



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**370/MISSOURI BOTTOM ROAD/
TAUSSIG ROAD TRANSPORTATION
DEVELOPMENT DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2006

**370/MISSOURI BOTTOM ROAD/
TAUSSIG ROAD TRANSPORTATION
DEVELOPMENT DISTRICT**

**FINANCIAL REPORT
(Audited)**

Year Ended December 31, 2006

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
FINANCIAL REPORT**

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INDEPENDENT AUDITORS' REPORT

June 15, 2007

Board of Directors
**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note A-3, the District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2006, and the respective changes in financial position for the year then ended, on the basis of accounting described in Note A-3.

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects, on the basis of accounting described in Note A-3, in relation to the financial statements taken as a whole.

Hochschild, Bloan + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

As management of the 370/Missouri Bottom Road/Taussig Road Transportation Development District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements (attached).

FINANCIAL HIGHLIGHTS

- * The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$34,954,830.
- * The District's total net assets decreased by \$1,473,838. This decrease is due to the interest payments on the debt and issuance of additional debt.
- * As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$7,088,364, an increase of \$307,849 in comparison with the prior year. Approximately 43% of this amount, \$3,052,881, is available for spending at the District's Board of Directors discretion on transportation improvements, debt service, or administration (unreserved fund balance).
- * At the end of the current fiscal year, the unreserved balance for the General Fund was \$255,738, or 30%, of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required and other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets - modified cash basis presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the District's net assets changed during the most recent fiscal year.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by sales tax. The governmental activities of the District include collection of sales tax, maintenance, and payment of debt.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only maintains governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Debt Service Reserve Fund, and Bond Payment Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund, Capital Projects Fund, Bond Payment Fund, and Special Assessment Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 14 through 18 of this report.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Required supplemental information. This management's discussion and analysis and the General Fund budgetary comparison schedule (starting on page 20) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplemental information. This part of the annual report (starting on page 23) includes optional financial information such as combining statements for nonmajor governmental funds and budgetary comparison schedules. This other supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$34,954,830 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets reflect its debt. The District does not record capital assets because they do not own the assets the debt was issued to build.

A condensed version of the statement of net assets - modified cash basis is as follows:

	<u>December 31</u>		<u>2006 Change</u>	
	<u>2006</u>	<u>2005</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Investments	\$ <u>7,088,364</u>	<u>6,780,515</u>	<u>307,849</u>	4.5%
LIABILITIES				
Due within one year	50,000	50,000	-	-
Due in more than one year	<u>41,993,194</u>	<u>40,211,507</u>	<u>1,781,687</u>	4.4
Total Liabilities	<u>42,043,194</u>	<u>40,261,507</u>	<u>1,781,687</u>	4.4
NET ASSETS (DEFICIENCY)				
Restricted - debt service	4,035,483	4,034,334	1,149	-
Unrestricted	<u>(38,990,313)</u>	<u>(37,515,326)</u>	<u>(1,474,987)</u>	(3.9)
Total Net Assets (Deficiency)	<u>(\$34,954,830)</u>	<u>(33,480,992)</u>	<u>(1,473,838)</u>	(4.4%)

Governmental activities. Governmental activities decreased the District's net assets by \$1,473,838.

A condensed version of the statement of activities - modified cash basis is as follows:

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>For The Years Ended December 31</u>		<u>2006 Change</u>	
	<u>2006</u>	<u>2005</u>	<u>Amount</u>	<u>Percent</u>
REVENUES				
General revenues:				
Sales tax	\$ 1,886,964	1,396,509	490,455	35.1%
Investment income	<u>309,689</u>	<u>265,227</u>	<u>44,462</u>	16.8
Total Revenues	<u>2,196,653</u>	<u>1,661,736</u>	<u>534,917</u>	32.2
EXPENSES				
Administrative	68,418	142,836	(74,418)	(52.1)
Economic activity allocation	798,359	573,905	224,454	39.1
Maintenance	-	20,364	(20,364)	(100.0)
Transportation development	-	661,371	(661,371)	(100.0)
Interest on long-term debt	<u>2,803,714</u>	<u>2,804,789</u>	<u>(1,075)</u>	-
Total Expenses	<u>3,670,491</u>	<u>4,203,265</u>	<u>(532,774)</u>	(12.7)
CHANGE IN NET ASSETS	(1,473,838)	(2,541,529)	1,067,691	42.0
NET ASSETS (DEFICIENCY), JANUARY 1	(33,480,992)	(30,939,463)	(2,541,529)	(8.2)
NET ASSETS (DEFICIENCY), DECEMBER 31	(\$34,954,830)	(33,480,992)	(1,473,838)	(4.4%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,088,364.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not revise its budget for the year. Revenues were \$438,239 below the budgeted amount of \$2,341,635. Expenditures were \$360,980 below the budgeted amount of \$1,218,815. Other financing sources (uses) were \$105,268 under the budgeted uses amount of \$1,072,819.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Long-term debt. At the end of the current fiscal year, the District had debt outstanding of \$42,043,194. This amount is \$39,420,000 of transportation revenue bonds and \$2,623,194 of transportation revenues notes. The District issued an additional \$1,831,687 of transportation revenue notes in the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Sales tax is the main source of revenue for the District at 86% of total revenues. Debt service will require the greatest usage of resources amounting to 77% of the total expenditures. These factors were considered in preparing the District's 2007 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Robert Klahr at 314-621-5070.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities
ASSETS	
Investments	\$ 3,052,881
Investments - restricted for debt service	4,035,483
Total Assets	7,088,364
LIABILITIES	
Noncurrent liabilities:	
Due within one year	50,000
Due in more than one year	41,993,194
Total Liabilities	42,043,194
NET ASSETS (DEFICIENCY)	
Restricted - debt service	4,035,483
Unrestricted	(38,990,313)
Total Net Assets (Deficiency)	\$ (34,954,830)

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Expenses</u>	<u>Net Revenues (Expenses) And Change In Net Assets</u>
FUNCTIONS/PROGRAMS		
Governmental Activities		
Administrative	\$ 68,418	(68,418)
Economic activity allocation	798,359	(798,359)
Interest on long-term debt	2,803,714	(2,803,714)
Total Governmental Activities	<u>\$ 3,670,491</u>	<u>(3,670,491)</u>
 General Revenues		
Sales tax		1,886,964
Investment income		309,689
Total General Revenues		<u>2,196,653</u>
 CHANGE IN NET ASSETS		 (1,473,838)
 NET ASSETS (DEFICIENCY), JANUARY 1		 <u>(33,480,992)</u>
 NET ASSETS (DEFICIENCY), DECEMBER 31		 <u>\$ (34,954,830)</u>

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General Fund	Debt Service Reserve Fund	Bond Payment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Investments	\$ 255,738	-	1,635,404	1,161,739	3,052,881
Investments - restricted for debt service	-	4,035,483	-	-	4,035,483
Total Assets	<u>\$ 255,738</u>	<u>4,035,483</u>	<u>1,635,404</u>	<u>1,161,739</u>	<u>7,088,364</u>
LIABILITIES AND FUND BALANCES					
Liabilities	\$ -	-	-	-	-
Fund Balances					
Unreserved, reported in:					
General Fund	255,738	-	-	-	255,738
Capital Projects Fund	-	-	-	703,201	703,201
Debt Service Funds	-	-	1,635,404	458,538	2,093,942
Reserved - debt service	-	4,035,483	-	-	4,035,483
Total Fund Balances	<u>255,738</u>	<u>4,035,483</u>	<u>1,635,404</u>	<u>1,161,739</u>	<u>7,088,364</u>
Total Liabilities And Fund Balances	<u>\$ 255,738</u>	<u>4,035,483</u>	<u>1,635,404</u>	<u>1,161,739</u>	<u>7,088,364</u>

See notes to financial statements

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2006**

Total Fund Balances - Governmental Funds \$ 7,088,364

Amounts reported for governmental activities in the statement of net assets are different because:

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Transportation revenue bonds	(39,420,000)
Transportation revenue notes	<u>(2,623,194)</u>

Net Assets (Deficiency) Of Governmental Activities \$ (34,954,830)

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Debt Service Reserve Fund	Bond Payment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Sales tax	\$ 1,886,964	-	-	-	1,886,964
Investment income	16,432	177,637	22,257	93,363	309,689
Total Revenues	<u>1,903,396</u>	<u>177,637</u>	<u>22,257</u>	<u>93,363</u>	<u>2,196,653</u>
EXPENDITURES					
Administration	59,476	266	1,565	7,111	68,418
Economic activity allocation	798,359	-	-	-	798,359
Debt service - interest paid	-	-	2,803,714	-	2,803,714
Debt service - principal paid	-	-	50,000	-	50,000
Total Expenditures	<u>857,835</u>	<u>266</u>	<u>2,855,279</u>	<u>7,111</u>	<u>3,720,491</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,045,561</u>	<u>177,371</u>	<u>(2,833,022)</u>	<u>86,252</u>	<u>(1,523,838)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	33,235	-	2,620,371	-	2,653,606
Transfers out	(1,000,786)	(176,222)	-	(1,476,598)	(2,653,606)
Issuance of debt	-	-	1,831,687	-	1,831,687
Total Other Financing Sources (Uses)	<u>(967,551)</u>	<u>(176,222)</u>	<u>4,452,058</u>	<u>(1,476,598)</u>	<u>1,831,687</u>
NET CHANGE IN FUND BALANCES	78,010	1,149	1,619,036	(1,390,346)	307,849
FUND BALANCES, JANUARY 1	177,728	4,034,334	16,368	2,552,085	6,780,515
FUND BALANCES, DECEMBER 31	<u>\$ 255,738</u>	<u>4,035,483</u>	<u>1,635,404</u>	<u>1,161,739</u>	<u>7,088,364</u>

See notes to financial statements

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net Change In Fund Balances - Governmental Funds \$ 307,849

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., transportation revenue bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, it has no effect on net assets.

This amount is the net effect of these differences in the treatment of long-term debt:

Transportation revenue bonds principal payments	50,000
Issuance of revenue note	<u>(1,831,687)</u>

Change In Net Assets (Deficiency) Of Governmental Activities \$ (1,473,838)

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District), established in 2000, is a political subdivision duly organized under the laws of the State of Missouri. The District operates under the direction of a Board of Directors. The District was formed for the purpose of construction of certain transportation projects to serve a new commercial redevelopment project in the City of Hazelwood, Missouri (the City). Generally, the District is authorized to impose a sales tax of 1% within its boundaries and issue revenue bonds payable from this sales tax.

The more significant accounting policies consistently applied by the District in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all component units for which the District may or may not be financially accountable and, as such, be includable within the District's financial statements. In accordance with GASB Statement No. 14, the District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units to be included in the District's reporting entity.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as U.S. generally accepted accounting principles, the fund financial statements for governmental funds would use the

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

modified accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

The District reports the following major governmental funds:

General Fund -- This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Reserve Fund -- This fund is to be used solely for the payment of interest on the bonds if moneys otherwise available for such purpose are insufficient to pay the interest as it becomes due.

Bond Payment Fund -- This fund is used for the payment of debt principal, interest, and related costs.

4. Investments

Investments are stated at fair value which approximates cost except for guaranteed investment contracts which are stated at contract value.

5. Risk Management

The District is exposed to various risks of loss, however, management believes that there are no significant losses requiring insurance.

6. Use of Estimates

The preparation of basic financial statements requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

7. Concentrations

The District relies solely on sales tax revenues from stores within the District.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B - INVESTMENTS

As of December 31, 2006, the District had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
Primary Government				
Money market mutual funds	\$3,141,364	3,141,364	-	Not rated
Guaranteed investment contracts	<u>3,947,000</u>	<u>-</u>	<u>3,947,000</u>	AAA
Grand Total Investments	<u>\$7,088,364</u>	<u>3,141,364</u>	<u>3,947,000</u>	

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not have a written investment policy covering interest rate risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a written investment policy covering concentration of credit risk.

NOTE C - LONG-TERM DEBT

Bonds payable consisted of the following:

	<u>December 31 2006</u>
2002 transportation revenue bonds originally \$39,470,000, interest rates range from 4.3% to 7.2%, payable semi-annually May 1 and November 1, due May 1, 2033.	\$39,420,000
2005 subordinate transportation revenue note of \$791,507, interest rate at 9%, payable semi-annually May 1 and November 1, due May 1, 2041.	791,507
2006 subordinate transportation revenue note of \$1,831,687, interest rate at 9%, payable semi-annually May 1 and November 1, due May 1, 2041	<u>1,831,687</u>
	<u>\$42,043,194</u>

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - LONG-TERM DEBT (Continued)

The bonds and note, which are limited obligations of the District, are payable solely from certain bond proceeds and sales tax revenues as provided in the indenture. The bonds do not constitute a general obligation of the District, City of Hazelwood, or Missouri Highways and Transportation Commission.

The following is a summary of the changes in the District's long-term debt:

	<u>For The Year Ended December 31, 2006</u>			<u>Balance December 31 2006</u>	<u>Amounts Due Within One Year</u>
	<u>Balance December 31 2005</u>	<u>Additions</u>	<u>Reductions</u>		
	Transportation revenue bonds	\$39,470,000	-		
Transportation revenue note	<u>791,507</u>	<u>1,831,687</u>	<u>-</u>	<u>2,623,194</u>	<u>-</u>
	<u>\$40,261,507</u>	<u>1,831,687</u>	<u>50,000</u>	<u>42,043,194</u>	<u>50,000</u>

A summary of principal debt service requirements for the transportation revenue bonds is as follows:

<u>For The Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 50,000	2,801,489	2,851,489
2008	50,000	2,799,120	2,849,120
2009	50,000	2,796,620	2,846,620
2010	250,000	2,788,777	3,038,777
2011	250,000	2,775,339	3,025,339
2012 - 2016	1,860,000	13,601,598	15,461,598
2017 - 2021	4,250,000	12,594,700	16,844,700
2022 - 2026	7,945,000	10,455,540	18,400,540
2027 - 2031	13,370,000	6,678,720	20,048,720
2032 - 2033	<u>11,345,000</u>	<u>971,100</u>	<u>12,316,100</u>
	<u>\$39,420,000</u>	<u>58,263,003</u>	<u>97,683,003</u>

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales tax	\$ 2,339,635	1,886,964	(452,671)
Investment income	2,000	16,432	14,432
Total Revenues	2,341,635	1,903,396	(438,239)
EXPENDITURES			
Administration	60,696	59,476	(1,220)
Economic activity allocation	1,158,119	798,359	(359,760)
Total Expenditures	1,218,815	857,835	(360,980)
REVENUES OVER EXPENDITURES	1,122,820	1,045,561	(77,259)
OTHER FINANCING SOURCING (USES)			
Transfers in	36,000	33,235	(2,765)
Transfers out	(1,108,819)	(1,000,786)	(108,033)
Total Other Financing Sources (Uses)	(1,072,819)	(967,551)	(105,268)
NET CHANGE IN FUND BALANCE	\$ 50,001	78,010	28,009
FUND BALANCE, JANUARY 1		177,728	
FUND BALANCE, DECEMBER 31		\$ 255,738	

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Budgetary Data

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget is submitted to the Board of Directors. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unreserved balance at the end of such year.
- b. Budget amendments must be approved by the Board of Directors. There were no amendments to the current year budget.
- c. All annual appropriations lapse at fiscal year-end.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
OTHER SUPPLEMENTAL INFORMATION**

OTHER SUPPLEMENTAL INFORMATION SECTION

370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
 OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	Capital Projects Fund	Capitalized Interest Fund	Surplus Fund	Special Assessment Fund	Total Nonmajor Governmental Funds
	<u>\$ 703,201</u>	<u>1,310</u>	<u>457,227</u>	<u>1</u>	<u>1,161,739</u>

ASSETS

Investments

LIABILITIES AND FUND BALANCES

Liabilities

	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Fund Balances

Unreserved, reported in:

Capital Projects Fund

Debt Service Funds

Total Fund Balances

	703,201	-	-	-	703,201
	-	1,310	457,227	1	458,538
	<u>703,201</u>	<u>1,310</u>	<u>457,227</u>	<u>1</u>	<u>1,161,739</u>

Total Liabilities And Fund Balances

	<u>\$ 703,201</u>	<u>1,310</u>	<u>457,227</u>	<u>1</u>	<u>1,161,739</u>
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**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**

**OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Capital Projects Fund	Capitalized Interest Fund	Surplus Fund	Special Assessment Fund	Total Nonmajor Governmental Funds
REVENUES					
Investment income	\$ 32,346	38,968	21,571	478	93,363
EXPENDITURES					
Administration	2,416	3,051	1,612	32	7,111
REVENUES OVER EXPENDITURES	29,930	35,917	19,959	446	86,252
OTHER FINANCING USES					
Transfers out	-	(1,454,181)	(21,905)	(512)	(1,476,598)
NET CHANGE IN FUND BALANCES	29,930	(1,418,264)	(1,946)	(66)	(1,390,346)
FUND BALANCES, JANUARY 1	673,271	1,419,574	459,173	67	2,552,085
FUND BALANCES, DECEMBER 31	\$ 703,201	1,310	457,227	1	1,161,739

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ 20,000	32,346	12,346
EXPENDITURES			
Administration	-	2,416	2,416
Capital outlay	600,000	-	(600,000)
Total Expenditures	<u>600,000</u>	<u>2,416</u>	<u>(597,584)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (580,000)</u>	29,930	<u>609,930</u>
FUND BALANCE, JANUARY 1		<u>673,271</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 703,201</u>	

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**

**OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - BOND PAYMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ -	22,257	22,257
EXPENDITURES			
Administration	5,000	1,565	(3,435)
Debt service - interest paid	2,277,081	2,803,714	526,633
Debt service - principal paid	-	50,000	50,000
Total Expenditures	<u>2,282,081</u>	<u>2,855,279</u>	<u>573,198</u>
REVENUES UNDER EXPENDITURES	<u>(2,282,081)</u>	<u>(2,833,022)</u>	<u>(550,941)</u>
OTHER FINANCING SOURCES			
Transfers in	2,227,081	2,620,371	393,290
Issuance of debt	-	1,831,687	1,831,687
Total Other Financing Sources	<u>2,227,081</u>	<u>4,452,058</u>	<u>2,224,977</u>
NET CHANGE IN FUND BALANCE	<u>\$ (55,000)</u>	1,619,036	<u>1,674,036</u>
FUND BALANCE, JANUARY 1		<u>16,368</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 1,635,404</u>	

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**

**OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ -	478	478
Special assessments	1,154,262	-	(1,154,262)
Total Revenues	<u>1,154,262</u>	<u>478</u>	<u>(1,153,784)</u>
EXPENDITURES			
Administration	<u>-</u>	<u>32</u>	<u>32</u>
REVENUES OVER EXPENDITURES	1,154,262	446	(1,153,816)
OTHER FINANCING USES			
Transfers out	<u>(1,154,262)</u>	<u>(512)</u>	<u>(1,153,750)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(66)</u>	<u>66</u>
FUND BALANCE, JANUARY 1		<u>67</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 1</u>	

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
INTERNAL CONTROL AND COMPLIANCE**

INTERNAL CONTROL AND COMPLIANCE SECTION



Hochschild, Bloom & Company LLP

Certified Public Accountants
Consultants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 15, 2007

Board of Directors

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended December 31, 2006, and have issued our report thereon dated June 15, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated June 15, 2007.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

June 15, 2007

Board of Directors
370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT

Our audit of the financial statements of the **370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) for the year ended December 31, 2006, was performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

There were no significant changes to the District's accounting policies or estimate policies. In addition, these policies were discussed with management and were not a condition of our retention. There were no disagreements or difficulties encountered in performing the audit. There were no uncorrected misstatements aggregated by us during the audit that would be material individually or in aggregate to the financial statements taken as a whole. Various adjusting entries had to be made adjusting balance sheet and revenue/expense accounts.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter entitled "Internal Control and Management Comments and Recommendations" summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 15, 2007, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with District personnel.

This communication is intended solely for the information and use of management, Board of Directors, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss these recommendations with you in greater detail at your convenience. Should you desire assistance in the implementation of these recommendations, please do not hesitate to contact us.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
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**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
INTERNAL CONTROL AND MANAGEMENT
COMMENTS AND RECOMMENDATIONS**

Findings for the year ended December 31, 2006:

1. COMMENT

As noted in the prior year, the budget format was presented in a different method from the District's established funds.

RECOMMENDATION

We recommend the District adopt its budget in a fund format that follows the governmental financial reporting format and to clarify budgeted expenditures by fund.

2. COMMENT

As noted in the prior year, the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit* (SAS 99), focuses on the auditor's consideration of fraud in an audit of financial statements. It is District management's responsibility to document and implement programs and internal controls to prevent, detect, and deter fraud. The District leadership sets the proper tone and creates and maintains a culture of honesty and high ethical standards.

RECOMMENDATION

In light of the issuance by the AICPA of SAS 99, we recommend the District's management consider documenting a fraud detection program that provides for the procedures to be followed should anyone suspect that fraudulent activity is occurring at the District.
