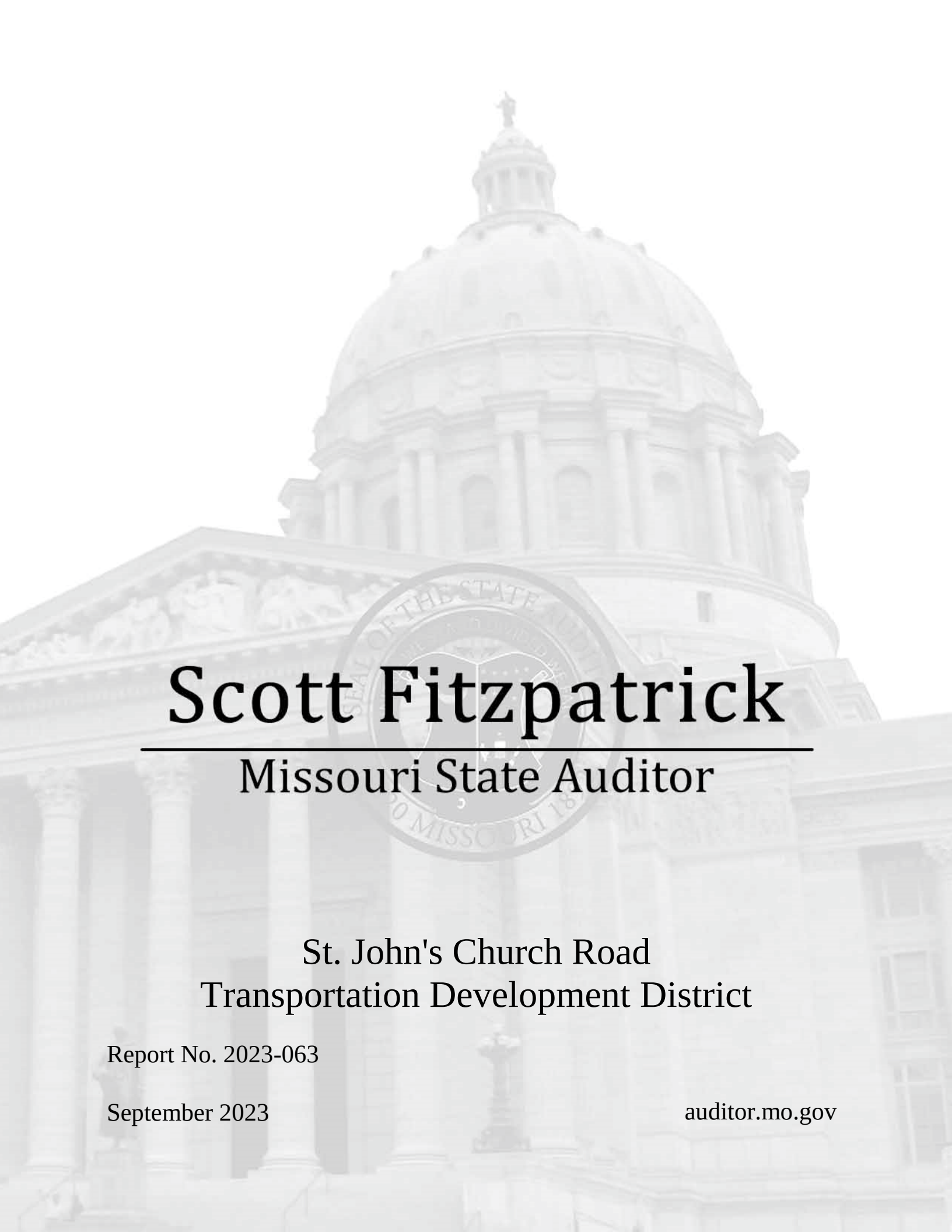




Scott Fitzpatrick

Missouri State Auditor

St. John's Church Road
Transportation Development District

Report No. 2023-063

September 2023

auditor.mo.gov



Scott Fitzpatrick
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the St. John's Church Road Transportation Development District

Background

The St. John's Church Road Transportation Development District (TDD) was organized in April 2001 for the purpose of improving the roadways with construction of the extension of St. John's Church Road south of Lindbergh Avenue and additional construction of roadways surrounding Lindbergh Avenue, such as Elm Road and construction of an entrance to Interstate 55. The project was completed in 2003 and St. Louis County and the St. Louis County Department of Highways and Traffic subsequently accepted ownership of the project. Project costs for the St. John's Church Road TDD totaled \$8,178,850.

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 satisfied and the Board of Directors approved rescinding the sales tax in September 2022. From its inception in 2001 through 2022, the St. John's Church Road TDD received \$13,772,861 in sales tax revenues, and paid \$8,603,231 in debt service costs and \$4,930,479 in interest costs.

Based on the audit, the cash balance of the St. John's Church Road TDD as of December 31, 2022, was \$887,486. According to district legal counsel, as of December 31, 2022, the district owed \$2,612 in unpaid legal fees related to the dissolution of the district. After the district's final costs and professional fees are paid, the remaining balance will be distributed to St. Louis County in accordance with state law.

Financial Status

The audit of the St. John's Church Road 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.

St. John's Church Road Transportation Development District

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Robert Everitt, Board Chair
and
Board of Directors
St. John's Church Road Transportation Development District
St. Louis 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 January 17, 2023, the Board of Directors of the St. John's Church Road 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 January 18, 2023.

The scope of our audit included, but was not necessarily limited to, the year ended December 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; 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 district's 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 St. John's Church Road Transportation Development District.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is stylized, with the first letters of the first and last names being capitalized and prominent.

Scott Fitzpatrick
State Auditor

St. John's Church Road Transportation Development District Management Advisory Report - State Auditor's Findings

Financial Status

Our audit of the St. John's Church Road Transportation Development District (TDD) indicates the financial condition of the district is such that it may be abolished.

The St. John's Church Road TDD is located in St. Louis County. The district was organized April 17, 2001, by petition of the property owner/developer within the proposed TDD. The district consisted of 2 property owners. The members of the Board of Directors and officers consist of 5 representatives of the property owner/developer. The district has a fiscal year end of December 31.

The St. John's Church Road TDD was formed for the purpose of improving the roadways with construction of the extension of St. John's Church Road south of Lindbergh Avenue and additional construction of roadways surrounding Lindbergh Avenue, such as Elm Road and construction of an entrance to Interstate 55. St. Louis County and the St. Louis County Department of Highways and Traffic are the public entities with jurisdiction over the local portion of the project and serve as the Local Transportation Authority. The project was completed in 2003, and St. Louis County and the St. Louis County Department of Highways and Traffic subsequently accepted ownership of the project. Project costs for the St. John's Church Road TDD totaled \$8,178,850.

In April 2001, 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 be effective May 2001.

In December 2002, the St. John's Church Road TDD Board entered into an agreement with UMB Bank to issue revenue notes up to \$12,000,000 to pay for project costs. The St. John's Church Road TDD satisfied this debt in June 2022.

The Board approved rescinding the sales tax and notifying the Department of Revenue to stop collecting the district's tax on September 20, 2022. The sales tax officially expired on October 31, 2022.

From the TDD's inception in 2001 through 2022, the St. John's Church Road TDD received \$13,772,861 in sales tax revenues, and paid \$8,603,231 in debt service costs and \$4,930,479 in interest costs. See the table below for district financial activity through the period ended December 31, 2021, and the year ended December 31, 2022.

In January 2023, the St. John's Church Road 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



St. John's Church Road Transportation Development District Management Advisory Report - State Auditor's Findings

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 from 2001 through the year ended December 31, 2021, and the year ended December 31, 2022.

	Year Ended December 31, 2022	21 Years Ended December 31, 2021
RECEIPTS		
Sales Tax	\$ 1,161,433	12,611,428
Interest Income	165	38,642
Project		
Reimbursements and		
Note Proceeds	0	989,000
Total Receipts	1,161,598	13,639,070
DISBURSEMENTS		
Debt Service	588,709	8,014,522
Interest	0	4,930,479
Administrative and		
Miscellaneous	18,990	360,482
Total Disbursements	607,699	13,305,483
RECEIPTS OVER (UNDER)	553,899	333,587
DISBURSEMENTS		
BEGINNING CASH	333,587	0
ENDING CASH	\$ 887,486	333,587

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

Based on our audit, the cash balance of the St. John's Church Road TDD as of December 31, 2022, was \$887,486. According to district legal counsel, as of December 31, 2022, the district owed \$2,612 in unpaid legal fees 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 distributed to St. Louis County 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.