
**OLIVE BOULEVARD
TRANSPORTATION
DEVELOPMENT DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2010

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
FINANCIAL REPORT**

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

INDEPENDENT AUDITORS' REPORT

December 31, 2010

Board of Directors

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**

We have audited the accompanying financial statements of the governmental activities and each major fund of the **OLIVE BOULEVARD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended June 30, 2010, 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 a 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 and each major fund as of June 30, 2010, and the respective changes in financial position - modified cash basis thereof for the year then ended, in conformity with the basis of accounting described in Note A-3.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2010, 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 important for 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 opinions on the financial statements that collectively comprise the District's financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated 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

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

As management of the Olive Boulevard 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 June 30, 2010. 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 \$3,146,781 (net assets). This amount represents a \$186,213 decrease from the prior year. The decrease is primarily a result of transportation project expenditures.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balances of \$1,497,550. Approximately 72% of this amount, \$1,074,368, is available for spending at the District's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$70,548 or 206% 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.

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, if any.

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

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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 six 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, Special Assessment Fund, Capital Projects Fund, Bond Payment Fund, Bond Redemption Fund, and Debt Service Reserve Fund, which are all considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. 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.

Required supplemental information. This management's discussion and analysis and the General Fund and Special Assessment Fund budgetary comparison schedules 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 includes optional financial information such as other budgetary comparison schedules. This other supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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 \$3,146,781 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>June 30</u>		<u>2010 Change</u>	
	<u>2010</u>	<u>2009</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Investments	\$ 1,497,550	1,907,675	(410,125)	(21.5) %
Bond issue costs	190,344	200,362	(10,018)	(5.0)
Total Assets	<u>1,687,894</u>	<u>2,108,037</u>	<u>(420,143)</u>	(19.9)
LIABILITIES				
Due within one year	215,000	340,000	(125,000)	(36.8)
Due in more than one year	4,619,675	4,728,605	(108,930)	(2.3)
Total Liabilities	<u>4,834,675</u>	<u>5,068,605</u>	<u>(233,930)</u>	(4.6)
NET ASSETS (DEFICIENCY)				
Restricted	1,426,399	1,744,988	(318,589)	(18.3)
Unrestricted	<u>(4,573,180)</u>	<u>(4,705,556)</u>	<u>132,376</u>	2.8
Total Net Assets (Deficiency)	<u>\$ (3,146,781)</u>	<u>(2,960,568)</u>	<u>(186,213)</u>	(6.3) %

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

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

	For The Years Ended June 30		2010 Change	
	2010	2009	Amount	Percent
REVENUES				
Program revenues:				
Operating grants and contributions	\$ -	112,500	(112,500)	100.0 %
General revenues:				
Sales tax	305,186	402,589	(97,403)	(24.2)
Special assessments	143,246	142,297	949	0.7
Investment income	5,169	34,554	(29,385)	(85.0)
Total Revenues	<u>453,601</u>	<u>691,940</u>	<u>(238,339)</u>	<u>(34.4)</u>
EXPENDITURES				
Administrative	100,908	109,430	(8,522)	(7.8)
Transportation development	322,693	1,294,763	(972,070)	(75.1)
Interest on long-term debt	216,213	229,826	(13,613)	(5.9)
Total Expenditures	<u>639,814</u>	<u>1,634,019</u>	<u>(994,205)</u>	<u>(60.8)</u>
CHANGE IN NET ASSETS	(186,213)	(942,079)	755,866	80.2
NET ASSETS (DEFICIENCY), JULY 1	<u>(2,960,568)</u>	<u>(2,018,489)</u>	<u>(942,079)</u>	<u>(46.7)</u>
NET ASSETS (DEFICIENCY), JUNE 30	<u><u>\$ (3,146,781)</u></u>	<u><u>(2,960,568)</u></u>	<u><u>(186,213)</u></u>	<u><u>(6.3) %</u></u>

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 \$1,497,550, a decrease of \$410,125 from the prior year. The decrease is primarily related to additional capital projects being completed. In addition, sales tax revenues are down due to timing of collections through the City and State.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$56,660 below the budgeted amount of \$361,854. Expenditures were equal to the budgeted amount of \$34,169. Other financing sources (uses) were \$627 above the budgeted amount of \$363,185.

LONG-TERM DEBT

At the end of the current fiscal year, the District had net debt outstanding of \$4,834,675. This amount is transportation sales tax and special assessment revenue bonds and a note payable.

Additional information can be found in Note C in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Sales tax and special assessments are the main source of revenue for the District at approximately 99% of total revenues. Interest revenue is expected to make up the remainder of revenues. Capital outlay and debt service will require the greatest usage of resources. These factors were considered in preparing the District's 2011 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 Robert Klahr at 314-621-5070.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2010**

	Governmental Activities
ASSETS	
Investments	\$ 1,258,147
Investments - restricted for debt service	239,403
Bond issue costs (net of accumulated amortization of \$50,090)	190,344
Total Assets	1,687,894
LIABILITIES	
Noncurrent liabilities:	
Due within one year	215,000
Due in more than one year	4,619,675
Total Liabilities	4,834,675
NET ASSETS (DEFICIENCY)	
Restricted for:	
Capital projects	1,000,041
Debt service	242,579
Protested special assessments	183,779
Unrestricted	(4,573,180)
Total Net Assets (Deficiency)	\$ (3,146,781)

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenues Operating Grants And Contributions</u>	<u>Net Revenues (Expenses) And Change In Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities			
Administrative	\$ 100,908	-	(100,908)
Transportation development	322,693	-	(322,693)
Interest on long-term debt	216,213	-	(216,213)
Total Governmental Activities	<u>\$ 639,814</u>	<u>-</u>	<u>(639,814)</u>
General Revenues			
Sales tax			305,186
Special assessments			143,246
Investment income			5,169
Total General Revenues			<u>453,601</u>
CHANGE IN NET ASSETS			(186,213)
NET ASSETS (DEFICIENCY), JULY 1			<u>(2,960,568)</u>
NET ASSETS (DEFICIENCY), JUNE 30			<u>\$ (3,146,781)</u>

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Assessment Fund</u>	<u>Capital Projects Fund</u>	<u>Bond Payment Fund</u>	<u>Bond Redemption Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Total Governmental Funds</u>
ASSETS							
Investments	\$ 70,548	184,382	1,000,041	1	3,175	-	1,258,147
Investments - restricted for debt service	-	-	-	-	-	239,403	239,403
Total Assets	<u>\$ 70,548</u>	<u>184,382</u>	<u>1,000,041</u>	<u>1</u>	<u>3,175</u>	<u>239,403</u>	<u>1,497,550</u>
LIABILITIES AND FUND BALANCES							
Liabilities	\$ -	-	-	-	-	-	-
Fund Balances							
Unreserved, reported in:							
General Fund	70,548	-	-	-	-	-	70,548
Special Revenue Fund	-	603	-	-	-	-	603
Capital Projects Fund	-	-	1,000,041	-	-	-	1,000,041
Debt Service Funds	-	-	-	1	3,175	-	3,176
Reserved for debt service	-	-	-	-	-	239,403	239,403
Reserved for protested special assessments	-	183,779	-	-	-	-	183,779
Total Fund Balances	<u>70,548</u>	<u>184,382</u>	<u>1,000,041</u>	<u>1</u>	<u>3,175</u>	<u>239,403</u>	<u>1,497,550</u>
Total Liabilities And Fund Balances	<u>\$ 70,548</u>	<u>184,382</u>	<u>1,000,041</u>	<u>1</u>	<u>3,175</u>	<u>239,403</u>	<u>1,497,550</u>

See notes to financial statements

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2010**

Total Fund Balances - Governmental Funds	\$ 1,497,550
Amounts reported for governmental activities in the statement of net assets are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds:	
Bond issuance costs, net	190,344
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:	
Note payable	(700,000)
Revenue bonds	(4,155,000)
Discount on revenue bonds, net	<u>20,325</u>
Net Assets (Deficiency) Of Governmental Activities	<u>\$ (3,146,781)</u>

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Special Assessment Fund	Capital Projects Fund	Bond Payment Fund	Bond Redemption Fund	Debt Service Reserve Fund	Total Governmental Funds
REVENUES							
Sales tax	\$ 305,186	-	-	-	-	-	305,186
Special assessments	-	143,246	-	-	-	-	143,246
Investment income	8	-	1,891	4	4	3,262	5,169
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>305,194</u>	<u>143,246</u>	<u>1,891</u>	<u>4</u>	<u>4</u>	<u>3,262</u>	<u>453,601</u>
EXPENDITURES							
Administrative	34,169	-	66,739	-	-	-	100,908
Capital outlay	-	-	322,693	-	-	-	322,693
Debt service:							
Principal	-	-	-	-	235,000	-	235,000
Interest	-	-	-	205,125	-	-	205,125
Total Expenditures	<u>34,169</u>	<u>-</u>	<u>389,432</u>	<u>205,125</u>	<u>235,000</u>	<u>-</u>	<u>863,726</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>271,025</u>	<u>143,246</u>	<u>(387,541)</u>	<u>(205,121)</u>	<u>(234,996)</u>	<u>3,262</u>	<u>(410,125)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	627	-	-	205,122	234,710	145	440,604
Transfers out	<u>(363,185)</u>	<u>(76,647)</u>	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>(627)</u>	<u>(440,604)</u>
Total Other Financing Sources (Uses)	<u>(362,558)</u>	<u>(76,647)</u>	<u>-</u>	<u>205,122</u>	<u>234,565</u>	<u>(482)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(91,533)	66,599	(387,541)	1	(431)	2,780	(410,125)
FUND BALANCES, JULY 1	<u>162,081</u>	<u>117,783</u>	<u>1,387,582</u>	<u>-</u>	<u>3,606</u>	<u>236,623</u>	<u>1,907,675</u>
FUND BALANCES, JUNE 30	<u>\$ 70,548</u>	<u>184,382</u>	<u>1,000,041</u>	<u>1</u>	<u>3,175</u>	<u>239,403</u>	<u>1,497,550</u>

See notes to financial statements

**OLIVE BOULEVARD 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 JUNE 30, 2010**

Net Changes In Fund Balances - Governmental Funds \$ (410,125)

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

Under the modified cash basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the modified cash basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Discount on bond issuance - amortization	(1,070)
Bond issuance costs - amortization	(10,018)

The issuance of long-term debt (e.g., revenue bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the 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:

Bond principal payments	<u>235,000</u>
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Change In Net Assets Of Governmental Activities \$ (186,213)

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **OLIVE BOULEVARD TRANSPORTATION DEVELOPMENT DISTRICT** (the District), organized September 2004, 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 various retail and office development projects in the City of Creve Coeur, Missouri (the City). Generally, the District is authorized to impose a sales tax of 1/2% 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.

**OLIVE BOULEVARD 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/expenses 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

**OLIVE BOULEVARD 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.

Special Assessment Fund -- This fund is used to account for the special assessments which are used to repay debt.

Capital Projects Fund -- This fund is to be used for the acquisition, construction, or maintenance of major capital facilities and public improvements.

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

Bond Redemption Fund -- This fund is used to account for the payment of debt principal.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Investments

Investments are stated at fair value.

5. Amortization

In government-wide financial statements, bond discounts are recorded as a reduction of the debt obligation and bond issuance costs are recorded as an asset. Such amounts are amortized over the term of the related bonds.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Amortization (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

6. Concentrations

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

7. Risk Management

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

8. 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.

NOTE B - INVESTMENTS

State statutes and debt covenants authorize the District to invest in obligations of the U.S. Treasury, U.S. agencies, various state and local governments, commercial paper, repurchase agreements, and various other investment types.

As of June 30, 2010, the District had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>Maturities</u>		<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	
Primary Government				
Money market mutual funds	\$ 859,905	859,905	-	N/A
U.S. Treasury bills	<u>637,645</u>	<u>-</u>	<u>637,645</u>	N/A
Total Primary Government Investments	<u>\$1,497,550</u>	<u>859,905</u>	<u>637,645</u>	

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE B - INVESTMENTS (Continued)

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

Debt payable consisted of the following:

	<u>June 30</u> <u>2010</u>
2005 transportation sales tax and special assessment revenue bonds of \$5,090,000, interest rate of 4.5% to 4.875%, payable semi-annually April 1 and October 1, final maturity October 1, 2029.	\$4,155,000
Note payable with no stated interest rate and no stated maturity date	<u>700,000</u>
Total Long-term Debt	<u>\$4,855,000</u>

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

The District entered into an agreement with the developer and two of the property owners for a note payable in the amount of \$700,000 in order to complete a specific project. The loan, which is contingent upon the formation of another transportation development district, will be repaid upon the issuance of subordinate notes or bonds, a portion of which will be secured by tax revenues of the other transportation development district.

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

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - LONG-TERM DEBT (Continued)

	<u>For The Year Ended June 30, 2010</u>			<u>Balance June 30 2010</u>	<u>Amounts Due Within One Year</u>
	<u>Balance June 30 2009</u>	<u>Additions</u>	<u>Reductions</u>		
Revenue bonds	\$4,390,000	-	235,000	4,155,000	215,000
Less - Discount	(21,395)	-	(1,070)	(20,325)	-
Note payable	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>-</u>
Total	<u>\$5,068,605</u>	<u>-</u>	<u>233,930</u>	<u>4,834,675</u>	<u>215,000</u>

NOTE D - INTERFUND TRANSFERS

<u>Transfers From</u>	<u>Transfers To</u>	<u>June 30 2010</u>
General Fund	Bond Payment Fund	\$205,122
General Fund	Bond Redemption Fund	158,063
Special Assessment Fund	Bond Redemption Fund	76,647
Debt Service Reserve Fund	General Fund	627
Bond Redemption Fund	Debt Service Reserve Fund	<u>145</u>
Total		<u>\$440,604</u>

NOTE E - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$1,426,399 of restricted net assets of which \$1,183,820 is restricted by enabling legislation. The balance of \$242,579 is restricted by indentures of the long-term debt.

NOTE F - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), establishes standards for the policies and disclosures for fund balance among other things. GASB 54 will be effective for the District for the year ending June 30, 2011. The District, however, has not yet completed its assessment of the statement or the potential impact of the statement on its financial position.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

**OLIVE BOULEVARD 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 JUNE 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Sales tax	\$ 365,000	361,846	305,186	(56,660)
Investment income	500	8	8	-
Total Revenues	365,500	361,854	305,194	(56,660)
EXPENDITURES				
Administrative	21,798	34,169	34,169	-
REVENUES OVER EXPENDITURES	343,702	327,685	271,025	(56,660)
OTHER FINANCING (SOURCES)				
USES				
Transfers in	1,195	-	627	627
Transfers out	(411,230)	(363,185)	(363,185)	-
Total other Financing (Sources) Uses	(410,035)	(363,185)	(362,558)	627
NET CHANGE IN FUND BALANCE	\$ (66,333)	(35,500)	(91,533)	(56,033)
FUND BALANCE, JULY 1			162,081	
FUND BALANCE, JUNE 30			\$ 70,548	

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND
ACTUAL - MODIFIED CASH BASIS - SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Special assessments	\$ 141,577	141,577	143,246	1,669
Investment income	750	652	-	(652)
Total Revenues	142,327	142,229	143,246	1,017
EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES	142,327	142,229	143,246	1,017
OTHER FINANCING USES				
Transfers out	-	(76,647)	(76,647)	-
NET CHANGE IN FUND BALANCE	\$ 142,327	65,582	66,599	1,017
FUND BALANCE, JULY 1			117,783	
FUND BALANCE, JUNE 30			\$ 184,382	

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

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 all funds.
- b. The budget must be adopted by the Board of Directors prior to the beginning of the fiscal year.
- c. Budget amendments must be approved by the Board of Directors.
- d. All annual appropriations lapse at fiscal year-end.

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT
OTHER SUPPLEMENTAL INFORMATION**

OTHER SUPPLEMENTAL INFORMATION SECTION

**OLIVE BOULEVARD 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 JUNE 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Investment income	\$ 10,000	2,179	1,891	(288)
EXPENDITURES				
Administrative	174,000	66,739	66,739	-
Capital outlay	1,110,503	322,932	322,693	(239)
Total Expenditures	1,284,503	389,671	389,432	(239)
NET CHANGE IN FUND BALANCE				
	\$ (1,274,503)	(387,492)	(387,541)	(49)
FUND BALANCE, JULY 1			1,387,582	
FUND BALANCE, JUNE 30			\$ 1,000,041	

**OLIVE BOULEVARD 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 JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Investment income	\$ 50	-	4	4
EXPENDITURES				
Debt service - interest	<u>206,330</u>	<u>205,131</u>	<u>205,125</u>	<u>(6)</u>
REVENUES UNDER EXPENDITURES	(206,280)	(205,131)	(205,121)	10
OTHER FINANCING SOURCES				
Transfers in	<u>206,280</u>	<u>205,150</u>	<u>205,122</u>	<u>(28)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>19</u>	1	<u>(18)</u>
FUND BALANCE, JULY 1			<u>-</u>	
FUND BALANCE, JUNE 30			<u>\$ 1</u>	

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND
ACTUAL - MODIFIED CASH BASIS - BOND REDEMPTION FUND
FOR THE YEAR ENDED JUNE 30, 2010**

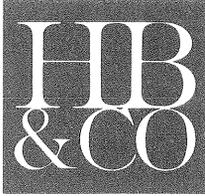
	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Investment income	\$ 50	5	4	(1)
EXPENDITURES				
Debt service - principal	205,000	235,000	235,000	-
REVENUES UNDER EXPENDITURES	(204,950)	(234,995)	(234,996)	(1)
OTHER FINANCING SOURCES (USES)				
Transfers in	204,950	235,310	234,710	(600)
Transfers out	-	(146)	(145)	1
Total Other Financing Sources (Uses)	204,950	235,164	234,565	(599)
NET CHANGE IN FUND BALANCE	\$ -	169	(431)	(600)
FUND BALANCE, JULY 1			3,606	
FUND BALANCE, JUNE 30			\$ 3,175	

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND
ACTUAL - MODIFIED CASH BASIS - DEBT SERVICE RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Investment income	\$ 1,195	772	3,262	2,490
EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES	1,195	772	3,262	2,490
OTHER FINANCING SOURCES (USES)				
Transfers in	-	146	145	(1)
Transfers out	(1,195)	(627)	(627)	-
Total other Financing Sources (Uses)	(1,195)	(481)	(482)	(1)
NET CHANGE IN FUND BALANCE	\$ -	291	2,780	2,489
FUND BALANCE, JULY 1			236,623	
FUND BALANCE, JUNE 30			\$ 239,403	

**OLIVE BOULEVARD 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 31, 2010

Board of Directors

**OLIVE BOULEVARD TRANSPORTATION
DEVELOPMENT DISTRICT**

We have audited the financial statements of the governmental activities and each major fund of the **OLIVE BOULEVARD TRANSPORTATION DEVELOPMENT DISTRICT** (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 have reported to management of the District in a separate letter dated December 31, 2010.

This report is intended solely for the information and use of management, the Board of Directors, and applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS