

LINDBERGH SCHOOLS

FINANCIAL STATEMENTS

June 30, 2018

LINDBERGH SCHOOLS

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Independent Auditors' Report

Board of Education
Lindbergh Schools

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Lindbergh Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lindbergh Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Other Locations

Carbondale, IL • Columbia, IL • Harrisburg, IL • Litchfield, IL • O'Fallon, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lindbergh Schools as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lindbergh Schools' basic financial statements. The supplementary information and schedule of selected statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 26-34, and schedule of selected statistics on pages 36-39, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The schedule of expenditures of federal awards on page 45 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of the Lindbergh Schools' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lindbergh Schools' internal control over financial reporting and compliance.

Keiser, Eck & Braeckel LLP

St. Louis, Missouri
September 25, 2018

LINDBERGH SCHOOLS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2018

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 42,993,335
Restricted cash and investments	<u>1,335,029</u>
TOTAL ASSETS	<u><u>\$ 44,328,364</u></u>
LIABILITIES	
Payroll withholdings	\$ 2,387,015
NET POSITION	
Restricted for:	
Debt service	12,260,888
Capital projects	1,335,029
Unrestricted	<u>28,345,432</u>
Total net position	<u><u>41,941,349</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 44,328,364</u></u>

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended June 30, 2018

Function/Program	Expenses	Program revenues			Net (expense)
		Charges for services	Operating grants and contributions	Capital grants and contributions	revenue and changes in net position
					Total governmental activities
Governmental activities					
Instruction	\$ 39,352,169	\$ 1,839,097	\$ 17,936	\$ -	\$ (37,495,136)
Attendance	134,123	-	-	-	(134,123)
Guidance	1,604,465	1,526	5,643	-	(1,597,296)
Health, psych, speech and audio	705,363	-	-	-	(705,363)
Improvement of instruction	710,264	-	17,644	-	(692,620)
Professional development	105,551	-	-	-	(105,551)
Media services	1,092,106	-	-	-	(1,092,106)
Board of education services	464,508	-	-	-	(464,508)
Executive administration	4,973,262	-	91,559	-	(4,881,703)
Building level administration	3,629,186	-	-	-	(3,629,186)
Business central service	1,313,163	-	-	-	(1,313,163)
Operation of plant	7,880,164	1,359	1,721	-	(7,877,084)
Security services	258,278	-	-	-	(258,278)
Pupil transportation	2,632,435	-	342,836	-	(2,289,599)
Food services	2,608,862	1,863,762	656,589	-	(88,511)
Central office support services	64,544	22,084	-	-	(42,460)
Community services	3,791,483	4,225,351	179,411	-	613,279
Facilities acquisition and construction	7,392,907	-	-	-	(7,392,907)
Debt service:					
Principal	4,004,863	-	-	-	(4,004,863)
Interest and other charges	5,149,015	-	-	-	(5,149,015)
Total governmental activities	\$ 87,866,711	\$ 7,953,179	\$ 1,313,339	\$ -	(78,600,193)
General revenues					
Taxes					
Property taxes, levied for general purposes					47,363,061
Property taxes, levied for debt service					10,865,635
Other taxes					229,213
Prop C - sales tax					6,174,654
Federal, state and county aid not restricted to specific purposes					7,280,414
Interest and investment earnings					782,305
Proceeds from certificates of participation					4,415,576
Miscellaneous					1,221,248
Total general revenues					78,332,106
Decrease in net position					(268,087)
Net position at July 1, 2017					42,209,436
Net position at June 30, 2018					\$ 41,941,349

See notes to financial statements.

LINDBERGH SCHOOLS

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	\$ 24,176,828	\$ -	\$ 12,260,888	\$ 3,314,134	\$ 39,751,850
Restricted cash and investments	-	-	-	1,335,029	1,335,029
TOTAL ASSETS	<u>\$ 24,176,828</u>	<u>\$ -</u>	<u>\$ 12,260,888</u>	<u>\$ 4,649,163</u>	<u>\$ 41,086,879</u>
LIABILITIES					
Payroll withholdings	\$ 2,387,015	\$ -	\$ -	\$ -	\$ 2,387,015
FUND BALANCES					
Restricted for:					
Debt service	-	-	12,260,888	-	12,260,888
Prop G capital projects	-	-	-	1,335,029	1,335,029
Committed:					
Scholarships	70,408	-	-	-	70,408
Assigned:					
Other capital projects	-	-	-	3,314,134	3,314,134
Unassigned	21,719,405	-	-	-	21,719,405
Total fund balances	<u>21,789,813</u>	<u>-</u>	<u>12,260,888</u>	<u>4,649,163</u>	<u>38,699,864</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,176,828</u>	<u>\$ -</u>	<u>\$ 12,260,888</u>	<u>\$ 4,649,163</u>	<u>\$ 41,086,879</u>

Reconciliation to Statement of Net Position

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances of governmental funds	\$ 38,699,864
Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The net position of the internal service fund are included in governmental activities in the Statement of Net Position.	<u>3,241,485</u>
Net position of governmental activities	<u>\$ 41,941,349</u>

See notes to financial statements.

LINDBERGH SCHOOLS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
Year ended June 30, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	\$ 27,967,007	\$ 35,122,311	\$ 11,248,897	\$ 79,273	\$ 74,417,488
County sources	323,578	670,452	259,125	-	1,253,155
State sources	1,650,468	2,581,587	-	1,764,504	5,996,559
Federal sources	1,179,473	34,871	-	-	1,214,344
Other sources	-	270,918	-	-	270,918
Total revenues	<u>31,120,526</u>	<u>38,680,139</u>	<u>11,508,022</u>	<u>1,843,777</u>	<u>83,152,464</u>
Expenditures					
Instruction	4,943,662	33,974,889	-	104,239	39,022,790
Attendance	134,123	-	-	-	134,123
Guidance	285,876	1,318,589	-	-	1,604,465
Health, psych speech and audio	705,363	-	-	-	705,363
Improvement of instruction	183,525	526,739	-	-	710,264
Professional development	105,551	-	-	-	105,551
Media services	207,267	884,839	-	-	1,092,106
Board of education services	464,508	-	-	-	464,508
Executive administration	3,033,547	1,756,136	-	183,579	4,973,262
Building level administration	1,161,168	2,466,893	-	1,125	3,629,186
Business central services	1,271,089	1,766	-	40,308	1,313,163
Operation of plant	7,394,544	-	-	485,620	7,880,164
Security services	258,278	-	-	-	258,278
Pupil transportation	2,632,435	-	-	-	2,632,435
Food service	2,602,416	-	-	6,446	2,608,862
Central office support services	64,544	-	-	-	64,544
Community services	3,790,031	-	-	1,452	3,791,483
Facilities acquisition and construction	-	-	-	7,392,907	7,392,907
Debt service:					
Principal	-	-	4,004,863	-	4,004,863
Interest and other charges	-	-	4,961,975	187,040	5,149,015
Total expenditures	<u>29,237,927</u>	<u>40,929,851</u>	<u>8,966,838</u>	<u>8,402,716</u>	<u>87,537,332</u>
Revenues over (under) expenditures	1,882,599	(2,249,712)	2,541,184	(6,558,939)	(4,384,868)
Other financing sources (uses)					
Transfers	(2,249,712)	2,249,712	-	-	-
Proceeds from sale of other property	-	-	-	6,286	6,286
Proceeds from certificates of participation	-	-	-	4,415,576	4,415,576
Total other financing sources (uses)	<u>(2,249,712)</u>	<u>2,249,712</u>	<u>-</u>	<u>4,421,862</u>	<u>4,421,862</u>
NET CHANGE IN FUND BALANCES	(367,113)	-	2,541,184	(2,137,077)	36,994
Fund balance at July 1, 2017	<u>22,156,926</u>	<u>-</u>	<u>9,719,704</u>	<u>6,786,240</u>	<u>38,662,870</u>
Fund balance at June 30, 2018	<u>\$ 21,789,813</u>	<u>\$ -</u>	<u>\$ 12,260,888</u>	<u>\$ 4,649,163</u>	<u>\$ 38,699,864</u>

Reconciliation to Statement of Activities

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

Net change in fund balances for governmental funds	\$ 36,994
Internal service funds are used by the District to charge the cost of insurance activities	<u>(305,081)</u>
Change in net position of governmental activities	<u>\$ (268,087)</u>

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND

June 30, 2018

	Governmental Activities - Internal Service Fund
ASSETS	
Cash	<u>\$ 3,241,485</u>
NET POSITION	
Unrestricted	<u>\$ 3,241,485</u>

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND Year ended June 30, 2018

	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	\$ 7,464,576
Interest income	24,298
Total revenues	<u>7,488,874</u>
Operating expenditures	
Medical and dental claims	<u>7,793,955</u>
CHANGE IN NET POSITION	(305,081)
Net position at July 1, 2017	<u>3,546,566</u>
Net position at June 30, 2018	<u><u>\$ 3,241,485</u></u>

See notes to financial statements.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lindbergh Schools (the District) operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

These financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as further described in this footnote under Basis of Accounting. Generally accepted accounting principles include relevant Governmental Accounting Standards Board (GASB) pronouncements.

Principles Determining the Scope of Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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. The criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities that should be presented with the District.

While parent-teacher organizations of the District's schools provide financial support exclusively to the District, they are not included as a component unit because the amount of financial support provided is of a de minimus nature.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the students for goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column.

The major funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and is used to account for expenditures for noncertified employees, pupil transportation, operation of plant, fringe benefits, student body activities, community services, the food service program and any expenditures not required or permitted to be accounted for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue sources that are restricted, committed or assigned for the payment of salaries and certain employee benefits for certified personnel.

Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the periodic payment of principal, interest and fiscal charges on general long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for premiums collected for the payment of claims associated with the District's self insurance activities (primarily medical and dental benefits). Expenses consist of claims paid.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Net Position

In the government-wide and proprietary fund financial statements, equity is classified as net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned for those purposes, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions. The District has not reported any nonspendable fund balance.

The details of the fund balances are included in the Governmental Funds Balance Sheet.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Basis of Accounting

The government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds payable and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund financial statements would use the modified accrual basis of accounting, while the government-wide and proprietary fund financial statements would be presented on the accrual basis of accounting.

Cash and Investments

Cash resources from all funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments which is managed by the District's Chief Financial Officer. State law requires that all deposits of the Debt Service Fund be kept separate from all other funds of the District. Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit and A1-P1 commercial paper.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The restricted assets consist of amounts restricted for renovation of the high school.

Interfund Activity

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred \$2,249,712 from the General Fund to the Special Revenue Fund. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in this Fund.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2018 requires the payment of salaries over a twelve month period. Consequently, the July 2018 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June.

NOTE 2 – CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law.

The District participates in the Missouri Security Investment Program (MoSIP). All funds of these programs are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a pro rata share of money market funds which is held in the name of the Fund. The District had \$42,903,172 invested through MoSIP at June 30, 2018.

The deposits and investments held at June 30, 2018 and reported at cost are as follows:

	Cost	<u>Investment maturities</u> 0 to 1 year
Deposits		
Cash on hand	\$ 2,950	N/A
Demand deposits	<u>1,422,242</u>	N/A
	1,425,192	
Investments - external investment pools		
Missouri Security Investment Program		
Money market funds	18,913,172	18,913,172
Term investments	23,500,000	23,500,000
Certificates of deposit	<u>490,000</u>	<u>490,000</u>
	<u>42,903,172</u>	<u>\$ 42,903,172</u>
Total deposits and investments	<u>\$ 44,328,364</u>	

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has a custodial credit risk policy for repurchase agreement investments and for certificate of deposits which requires these funds to be collateralized at least 100% or greater of the balance plus any demand deposit with the depository, less any insurance (FDIC or NCUSIF), as applicable. The District's deposits were not exposed to custodial credit risk at year end.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent, but not in the government's name. The District does not have a policy for custodial credit risk for investments. The District's investments were not exposed to custodial credit risk at year end.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer by pre-qualifying the institution with which the District will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

The credit ratings of the District's investments at June 30, 2018, are summarized in the schedule below.

	<u>Cost</u>	<u>Credit rating</u>
Investments		
Missouri Security Investment Program		
Money market funds	\$ 18,913,172	AAAm
Term investments	23,500,000	AAAf
Certificates of deposit	<u>490,000</u>	Unrated
	<u>\$ 42,903,172</u>	

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has policies in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities by requiring a periodic review of diversification strategies. The District's investments were not exposed to concentration credit risk at year end.

NOTE 3 – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1 of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the State and remitted based on a prior year average daily attendance.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2017 for the purposes of local taxation was:

Real estate	
Residential	\$ 861,159,820
Agricultural	298,100
Commercial	367,196,740
Personal property	<u>157,542,390</u>
Total	<u>\$ 1,386,197,050</u>

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2018 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.2000	\$ 1.2000
Special Revenue Fund	2.2431	2.2431
Debt Service Fund	0.7900	0.7900
Capital Projects Fund	<u>0.0000</u>	<u>0.0000</u>
Total	<u>\$ 4.2331</u>	<u>\$ 4.2331</u>

The receipts of current property taxes during the fiscal year ended June 30, 2018, aggregated approximately 95.65 percent of the current assessment computed on the basis of the levy as shown above.

NOTE 4 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts due within one year</u>
Bonds payable	\$ 103,938,817	\$ -	\$ (4,004,863)	\$ 99,933,954	\$ 6,295,000
Certificates of participation	<u>7,060,000</u>	<u>-</u>	<u>-</u>	<u>7,060,000</u>	<u>-</u>
	<u>\$ 110,998,817</u>	<u>\$ -</u>	<u>\$ (4,004,863)</u>	<u>\$ 106,993,954</u>	<u>\$ 6,295,000</u>

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. The principal and interest on the certificates of participation are paid by the Capital Projects Fund.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Bonds payable consists of the following at June 30, 2018,:

	Original issue amount	Maturity date	Interest rates	Balance at June 30, 2018
Series 2009B	\$ 7,165,000	2024	1.00%	\$ 6,490,000
Series 2010A	4,833,954	2029	0.00%	4,833,954
Series 2010B	9,000,000	2030	5.50% - 5.60%	9,000,000
Series 2010C	6,055,000	2020	2.35% - 2.85%	5,900,000
Series 2012	9,070,000	2023	1.00% - 2.00%	4,400,000
Series 2014 Refunding	32,060,000	2027	2.00% - 3.00%	31,135,000
Series 2014	34,035,000	2034	2.00% - 4.00%	28,730,000
Series 2015 Refunding	9,865,000	2029	2.00% - 3.00%	9,445,000
	<u>\$112,083,954</u>			<u>\$ 99,933,954</u>

The annual requirements to amortize general obligation bonds are as follows at June 30, 2018:

Year ending June 30,	Principal	Interest	Total
2019	\$ 6,295,000	\$ 2,993,446	\$ 9,288,446
2020	6,675,000	2,836,275	9,511,275
2021	7,005,000	2,667,326	9,672,326
2022	7,385,000	2,449,127	9,834,127
2023	7,705,000	2,228,021	9,933,021
2024-2028	38,777,396	7,952,306	46,729,702
2029-2033	23,831,558	2,493,211	26,324,769
2034	2,260,000	79,100	2,339,100
Total	<u>\$ 99,933,954</u>	<u>\$23,698,812</u>	<u>\$123,632,766</u>

Certificates of Participation

During 2017, the District issued \$1,060,000 of Lease Participation Certificates Series 2017. During 2016 the District issued \$6,000,000 of Lease Participation Certificates Series 2016. The proceeds are for construction of a new central office building.

During 2018, the District received proceeds of \$3,400,052 from the series 2016 certificates and \$1,015,524 from the Series 2017 certificates for the completion of the new central office building. This depleted all funds in both series.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The following is a schedule of the future minimum lease payments required under these certificates of participation and the present value of the net minimum lease payments as of June 30, 2017:

Year ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 185,005	\$ 185,005
2020	-	185,005	185,005
2021	-	185,005	185,005
2022	400,000	185,005	585,005
2023	405,000	178,135	583,135
2024-2028	2,165,000	764,707	2,929,707
2029-2033	2,445,000	483,818	2,928,818
2034-2036	1,645,000	106,028	1,751,028
Total	<u>\$ 7,060,000</u>	<u>\$ 2,272,708</u>	<u>\$ 9,332,708</u>

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized Article VI general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including state-assessed railroad and utilities). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2018, was:

Constitutional debt limit	\$ 207,929,558
General obligation bonds payable	(99,933,954)
Amount available in Debt Service Fund	<u>12,260,888</u>
Legal debt margin	<u>\$ 120,256,492</u>

NOTE 5 – TAX ABATEMENTS

The City of Crestwood granted \$25 million in tax incentives for UrbanStreet Group to redevelop the former Crestwood Plaza – a 47 acre site in the heart of the District at Watson and Sappington Roads.

The \$25 million in tax incentives include \$15 million in tax-increment financing; \$5 million in Community Improvement District funds; and \$5 million in Transportation Development District funds.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Under the redevelopment agreement, if non-senior housing is constructed, the tax revenue will pass through to the District.

For 2017, the total amount of tax abated was \$80,022.

NOTE 6 – PENSION PLANS

The Lindbergh Schools contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees and death benefits to members and beneficiaries. Positions covered by The Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of the Missouri Revised Statutes.

The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the Lindbergh Schools are required to contribute a matching amount. The contribution requirements of members and the Lindbergh Schools are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2018, 2017 and 2016 were \$5,004,685, \$4,861,267 and \$4,840,988, respectively, equal to the required contributions.

The Lindbergh Schools also contributes to The Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to The Public School Retirement System of Missouri. Positions covered by The Public Education Employee Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600-.715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of The Public School Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and the Lindbergh Schools are required to contribute a matching amount. The contribution requirements of members and the Lindbergh Schools are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ending June 30, 2018, 2017 and 2016 were \$680,803, \$635,307 and \$629,891, respectively, equal to the required contributions.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – CONTINGENCIES

Grant Audits

The District receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursements or to withholding of future funding for expenditures disallowed under, or other noncompliance with terms of the grants and funding. The District is not aware of any noncompliance with Federal or State provisions that might require the District to provide reimbursement.

Litigation

Various claims and lawsuits are pending against the District. In the opinion of District management and legal counsel, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

NOTE 8 – POST EMPLOYMENT BENEFITS

The District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year ended June 30, 2018, 260 retirees participated in the District's insurance plans and paid premiums totaling \$990,897.

NOTE 9 – SELF-INSURANCE PLAN

The District has a self-insurance plan which covers participating employees' and retirees' medical coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an internal service fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected and unusual claims. The District purchases stop loss insurance coverage to limit its exposure to catastrophic claims in excess of \$175,000 per individual.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The District has a self-insurance plan which covers participating employees' and retirees' dental coverage that began January 1, 2016. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an internal service fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience.

NOTE 10 – EARLY RETIREMENT PLAN

On June 30, 1982, the District approved an early retirement incentive program. Eligible teachers and administrators are those with 10 years experience with the District that meets one of the PSRS retirement criteria. A teacher who retires when first eligible is entitled to 55 percent of their prior year's salary per the District salary schedule, payable in equal annual installments over the following three years. Eligible participants are also provided District paid medical, dental, vision and life insurance over the three year period.

In the fiscal year ended June 30, 2018, the District paid approximately \$1,042,000 under the plan. Based upon participants at June 30, 2018, the District will be liable for approximately \$2,600,000 in additional benefits through the year ending June 30, 2021. Of this amount, approximately \$1,200,000 will be payable by the year ending June 30, 2019.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED
 Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
	Revenues				
Local sources	\$ 27,738,951	\$ 27,943,327	\$ 27,967,007	\$ 204,376	\$ 23,680
County sources	302,767	302,767	323,578	-	20,811
State sources	1,481,003	1,638,249	1,650,468	157,246	12,219
Federal sources	1,202,239	1,201,233	1,179,473	(1,006)	(21,760)
Total revenues	30,724,960	31,085,576	31,120,526	360,616	34,950
Expenditures					
Instruction	5,224,362	4,429,454	4,943,662	794,908	(514,208)
Attendance	127,334	134,155	134,123	(6,821)	32
Guidance	312,253	319,238	285,876	(6,985)	33,362
Health, psych, speech and audio	682,043	698,591	705,363	(16,548)	(6,772)
Improvement of instruction	246,635	254,256	183,525	(7,621)	70,731
Professional development	111,369	97,623	105,551	13,746	(7,928)
Media services	165,728	167,911	207,267	(2,183)	(39,356)
Board of education services	422,779	493,770	464,508	(70,991)	29,262
Executive administration	2,307,297	3,436,820	3,033,547	(1,129,523)	403,273
Building level administration	1,132,879	1,083,746	1,161,168	49,133	(77,422)
Business central services	1,431,602	1,435,155	1,271,089	(3,553)	164,066
Operation of plant	7,710,765	7,865,231	7,394,544	(154,466)	470,687
Security services	268,342	260,584	258,278	7,758	2,306
Pupil transportation	2,516,843	2,522,507	2,632,435	(5,664)	(109,928)
Food service	2,452,376	2,460,732	2,602,416	(8,356)	(141,684)
Central office support services	127,580	66,530	64,544	61,050	1,986
Community services	3,632,565	3,850,093	3,790,031	(217,528)	60,062
Total expenditures	28,872,752	29,576,396	29,237,927	(703,644)	338,469
Revenues over (under) expenditures	1,852,208	1,509,180	1,882,599	(343,028)	373,419
Other financing uses					
Transfers	(1,875,215)	(1,820,519)	(2,249,712)	54,696	(429,193)
NET CHANGE IN FUND BALANCE	\$ (23,007)	\$ (311,339)	(367,113)	\$ (288,332)	\$ (55,774)
Fund balance at July 1, 2017			22,156,926		
Fund balance at June 30, 2018			\$ 21,789,813		

See notes to supplementary information.

LINDBERGH SCHOOLS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - SPECIAL REVENUE FUND - UNAUDITED
Year ended June 30, 2018**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 35,689,969	\$ 35,377,679	\$ 35,122,311	\$ (312,290)	\$ (255,368)
County sources	623,533	623,533	670,452	-	46,919
State sources	2,964,247	2,926,200	2,581,587	(38,047)	(344,613)
Federal sources	-	42,441	34,871	42,441	(7,570)
Other sources	47,780	297,825	270,918	250,045	(26,907)
Total revenues	<u>39,325,529</u>	<u>39,267,678</u>	<u>38,680,139</u>	<u>(57,851)</u>	<u>(587,539)</u>
Expenditures					
Instruction	34,250,582	34,406,241	33,974,889	(155,659)	431,352
Guidance	1,311,438	1,332,039	1,318,589	(20,601)	13,450
Improvement of instruction	665,515	560,704	526,739	104,811	33,965
Media services	690,549	890,492	884,839	(199,943)	5,653
Executive administration	1,754,721	1,754,504	1,756,136	217	(1,632)
Building level administration	2,526,223	2,479,928	2,466,893	46,295	13,035
Business central services	786	-	1,766	786	(1,766)
Community services	930	450	-	480	450
Total expenditures	<u>41,200,744</u>	<u>41,424,358</u>	<u>40,929,851</u>	<u>(223,614)</u>	<u>494,507</u>
Revenues under expenditures	(1,875,215)	(2,156,680)	(2,249,712)	(281,465)	(93,032)
Other financing sources					
Transfers	<u>1,875,215</u>	<u>1,820,519</u>	<u>2,249,712</u>	<u>(54,696)</u>	<u>429,193</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (336,161)</u>	<u>-</u>	<u>\$ (336,161)</u>	<u>\$ 336,161</u>
Fund balance at July 1, 2017			<u>-</u>		
Fund balance at June 30, 2018			<u>\$ -</u>		

See notes to supplementary information.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - DEBT SERVICE FUND - UNAUDITED
 Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 11,091,200	\$ 11,269,400	\$ 11,248,897	\$ 178,200	\$ (20,503)
County sources	220,000	220,000	259,125	-	39,125
Total revenues	<u>11,311,200</u>	<u>11,489,400</u>	<u>11,508,022</u>	<u>178,200</u>	<u>18,622</u>
Expenditures					
Debt service:					
Principal	5,900,000	5,900,000	4,004,863	-	1,895,137
Interest and other charges	<u>3,103,750</u>	<u>3,103,750</u>	<u>4,961,975</u>	-	<u>(1,858,225)</u>
Total expenditures	<u>9,003,750</u>	<u>9,003,750</u>	<u>8,966,838</u>	-	<u>36,912</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,307,450</u>	<u>\$ 2,485,650</u>	<u>2,541,184</u>	<u>\$ 178,200</u>	<u>\$ 55,534</u>
Fund balance at July 1, 2017			<u>9,719,704</u>		
Fund balance at June 30, 2018			<u>\$ 12,260,888</u>		

See notes to supplementary information.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - CAPITAL PROJECTS FUND - UNAUDITED
 Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 71,375	\$ 65,675	\$ 79,273	\$ (5,700)	\$ 13,598
State sources	1,764,503	1,764,503	1,764,504	-	1
Other sources	15,000	15,000	-	-	(15,000)
Total revenues	<u>1,850,878</u>	<u>1,845,178</u>	<u>1,843,777</u>	<u>(5,700)</u>	<u>(1,401)</u>
Expenditures					
Instruction	451,613	185,849	104,239	265,764	81,610
Improvement of instruction	4,000	-	-	4,000	-
Media services	6,315	5,600	-	715	5,600
Executive administration	460,000	60,000	183,579	400,000	(123,579)
Building level administration	11,059	12,184	1,125	(1,125)	11,059
Business central services	270,000	271,009	40,308	(1,009)	230,701
Operation of plant	386,710	751,918	485,620	(365,208)	266,298
Food service	-	5,000	6,446	(5,000)	(1,446)
Community services	-	-	1,452	-	(1,452)
Facilities acquisition and construction	2,728,700	3,728,700	2,977,331	(1,000,000)	751,369
Debt service:					
Interest and other charges	185,755	185,755	187,040	-	(1,285)
Total expenditures	<u>4,504,152</u>	<u>5,206,015</u>	<u>3,987,140</u>	<u>(701,863)</u>	<u>1,218,875</u>
Revenues under expenditures	(2,653,274)	(3,360,837)	(2,143,363)	(707,563)	1,217,474
Other financing sources					
Proceeds from sale of other property	-	-	6,286	-	6,286
NET CHANGE IN FUND BALANCE	<u>\$ (2,653,274)</u>	<u>\$ (3,360,837)</u>	<u>(2,137,077)</u>	<u>\$ (707,563)</u>	<u>\$ 1,223,760</u>
Fund balance at July 1, 2017			<u>6,786,240</u>		
Fund balance at June 30, 2018			<u>\$ 4,649,163</u>		

See notes to supplementary information.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS - UNAUDITED
 Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 74,591,495	\$ 74,656,081	\$ 74,417,488	\$ 64,586	\$ (238,593)
County sources	1,146,300	1,146,300	1,253,155	-	106,855
State sources	6,209,753	6,328,952	5,996,559	119,199	(332,393)
Federal sources	1,202,239	1,243,674	1,214,344	41,435	(29,330)
Other sources	62,780	312,825	270,918	250,045	(41,907)
Total revenues	83,212,567	83,687,832	83,152,464	475,265	(535,368)
Expenditures					
Instruction	39,926,557	39,021,544	39,022,790	905,013	(1,246)
Attendance	127,334	134,155	134,123	(6,821)	32
Guidance	1,623,691	1,651,277	1,604,465	(27,586)	46,812
Health, psych, speech and audio	682,043	698,591	705,363	(16,548)	(6,772)
Improvement of instruction	916,150	814,960	710,264	101,190	104,696
Professional development	111,369	97,623	105,551	13,746	(7,928)
Media services	862,592	1,064,003	1,092,106	(201,411)	(28,103)
Board of education services	422,779	493,770	464,508	(70,991)	29,262
Executive administration	4,522,018	5,251,324	4,973,262	(729,306)	278,062
Building level administration	3,670,161	3,575,858	3,629,186	94,303	(53,328)
Business central services	1,702,388	1,706,164	1,313,163	(3,776)	393,001
Operation of plant	8,097,475	8,617,149	7,880,164	(519,674)	736,985
Security services	268,342	260,584	258,278	7,758	2,306
Pupil transportation	2,516,843	2,522,507	2,632,435	(5,664)	(109,928)
Food service	2,452,376	2,465,732	2,608,862	(13,356)	(143,130)
Central office support services	127,580	66,530	64,544	61,050	1,986
Community services	3,633,495	3,850,543	3,791,483	(217,048)	59,060
Facilities acquisition and construction	2,728,700	3,728,700	2,977,331	(1,000,000)	751,369
Debt service:					
Principal	5,900,000	5,900,000	4,004,863	-	1,895,137
Interest and other charges	3,289,505	3,289,505	5,149,015	-	(1,859,510)
Total expenditures	83,581,398	85,210,519	83,121,756	(1,629,121)	2,088,763
Revenues under (over) expenditures	(368,831)	(1,522,687)	30,708	(1,153,856)	1,553,395
Other financing sources					
Proceeds from sale of other property	-	-	6,286	-	6,286
NET CHANGE IN FUND BALANCE	\$ (368,831)	\$ (1,522,687)	36,994	\$ (1,153,856)	\$ 1,559,681
Fund balance at July 1, 2017			38,662,870		
Fund balance at June 30, 2018			\$38,699,864		

See notes to supplementary information.

LINDBERGH SCHOOLS

NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board.
6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.
7. Capital outlay acquired through certificates of participation are not reported as an expenditure and the proceeds are not reported as another financing source for budgetary purposes.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES COLLECTED BY SOURCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
Year ended June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Local					
Current taxes	\$ 15,913,017	\$ 29,730,595	\$ 10,470,694	\$ -	\$ 56,114,306
School district trust fund (Prop C)	3,087,327	3,087,327	-	-	6,174,654
Financial institution tax	64,977	121,460	42,776	-	229,213
M&M surtax	597,894	1,121,555	394,941	-	2,114,390
Tuition from individuals (K-12)	-	988,336	-	-	988,336
Earnings (loss) on investments	292,376	45,872	340,486	79,273	758,007
Food service program	1,050,579	-	-	-	1,050,579
Food service non-program	813,183	-	-	-	813,183
Student activities	850,761	-	-	-	850,761
Community services	4,219,892	-	-	-	4,219,892
Other local sources	1,077,001	27,166	-	-	1,104,167
	<u>27,967,007</u>	<u>35,122,311</u>	<u>11,248,897</u>	<u>79,273</u>	<u>74,417,488</u>
County					
Fines, escheat, etc.	-	65,600	-	-	65,600
State assessed utilities	323,578	604,852	259,125	-	1,187,555
	<u>323,578</u>	<u>670,452</u>	<u>259,125</u>	<u>-</u>	<u>1,253,155</u>
State					
Basic formula	-	2,578,540	-	-	2,578,540
Transportation	342,836	-	-	-	342,836
Early childhood special education	-	-	-	327,604	327,604
Classroom trust fund	1,097,708	-	-	1,436,900	2,534,608
Educational screening prog/PAT	179,219	-	-	-	179,219
Career education	6,782	3,047	-	-	9,829
Food service - state	15,490	-	-	-	15,490
Residential placement/excess cost	7,885	-	-	-	7,885
Other state revenue	548	-	-	-	548
	<u>1,650,468</u>	<u>2,581,587</u>	<u>-</u>	<u>1,764,504</u>	<u>5,996,559</u>
Federal					
Medicaid	36,628	-	-	-	36,628
Perkins basic grant	-	34,871	-	-	34,871
School lunch program	514,009	-	-	-	514,009
School breakfast program	127,090	-	-	-	127,090
Title I -ESEA	363,231	-	-	-	363,231
Title IV, Drug Free Schools	6,727	-	-	-	6,727
Title III, ESEA-English language acquisition	52,069	-	-	-	52,069
Title II, Part A, ESEA-teacher & principal quality	79,719	-	-	-	79,719
	<u>1,179,473</u>	<u>34,871</u>	<u>-</u>	<u>-</u>	<u>1,214,344</u>
Other financing sources					
Proceeds from certificates of participation	-	-	-	4,415,576	4,415,576
Proceeds from sale of other property	-	-	-	6,286	6,286
Contracted educational services	-	270,918	-	-	270,918
	<u>-</u>	<u>270,918</u>	<u>-</u>	<u>4,421,862</u>	<u>4,692,780</u>
	<u>\$ 31,120,526</u>	<u>\$ 38,680,139</u>	<u>\$ 11,508,022</u>	<u>\$ 6,265,639</u>	<u>\$ 87,574,326</u>
Total revenues					\$ 87,574,326
Less Prop G revenue					32,013
Less proceeds from certificates of participation					(4,415,576)
Less debt service revenue					(11,508,022)
Total operating revenue					<u>\$ 71,682,741</u>

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES PAID BY OBJECT ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED Year ended June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Salaries	\$ 10,060,254	\$ 31,483,175	\$ -	\$ -	\$ 41,543,429
Employee benefits	3,338,625	9,444,910	-	-	12,783,535
Purchased services	9,748,186	1,766	-	-	9,749,952
Supplies	6,090,862	-	-	-	6,090,862
Capital outlay	-	-	-	8,215,676	8,215,676
Other objects	-	-	8,966,838	187,040	9,153,878
	<u>\$ 29,237,927</u>	<u>\$ 40,929,851</u>	<u>\$ 8,966,838</u>	<u>\$ 8,402,716</u>	<u>\$ 87,537,332</u>
Total expenditures					\$ 87,537,332
Less Prop G expenditures					(3,206,923)
Less capital outlay acquired through certificates of participation					(4,415,576)
Less debt service expenditures					<u>(8,966,838)</u>
Total operating expenditures					<u>\$ 70,947,995</u>

LINDBERGH SCHOOLS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
Year ended June 30, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues collected	\$ 31,120,526	\$ 38,680,139	\$ 11,508,022	\$ 1,843,777	\$ 83,152,464
Expenditures paid	<u>29,237,927</u>	<u>40,929,851</u>	<u>8,966,838</u>	<u>8,402,716</u>	<u>87,537,332</u>
Revenues over (under) expenditures	1,882,599	(2,249,712)	2,541,184	(6,558,939)	(4,384,868)
Other financing sources (uses)	<u>(2,249,712)</u>	<u>2,249,712</u>	-	<u>4,421,862</u>	<u>4,421,862</u>
NET CHANGE IN FUND BALANCE	(367,113)	-	2,541,184	(2,137,077)	36,994
Fund balance at July 1, 2017	<u>22,156,926</u>	-	<u>9,719,704</u>	<u>6,786,240</u>	<u>38,662,870</u>
Fund balance at June 30, 2018	<u>\$ 21,789,813</u>	<u>\$ -</u>	<u>\$ 12,260,888</u>	<u>\$ 4,649,163</u>	<u>\$ 38,699,864</u>



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**Independent Accountants' Report on
Compliance with Specified Requirements of
Missouri Laws and Regulations**

Board of Education
Lindbergh Schools

We have examined Lindbergh Schools' compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, accurate disclosure of the Lindbergh Schools' records of average daily attendance and average daily transportation of pupils and other statutory requirements as listed in the schedule of selected statistics for the year ended June 30, 2018. Management is responsible for the Lindbergh Schools' compliance with the aforementioned requirements.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Lindbergh Schools complied in all material respects, with the specific requirements above. An examination involves performing procedures to obtain evidence about whether Lindbergh Schools complied with the specific requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Lindbergh Schools' compliance with specified requirements.

In our opinion, Lindbergh Schools complied, in all material respects, with the aforementioned requirements included in the accompanying schedule of selected statistics.

This report is intended solely for the information and use of the Board of Education, District management, the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
September 25, 2018

Other Locations

Carbondale, IL • Columbia, IL • Harrisburg, IL • Litchfield, IL • O'Fallon, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

Entity Number: 096-093

1. Calendar (Sections 160.041 and 171.031, RSMo)

- A. Standard day length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

	<u>SDL</u>
Kindergarten - A.M.	3.1000
Kindergarten - P.M.	3.1000
Kindergarten - Full Day	6.3500
Grades 1 through 5	6.3500
Grades 6 through 8	6.5000
Grades 9 through 12	6.5000

- B. The number of actual calendar hours classes were in session and the number of days classes were in session and pupils were under the direction of teachers during this school year were as follows:

	<u>Hours</u>	<u>Days</u>
Kindergarten - A.M.	533.40	174
Kindergarten - P.M.	533.40	174
Kindergarten - Full Day	1087.75	175
Grades 1 through 5	1087.50	175
Grades 6 through 8	1115.90	175
Grades 9 through 12	1078.00	175

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

2. Average Daily Attendance (ADA)

	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Federal Lands Deseg In</u>	<u>Total</u>	<u>Deseg Out</u>
Regular term						
Kindergarten - A.M.	196.599	-	-	-	196.599	-
Kindergarten - P.M.	29.773	-	-	-	29.773	-
Kindergarten - Full Day	33.866	-	-	-	33.866	-
Grades 1 through 5	2,541.805	-	-	-	2,541.805	-
Grades 6 through 8	1,516.044	-	-	-	1,516.044	-
Grades 9 through 12	1,902.971	-	-	-	1,902.971	-
Subtotal regular term	<u>6,221.058</u>	<u>-</u>	<u>-</u>	<u>-</u>	6,221.058	-
Summer School subtotal	<u>34.032</u>	<u>-</u>	<u>-</u>	<u>-</u>	34.032	-
Total regular term plus summer school ADA					<u>6,255.090</u>	

3. September Membership

	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Federal Lands Deseg In</u>	<u>Total</u>	<u>Deseg Out</u>
September resident membership	<u>6,748.66</u>	<u>-</u>	<u>-</u>	<u>-</u>	6,748.66	10.00

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	<u>Full-Time & Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
Free	723.780	-	723.780
Reduced	<u>239.070</u>	<u>-</u>	<u>239.070</u>
Total	<u>962.850</u>	<u>-</u>	<u>962.850</u>

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

5. Finance

- | | | |
|----|---|------------------|
| A. | As required by Section 162.401, RSMo, a bond was purchased for the schools' treasurer in the total amount of: | <u>\$ 50,000</u> |
| B. | The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. | <u>True</u> |
| C. | The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. | <u>True</u> |
| D. | Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. | <u>True</u> |
| E. | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected date for the projects to be undertaken. | <u>True</u> |
| F. | The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. | <u>True</u> |
| G. | The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. | <u>True</u> |
| H. | The amount spent for approved professional development committee plan activities was: | <u>\$105,551</u> |

All above "false answers must be supported by a finding or management letter comment.

Findings #: N/A

Management Letter Comment #: N/A

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

6. Transportation

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<u>True</u>
B.	The District's transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	<u>True</u>
C.	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	▪ Eligible ADT	<u>2,939.5</u>
	▪ Ineligible ADT	<u>1,075.0</u>
D.	The schools' transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	<u>True</u>
E.	Actual odometer records show the total district-operated <u>and</u> contracted mileage for the year was:	<u>436,897</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	▪ Eligible Miles	<u>404,271</u>
	▪ Ineligible Miles (Non-Route/Disapproved)	<u>32,626</u>
F.	Number of days the schools operated the school transportation system during the regular school year:	<u>175</u>

All above "False" answers must be supported by a finding or management letter comment.

Findings #: N/A

Management Letter Comment #: N/A



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**Independent Auditors' 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**

Board of Education
Lindbergh Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lindbergh Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lindbergh Schools' basic financial statements, and have issued our report thereon dated September 25, 2018. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, Lindbergh Schools prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of the financial statements, we considered the Lindbergh Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Lindbergh Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Lindbergh Schools' internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lindbergh Schools' 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keiser, Eck & Brueckel LLP

St. Louis, Missouri
September 25, 2018



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education
Lindbergh Schools

Report on Compliance for Each Major Federal Program

We have audited the Lindbergh Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lindbergh Schools' major federal programs for the year ended June 30, 2018. The Lindbergh Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lindbergh Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lindbergh Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Lindbergh Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, the Lindbergh Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Lindbergh Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lindbergh Schools' internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lindbergh Schools' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 to be a significant deficiency.

Lindbergh Schools' response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lindbergh Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keiter, Eck & Braeckel LLP

St. Louis, Missouri
September 25, 2018

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Title I Part A, Grants to Local Educational Agencies	84.010	096-093	\$ 336,254
Title II Part A, Supporting Effective Instruction State Grants	84.367	096-093	93,874
English Language Acquisition Grants	84.365	096-093	<u>52,437</u>
Total U.S. Department of Education			<u>482,565</u>
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	096-093	127,090
National School Lunch Program			
Cash assistance	10.555	096-093	514,009
Non-cash assistance (food distribution)	10.555	096-093	<u>124,611</u>
Total National School Lunch Program			<u>638,620</u>
Total U.S. Department of Agriculture			<u>765,710</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,248,275</u></u>

The accompanying notes are an integral part of this schedule.

LINDBERGH SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District and is reported on the modified cash basis of accounting, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

There have been no awards passed through to subrecipients.

LINDBERGH SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiency identified that is not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency identified that is not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a) of the Uniform Guidance? No

The programs tested as a major program are as follows:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

The dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

LINDBERGH SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2018-001

Federal Program: Child Nutrition Cluster

CFDA No: 10.553, 10.555

Federal Agency: U.S. Department of Agriculture

Pass-through Agency: Missouri Department of Elementary and Secondary Education

Award No: As listed on the Schedule of Expenditures of Federal Awards

Award Period: July 1, 2017 – June 30, 2018

Compliance: Eligibility

Criteria: Uniform Guidance requires there to be internal controls over compliance requirements applicable to each federal program a District has and for those internal controls to be consistently followed. The District's policy over determining eligibility for free and reduced school meals is for each free and reduced school meal application to be reviewed and approved to ensure the appropriate determination was made in accordance with the program requirements.

Condition: We noted that free and reduced school meal applications were not consistently approved. Under provisions of the reduced-price and free benefit policy, the determining official will review and sign applications to verify eligibility.

Cause: A provision of the reduced price and free benefit policy regarding school meal applications was not consistently followed. The determining official's signature verifying review of eligibility was missing from some of the applications pulled for audit purposes.

Effect: A student may be classified incorrectly in the program as either free, reduced or full price. The result is the student paying the incorrect federal (free or reduced) rate for the meals received and the District requesting reimbursement at the incorrect amount under the child nutrition federal program.

Questioned Cost: None

Recommendation: We recommend the District consistently follow the provision of the policy requiring the determining officials signature as proof of review of the approval of free and reduced school meal applications.

LINDBERGH SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Management response:

An additional layer of review was added to the processing of meal applications as follows:

Current process (added steps in ***BOLD/ italicized font***):

- Individual school sites collect meal applications and forward to the food service office staff at central office for processing.
- The food service office staff enter the information provided on the completed form into the student management database.
- The student management database calculates household eligibility for free or reduced meals based on federal criteria.
- The food service office staff completes “school use” section of the form regarding eligibility ***and initials***. The form is then forwarded to the determining official for review, final signature and notification to household of eligibility results.
- The original forms are filed in a binder in with the CFO. ***The CFO double checks the forms and proper signatures as filed.***