Highways and Transportation Commission (MHTC) serves as the State Transportation Authority. The project was substantially completed in December 2007. The projects were modified in 2008 to include the construction of a drive connecting Wentzville Parkway to May Road.

The project was funded by a 1/2 cent (0.5 percent) sales tax on all taxable transactions within the boundaries of the district. The Board of Directors passed a resolution formally establishing the sales tax rate to be effective November 2005. The Board approved rescinding the sales tax and notifying the Department of Revenue to stop collecting the district's sales tax on August 10, 2023. The sales tax officially expired on September 30, 2023. From the district's inception in 2005 through August 2023, the Wentzville II received \$2,269,265 in sales tax revenues.

In March 2006, the Wentzville II TDD Board entered into an agreement with UMB Bank to issue revenue notes up to \$2,077,500. Between March and October 2006, the District borrowed \$2,077,500 for project costs, and the district satisfied these notes in June 2022. In October 2008, the Wentzville II TDD Board entered into an agreement with UMB Bank to issue additional revenue notes up to \$672,500. The district borrowed \$503,768 in October 2008 and \$50,525 in April 2022. The district satisfied these notes in June 2022.

Based on the audit, the cash balance of the Wentzville II TDD as of August 31, 2023, was \$183,816. The cash balance as of February 29, 2024, was \$200,455. According to district legal counsel, as of August 31, 2023, the district is expected to incur approximately \$98,785 in fees to dissolve the district. After the district's final costs and professional fees are paid, the remaining balance will be distributed to the MHTC and the City of Wentzville in accordance with state law.

Financial Status

The audit of the Wentzville II 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 II Transportation Development District

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Jeff Otto, Board Chair
and
Board of Directors
Wentzville II Transportation Development District
St. Charles County, 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 August 10, 2023, the Board of Directors of the Wentzville II 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 August 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 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 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 II 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

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

Financial Status

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

The Wentzville II TDD is located in St. Charles County, in the City of Wentzville. The district was organized March 8, 2005, by petition of the property owners/developer within the proposed TDD. The district consisted of 2 property owners at the time of formation. The members of the Board of Directors and officers consist of 5 representatives of the property owners/developer. The district has a fiscal year end of December 31.

The Wentzville II TDD was established for the purpose of making improvements to Wentzville Parkway, West Pearce Boulevard, exit 208 from Interstate 70, and Bear Creek Drive; including widening existing driving lanes, construction of dedicated turn lanes, signalization, and related improvements within the city of Wentzville, for an estimated cost of \$2,077,500. The City of Wentzville serves as the Local Transportation Authority with approval over the local portion of the projects. The Missouri Highways and Transportation Commission (MHTC) serves as the State Transportation Authority. The project was substantially completed in December 2007. The projects were modified in 2008 to include the construction of a drive connecting Wentzville Parkway to May Road.

In October 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. Additionally, the Board of Directors passed a resolution formally establishing the sales tax rate to be effective November 2005.

In March 2006, the Wentzville II TDD Board entered into an agreement with UMB Bank to issue revenue notes up to \$2,077,500.¹ Between March and October 2006, the District borrowed \$2,077,500 for project costs, and the district satisfied these notes in June 2022.

In October 2008, the Wentzville II TDD Board entered into an agreement with UMB Bank to issue additional revenue notes up to \$672,500.² The district borrowed \$503,768 in October 2008 and \$50,525 in April 2022. The district satisfied these notes in June 2022.³

The Board approved rescinding the sales tax and notifying the Department of Revenue to stop collecting the district's sales tax on August 10, 2023. The sales tax officially expired on September 30, 2023. From the district's

¹ The agreement allowed the TDD to issue revenue note principal up to \$2,077,500, not including accrued interest or cost of issuance, which totaled \$43,599.

² The agreement allowed the TDD to issue revenue note principal up to \$672,500, not including accrued interest or cost of issuance, which totaled \$56,364.

³ Based on the district's financial statements, there was non-sales tax revenue that was used for district purposes.



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

inception in 2005 through August 2023, the Wentzville II received \$2,269,265 in sales tax revenues.

In August 2023, the Wentzville II TDD Board of Directors 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 liabilities exceed its assets; or while the district is insolvent, in receivership, or under the jurisdiction of a bankruptcy court.

The following presents the financial activity and cash balances for the 12 months ended August 31, 2023:

	12 Months Ended August 31, 2023
RECEIPTS	
Sales Tax	\$ 157,544
Total Receipts	<u>157,544</u>
DISBURSEMENTS	
Legal	22,069
Administrative	21,413
Total Disbursements	<u>43,482</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	114,062
BEGINNING CASH	<u>69,754</u>
ENDING CASH	<u>\$ 183,816</u>

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

Based on our audit, the cash balance of the Wentzville II TDD as of August 31, 2023, was \$183,816. The cash balance as of February 29, 2024, was \$200,455. According to district legal counsel, as of August 31, 2023, the district is expected to incur approximately \$98,785 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 remaining balance will be distributed to the MHTC and the City of Wentzville in accordance with Section 238.275.5(1), RSMo.



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

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