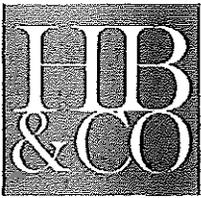

**370/MISSOURI BOTTOM ROAD/
TAUSSIG ROAD TRANSPORTATION
DEVELOPMENT DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2007

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

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets - Modified Cash Basis	8
Statement of Activities - Modified Cash Basis	9
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Funds	10
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds to the Statement of Net Assets - Modified Cash Basis	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	12
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	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Modified Cash Basis - General Fund	21
Notes to Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Modified Cash Basis	22
OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds	24
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds	25
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Modified Cash Basis:	
Capital Projects Fund	26
Bond Payment Fund	27
Special Assessment Fund	28
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30



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

INDEPENDENT AUDITORS' REPORT

December 2, 2008

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, 2007, 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 also 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 - modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2007, and the respective changes in financial position - modified cash basis 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 our report dated December 2, 2008, 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, Bloom & 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, 2007**

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, 2007. 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 \$37,474,266.
- * The District's total net assets decreased by \$2,519,436. 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 \$6,461,472, a decrease of \$626,892 from the prior year. Approximately 38% of this amount, \$2,426,431, 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 \$5,000, or 0.4%, 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, 2007**

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, Capital Projects 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 funds 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 19 of this report.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Required supplemental information. This management's discussion and analysis and the General Fund budgetary comparison schedule (starting on page 21) 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 24) 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 \$37,474,266 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>2007 Change</u>	
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Investments	\$ <u>6,461,472</u>	<u>7,088,364</u>	<u>(626,892)</u>	(8.8%)
LIABILITIES				
Due within one year	50,000	50,000	-	-
Due in more than one year	<u>43,885,738</u>	<u>41,993,194</u>	<u>1,892,544</u>	4.5
Total Liabilities	<u>43,935,738</u>	<u>42,043,194</u>	<u>1,892,544</u>	4.5
NET ASSETS (DEFICIENCY)				
Restricted - debt service	4,035,041	4,035,483	(442)	-
Unrestricted	<u>(41,509,307)</u>	<u>(38,990,313)</u>	<u>(2,518,994)</u>	(6.5)
Total Net Assets (Deficiency)	<u>(\$37,474,266)</u>	<u>(34,954,830)</u>	<u>(2,519,436)</u>	(7.2%)

Governmental activities. Governmental activities decreased the District's net assets by \$2,519,436.

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, 2007**

	For The Years		2007 Change	
	2007	2006	Amount	Percent
REVENUES				
General revenues:				
Sales tax	\$ 1,865,611	1,886,964	(21,353)	(1.1%)
Investment income	295,434	309,689	(14,255)	(4.6)
Miscellaneous income	<u>33,954</u>	<u>-</u>	<u>33,954</u>	N/A
Total Revenues	<u>2,194,999</u>	<u>2,196,653</u>	<u>(1,654)</u>	(.1)
EXPENSES				
Administrative	177,643	68,418	109,225	159.6
Economic activity allocation	814,998	798,359	16,639	2.1
Transportation development	900,000	-	900,000	N/A
Bond issuance costs	20,305	-	20,305	N/A
Interest on long-term debt	<u>2,801,489</u>	<u>2,803,714</u>	<u>(2,225)</u>	(0.1)
Total Expenses	<u>4,714,435</u>	<u>3,670,491</u>	<u>1,043,944</u>	28.4
CHANGE IN NET ASSETS	(2,519,436)	(1,473,838)	(1,045,598)	(70.9)
NET ASSETS (DEFICIENCY), JANUARY 1	(34,954,830)	(33,480,992)	(1,473,838)	(4.4)
NET ASSETS (DEFICIENCY), DECEMBER 31	(<u>\$37,474,266</u>)	(<u>34,954,830</u>)	(<u>2,519,436</u>)	(7.2%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$6,461,472.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District amended its budget in 2007. Revenues were \$88,882 below the budgeted amount of \$1,968,173. Expenditures were \$90,643 over the budgeted amount of \$1,052,581. Other financing sources (uses) were \$84,715 over the budgeted uses amount of \$902,090.

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

LONG-TERM DEBT

At the end of the current fiscal year, the District had debt outstanding of \$43,935,738. This amount is \$39,370,000 of transportation revenue bonds and \$4,565,738 of transportation revenues notes. The District issued an additional \$1,942,544 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 85% of total revenues. Debt service will require the greatest usage of resources amounting to 75% of the total expenditures. These factors were considered in preparing the District's 2008 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, 2007**

	Governmental Activities
ASSETS	
Investments	\$ 2,426,431
Investments - restricted for debt service	4,035,041
Total Assets	6,461,472
LIABILITIES	
Noncurrent liabilities:	
Due within one year	50,000
Due in more than one year	43,885,738
Total Liabilities	43,935,738
NET ASSETS (DEFICIENCY)	
Restricted - debt service	4,035,041
Unrestricted	(41,509,307)
Total Net Assets (Deficiency)	\$ (37,474,266)

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Net Revenues (Expenses) And Change In Net Assets</u>
Governmental Activities		
Administrative	\$ 177,643	(177,643)
Economic activity allocation	814,998	(814,998)
Transportation development	900,000	(900,000)
Bond issuance costs	20,305	(20,305)
Interest on long-term debt	2,801,489	(2,801,489)
Total Governmental Activities	<u>\$ 4,714,435</u>	<u>(4,714,435)</u>
 General Revenues		
Sales tax		1,865,611
Investment income		295,434
Miscellaneous income - refund of property taxes		33,954
Total General Revenues		<u>2,194,999</u>
 CHANGE IN NET ASSETS		 (2,519,436)
 NET ASSETS (DEFICIENCY), JANUARY 1		 <u>(34,954,830)</u>
 NET ASSETS (DEFICIENCY), DECEMBER 31		 <u>\$ (37,474,266)</u>

See notes to financial statements

**370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Bond Payment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Investments	\$ 5,000	-	-	1,963,752	457,679	2,426,431
Investments - restricted for debt service	-	-	4,035,041	-	-	4,035,041
Total Assets	<u>\$ 5,000</u>	<u>-</u>	<u>4,035,041</u>	<u>1,963,752</u>	<u>457,679</u>	<u>6,461,472</u>
LIABILITIES AND FUND BALANCES						
Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Unreserved, reported in:						
General Fund	5,000	-	-	-	-	5,000
Debt Service Funds	-	-	-	1,963,752	457,679	2,421,431
Reserved - debt service	-	-	4,035,041	-	-	4,035,041
Total Fund Balances	<u>5,000</u>	<u>-</u>	<u>4,035,041</u>	<u>1,963,752</u>	<u>457,679</u>	<u>6,461,472</u>
Total Liabilities And Fund Balances	<u>\$ 5,000</u>	<u>-</u>	<u>4,035,041</u>	<u>1,963,752</u>	<u>457,679</u>	<u>6,461,472</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, 2007**

Total Fund Balances - Governmental Funds \$ 6,461,472

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	(39,370,000)
Transportation revenue notes	<u>(4,565,738)</u>

Total Net Assets (Deficiency) Of Governmental Activities \$ (37,474,266)

**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, 2007**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Bond Payment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Sales tax	\$ 1,865,611	-	-	-	-	1,865,611
Investment income	13,680	10,397	177,497	71,348	22,512	295,434
Miscellaneous income - refund of property taxes	-	33,954	-	-	-	33,954
Total Revenues	<u>1,879,291</u>	<u>44,351</u>	<u>177,497</u>	<u>71,348</u>	<u>22,512</u>	<u>2,194,999</u>
EXPENDITURES						
Administration	167,297	8,481	246	-	1,619	177,643
Economic activity allocation	814,998	-	-	-	-	814,998
Transportation development	160,929	739,071	-	-	-	900,000
Bond issuance costs	-	-	-	20,305	-	20,305
Debt service - interest paid	-	-	-	2,801,489	-	2,801,489
Debt service - principal paid	-	-	-	50,000	-	50,000
Total Expenditures	<u>1,143,224</u>	<u>747,552</u>	<u>246</u>	<u>2,871,794</u>	<u>1,619</u>	<u>4,764,435</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>736,067</u>	<u>(703,201)</u>	<u>177,251</u>	<u>(2,800,446)</u>	<u>20,893</u>	<u>(2,569,436)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	33,633	-	-	1,280,373	1	1,314,007
Transfers out	(1,114,561)	-	(177,693)	-	(21,753)	(1,314,007)
Issuance of debt	94,123	-	-	1,848,421	-	1,942,544
Total Other Financing Sources (Uses)	<u>(986,805)</u>	<u>-</u>	<u>(177,693)</u>	<u>3,128,794</u>	<u>(21,752)</u>	<u>1,942,544</u>
NET CHANGE IN FUND BALANCES	(250,738)	(703,201)	(442)	328,348	(859)	(626,892)
FUND BALANCES, JANUARY 1	<u>255,738</u>	<u>703,201</u>	<u>4,035,483</u>	<u>1,635,404</u>	<u>458,538</u>	<u>7,088,364</u>
FUND BALANCES, DECEMBER 31	<u>\$ 5,000</u>	<u>-</u>	<u>4,035,041</u>	<u>1,963,752</u>	<u>457,679</u>	<u>6,461,472</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, 2007**

Net Change In Fund Balances - Governmental Funds \$ (626,892)

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 the 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 notes	<u>(1,942,544)</u>

Change In Net Assets (Deficiency) Of Governmental Activities \$ (2,519,436)

**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.

Capital Projects Fund -- This fund is used to account for bond proceeds used for transportation development projects.

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 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, 2007, 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	\$2,514,472	2,514,472	-	Not rated
Guaranteed investment contracts	<u>3,947,000</u>	-	<u>3,947,000</u>	AAA
Grand Total Investments	<u>\$6,461,472</u>	<u>2,514,472</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 2007</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.	\$39,370,000
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.	1,831,687
2007 subordinate transportation revenue note of \$1,942,544, interest rate at 9%, payable semi-annually May 1 and November 1, due May 1, 2041.	<u>1,942,544</u>
	<u>\$43,935,738</u>

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

NOTE C - LONG-TERM DEBT (Continued)

The bonds and notes, 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, the City, or the 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, 2007</u>			<u>Amounts Due Within One Year</u>	
	<u>Balance December 31 2006</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance December 31 2007</u>
Transportation revenue bonds	\$39,420,000	-	50,000	39,370,000	50,000
Transportation revenue notes	<u>2,623,194</u>	<u>1,942,544</u>	<u>-</u>	<u>4,565,738</u>	<u>-</u>
	<u>\$42,043,194</u>	<u>1,942,544</u>	<u>50,000</u>	<u>43,935,738</u>	<u>50,000</u>

At December 31, 2007, there is \$428,750 of accrued interest payable on the subordinate transportation revenue notes, not recorded in the financial statements due per the modified cash basis of accounting.

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>
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	250,000	2,761,276	3,011,276
2013 - 2017	2,230,000	13,471,142	15,701,142
2018 - 2022	4,875,000	12,270,100	17,145,100
2023 - 2027	8,870,000	9,850,680	18,720,680
2028 - 2032	14,730,000	5,667,120	20,397,120
2033	<u>7,815,000</u>	<u>281,340</u>	<u>8,096,340</u>
	<u>\$39,370,000</u>	<u>55,461,514</u>	<u>94,831,514</u>

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

NOTE D - COMMITMENT

The District entered into an agreement with the Developer for the Reimbursement of certain Transportation Project Costs in the amount of \$3,734,002. As of December 31, 2007, the District had paid the Developer \$900,000 toward the agreement. The District is in the process of securing the remaining Subordinate Transportation Revenue Notes in the amount of \$2,834,002 to fulfill the terms of the agreement.

NOTE E - SUBSEQUENT EVENT

The District is in the process of issuing Subordinate Revenue Transportation Notes in the amount of \$880,889 plus costs of issuance to cover the anticipated debt service payments for 2009.

**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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Sales tax	\$ 2,000,000	1,920,571	1,865,611	(54,960)
Investment income	200,000	47,602	13,680	(33,922)
Total Revenues	<u>2,200,000</u>	<u>1,968,173</u>	<u>1,879,291</u>	<u>(88,882)</u>
EXPENDITURES				
Administration	21,300	202,054	167,297	(34,757)
Economic activity allocation	875,000	850,527	814,998	(35,529)
Transportation development	127,763	-	160,929	160,929
Total Expenditures	<u>1,024,063</u>	<u>1,052,581</u>	<u>1,143,224</u>	<u>90,643</u>
REVENUES OVER EXPENDI- TURES	<u>1,175,937</u>	<u>915,592</u>	<u>736,067</u>	<u>(179,525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	127,198	934,874	33,633	(901,241)
Transfers out	(1,153,700)	(1,931,087)	(1,114,561)	(816,526)
Issuance of debt	-	94,123	94,123	-
Total Other Financing Sources (Uses)	<u>(1,026,502)</u>	<u>(902,090)</u>	<u>(986,805)</u>	<u>84,715</u>
NET CHANGE IN FUND BALANCE	<u>\$ 149,435</u>	<u>13,502</u>	<u>(250,738)</u>	<u>(264,240)</u>
FUND BALANCE, JANUARY 1			<u>255,738</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 5,000</u>	

**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, 2007**

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. Budgets are adopted for the General, Capital Projects, Bond Payment, and Special Assessment Funds.
- b. Budget amendments must be approved by the Board of Directors.
- c. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2007, expenditures exceeded appropriations in the General Fund and the Bond Payment Fund. These over expenditures were funded by available fund balances.

**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, 2007**

	<u>Capitalized Interest Fund</u>	<u>Surplus Fund</u>	<u>Special Assessment Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Investments	\$ 1,371	456,308	-	457,679
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	-	-	-
Fund Balances				
Unreserved, reported in:				
Debt Service Funds	1,371	456,308	-	457,679
Total Liabilities And Fund Balances	\$ 1,371	456,308	-	457,679

**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, 2007**

	<u>Capitalized Interest Fund</u>	<u>Surplus Fund</u>	<u>Special Assessment Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Investment income	\$ 64	22,448	-	22,512
Miscellaneous income - refund of property taxes	-	-	-	-
Total Revenues	<u>64</u>	<u>22,448</u>	<u>-</u>	<u>22,512</u>
EXPENDITURES				
Administration	<u>4</u>	<u>1,615</u>	<u>-</u>	<u>1,619</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>60</u>	<u>20,833</u>	<u>-</u>	<u>20,893</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1	-	-	1
Transfers out	-	<u>(21,752)</u>	<u>(1)</u>	<u>(21,753)</u>
Total Other Financing Sources (Uses)	<u>1</u>	<u>(21,752)</u>	<u>(1)</u>	<u>(21,752)</u>
NET CHANGE IN FUND BALANCES	61	(919)	(1)	(859)
FUND BALANCES, JANUARY 1	<u>1,310</u>	<u>457,227</u>	<u>1</u>	<u>458,538</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,371</u>	<u>456,308</u>	<u>-</u>	<u>457,679</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 - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Investment income	\$ -	7,350	10,397	3,047
Miscellaneous income - refund of property taxes	-	33,955	33,954	(1)
Total Revenues	<u>-</u>	<u>41,305</u>	<u>44,351</u>	<u>3,046</u>
EXPENDITURES				
Administration	-	-	8,481	8,481
Transportation development	880,832	739,588	739,071	(517)
Capital outlay	-	3,100,000	-	(3,100,000)
Total Expenditures	<u>880,832</u>	<u>3,839,588</u>	<u>747,552</u>	<u>(3,092,036)</u>
REVENUES UNDER EXPENDI- TURES	(880,832)	(3,798,283)	(703,201)	3,095,082
OTHER FINANCING SOURCES				
Issuance of debt	-	3,100,000	-	(3,100,000)
NET CHANGE IN FUND BALANCE	<u>\$ (880,832)</u>	<u>(698,283)</u>	<u>(703,201)</u>	<u>(4,918)</u>
FUND BALANCE, JANUARY 1			<u>703,201</u>	
FUND BALANCE, DECEMBER 31			<u>\$ -</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, 2007**

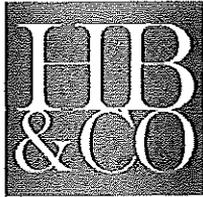
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Investment income	\$ -	181,123	71,348	(109,775)
EXPENDITURES				
Administration	-	6,838	-	(6,838)
Bond issuance costs	-	-	20,305	20,305
Debt service - interest paid	2,675,000	2,801,489	2,801,489	-
Debt service - principal paid	-	50,000	50,000	-
Total Expenditures	<u>2,675,000</u>	<u>2,858,327</u>	<u>2,871,794</u>	<u>13,467</u>
REVENUES UNDER EXPEN- DITURES	<u>(2,675,000)</u>	<u>(2,677,204)</u>	<u>(2,800,446)</u>	<u>(123,242)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,376,502	1,162,024	1,280,373	118,349
Transfers out	-	(285,992)	-	285,992
Issuance of debt	-	1,831,687	1,848,421	16,734
Total Other Financing Sources (Uses)	<u>3,376,502</u>	<u>2,707,719</u>	<u>3,128,794</u>	<u>421,075</u>
NET CHANGE IN FUND BALANCE	<u>\$ 701,502</u>	<u>30,515</u>	328,348	<u>297,833</u>
FUND BALANCE, JANUARY 1			<u>1,635,404</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,963,752</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, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Special assessments	\$ 2,350,000	-	-	-
EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES	2,350,000	-	-	-
OTHER FINANCING USES				
Transfers out	(2,350,000)	-	(1)	1
NET CHANGE IN FUND BALANCE	\$ -	-	(1)	1
FUND BALANCE, JANUARY 1			1	
FUND BALANCE, DECEMBER 31			\$ -	

**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***

December 2, 2008

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, 2007, and have issued our report thereon dated December 2, 2008. 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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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 December 2, 2008.

This report is intended solely for the information and use of management and applicable regulatory agencies, 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