

LINDBERGH SCHOOLS

FINANCIAL STATEMENTS

June 30, 2017

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, 2017, 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.

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, 2017, 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 management's discussion and analysis, 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 management's discussion and analysis on pages 7-16, supplementary information on pages 37-45, and schedule of selected statistics on pages 47-50, 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 55 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 26, 2017, 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.

Kerker, Eck & Braeckel LLP

St. Louis, Missouri
September 26, 2017

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The Management's Discussion and Analysis (MD&A) of Lindbergh Schools (the District) provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2017. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section and the notes thereto to enhance their understanding of the District's financial performance.

The financial statements of the District have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid rather than when incurred. Additional information on the District's modified cash basis of accounting can be found in the notes to basic financial statements.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2017, include the following:

- The governmental activities net position was \$42,209,436 as compared to \$51,683,764 the previous year. The governmental funds ending fund balances were \$38,662,870 as compared to \$48,146,852 the previous year.
- Program revenues collected made up 12.1% of the total revenues collected for the year ended June 30, 2017 as compared to 10.4% the previous year. These program revenues collected covered 10.8% of the program expenditures paid leaving 89.2%, to be covered by general revenues collected and fund balances, as compared to 9.0% of the program expenditures paid leaving 91.0%, to be covered by general revenues collected and fund balances the previous year. The increase in the percentages that program revenues cover and the decrease in program expenditures covered by general revenues are due to the added expenditure in FY16 for bond refunding costs.

Using the Basic Financial Statements

The District's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the operations of the District as a whole (i.e., an entire operating entity). The "Basic Financial Statements" section includes government-wide financial statements, fund financial statements and notes to financial statements.

The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities provide highly consolidated financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2016-17 fiscal year?" These statements include all cash and investments using the modified cash basis of accounting.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

By showing the change in net position for the year, the reader may ascertain whether the District's financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the District's financial condition include increases in or erosion of the property tax base within the District, facilities maintenance and condition, mandated educational programs for which little or no funding is provided, or other external factors.

To provide more in-depth reporting of the District's financial position and changes in financial position, fund financial information is presented in the 'Fund Financial Statements'. These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on a modified cash basis, indicating modified cash basis sources and uses of funding.

Fund financial statements also provide more in-depth data on the District's most significant funds-General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered "major funds" by the Missouri Department of Elementary and Secondary Education. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled in the financial statements.

Government-Wide Financial Analysis

Net position of the District at June 30, 2017, of \$42,209,436 reflects the District's total assets of cash and investments less payroll withholdings compared to net position at June 30, 2016, of \$51,683,764. Net position of the District consists of the following as of June 30,:

	<u>2017</u>	<u>2016</u>
Restricted	\$ 14,229,643	\$ 25,215,266
Unrestricted	<u>27,979,793</u>	<u>26,468,498</u>
	<u>\$ 42,209,436</u>	<u>\$ 51,683,764</u>

The restricted net position is restricted for payment of principal and interest on general obligation bonds and capital projects.

Governmental Activities

Net position at June 30, 2017, reflects a decrease of \$9,474,328 from the net position balance at June 30, 2016. The primary factor of this decrease is due to the facility construction costs for the new elementary school and renovations at the high school.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Other key elements of this decrease consist of the following:

	<u>2017</u>	<u>2016</u>
Program revenues		
Charges for services	\$ 8,619,569	\$ 7,831,359
Operating grants and contributions	1,329,423	1,387,458
General revenues		
Taxes	62,999,113	61,608,604
Federal, state and county aid not restricted to specific purposes	6,697,321	6,276,151
Interest and investment earnings	417,511	647,314
Bond/certificates of participation proceeds	2,199,319	10,165,000
Other	205,560	355,856
Total revenues	<u>82,467,816</u>	<u>88,271,742</u>
Function/program expenses		
Instruction	37,335,810	38,881,673
Facilities acquisition and construction	15,433,735	15,939,537
Debt service		
Principal	3,864,299	14,868,640
Interest and other charges	4,944,201	4,577,784
Other	30,364,099	28,359,917
Total functional/program expenses	<u>91,942,144</u>	<u>102,627,551</u>
Change in net position	(9,474,328)	(14,355,809)
Net position at beginning of year	<u>51,683,764</u>	<u>66,039,573</u>
Net position at end of year	<u>\$ 42,209,436</u>	<u>\$ 51,683,764</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2017 and 2016, of \$91,942,144 and \$102,627,551, respectively, are not all borne by the taxpayers of the District. Of these amounts \$8,619,569 and \$7,831,359 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$1,329,423 and \$1,387,458 were paid through federal and state grants and contributions for the years ending June 30, 2017 and 2016, respectively.

Consequently, for the years ending June 30, 2017 and 2016, respectively, the net costs of \$81,993,152 and \$93,408,734, after taking into consideration these fees and grants, were paid from other general revenues, which include property taxes paid by the taxpayers of the District as well as other taxes, additional state funding and net position. The primary reason for the decrease in expenditures is due to the refunding bond principal of \$10 million that is included in the prior year total governmental activities expenses.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected for the various categories of expenses paid) for the years ended June 30, 2017 and 2016. The net cost presentation allows the taxpayers of the District to determine the remaining cost of the various categories which were borne by them or paid from other general revenues and net position, and allows them the opportunity to assess the cost of these functions in comparison to the benefits received.

	2017		2016	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	\$ 37,335,810	\$ 34,623,736	\$ 38,881,673	\$ 36,058,036
Guidance/attendance	1,634,474	1,633,073	1,629,941	1,628,729
Health, psych, speech and audio	559,933	557,322	660,798	656,648
Improvement of instruction	940,102	940,102	1,005,018	960,061
Professional development	117,833	117,833	76,757	76,757
Media services	872,074	866,934	787,792	785,255
Board of education services	366,904	366,084	384,695	384,307
Executive administration	4,822,668	4,818,444	3,381,332	3,376,690
Building administration	3,362,717	3,180,236	3,340,601	3,340,057
Central services	13,856,370	11,122,664	13,726,474	10,948,334
Community services	3,831,024	(475,511)	3,366,509	(192,101)
Capital outlay	15,433,735	15,433,735	15,939,537	15,939,537
Debt service				
Principal	3,864,299	3,864,299	14,868,640	14,868,640
Interest and other charges	4,944,201	4,944,201	4,577,784	4,577,784
Total	\$ 91,942,144	\$ 81,993,152	\$ 102,627,551	\$ 93,408,734

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (i.e., dedicated taxes and bond proceeds). The fund financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by the taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District and assess further the District's financial health.

The District completed the fiscal year ended June 30, 2017, with a combined fund balance for Governmental funds of \$38,662,870, as compared to a combined fund balance of \$48,146,852 at June 30, 2016, for a decrease of \$9,483,982.

The fund balance of the operating funds (General and Special Revenue) increased by \$1,953,192 compared to a decrease of \$2,001,702 the previous year. This is primarily due to state aid and sales tax (Prop C) revenue exceeding budget as a result of larger payouts in June 2017 by \$625,000, unspent salary and benefits in the teachers fund as a result of leave without pay and staff choosing the stipend over the district provided insurance, utility costs less than budgeted and classified staff salary and benefits less than budgeted as a result of not being fully staffed for the full year. This primarily occurred in the facility department.

The fund balance of the Debt Service Fund increased by \$1,767,427. The \$9,719,704 fund balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The fund balance of the Capital Projects Fund decreased \$13,204,601 as a result of the construction of the new elementary building and renovations at the high school.

The major source of revenue for operations and debt service is current local property taxes amounting to \$54,689,483. This is derived from the District's operating levy of \$3.6731 (blended rate) and the debt service levy of \$.7730 for a total levy of \$4.4461. Other significant local revenues are \$5,924,875 from sales tax, \$5,369,982 from early childhood education, community education and full day Kindergarten tuition, \$1,925,688 from merchants and manufacturer's surtax, \$1,703,385 from local food service, and \$1,251,678 from student activities.

County revenues of \$1,174,153 are derived from state assessed utility property of \$1,107,777 and county fines of \$66,376.

State funding which makes up 6.5% of total revenues, including other sources, increased \$333,427 from the previous year for a total of \$5,335,591. This is primarily due to using an estimated ADA for 2016-17 due to increased enrollment so the District received the revenue in the current year rather than the higher of the previous two years and that the District is now a formula district and not hold harmless.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

State revenues collected are as follows for the year ended June 30,:

	<u>2017</u>	<u>2016</u>
Basic formula and classroom trust	\$ 4,489,201	\$ 4,029,524
Transportation	311,958	395,834
Early childhood education	511,943	509,719
Other	<u>22,489</u>	<u>67,087</u>
Total state revenue	<u>\$ 5,335,591</u>	<u>\$ 5,002,164</u>

Federal funding, which makes up 1.7% of total revenues collected, increased by \$33,489 from the previous year. Federal revenues collected are as follows for the year ended June 30,:

	<u>2017</u>	<u>2016</u>
Medicaid	\$ 41,597	\$ 35,856
School lunch and breakfast	661,719	636,163
Title I	423,312	457,256
Title II A	144,654	154,759
Other	<u>89,154</u>	<u>42,913</u>
Total federal revenue	<u>\$ 1,360,436</u>	<u>\$ 1,326,947</u>

Total governmental funds expenditures were \$91,940,434 for the year compared to \$102,718,089 the previous year. The General Fund accounts for \$27,008,669 or 29.4% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$39,147,661 or 42.6% of total expenditures and consists of salaries and certain benefits for certificated personnel. Debt Service Fund expenditures of \$8,668,293 or 9.4% of total expenditures are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of \$17,115,811 or 18.6% of total expenditures are for construction projects, facility repairs and capital equipment. This amount includes \$12,663,330 in Prop G expenditures for the new elementary school and renovations of the high school and \$2,199,319 for the construction of a new central office.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The following tables summarize the governmental fund revenues collected and expenditures paid, including other financial sources and uses for the years ended June 30,:

	REVENUES			
	Years ended June 30,			
	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
Local	\$ 72,307,527	87.7%	\$ 70,401,915	79.8%
County	1,174,153	1.4%	1,175,508	1.3%
State	5,335,591	6.5%	5,002,164	5.7%
Federal	1,360,436	1.6%	1,326,947	1.5%
Other	2,278,745	2.8%	10,359,301	11.7%
Total revenues collected	<u>\$ 82,456,452</u>	<u>100.0%</u>	<u>\$ 88,265,835</u>	<u>100.0%</u>

	EXPENDITURES			
	Years ended June 30,			
	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
Instruction	\$ 37,334,100	40.4%	\$ 38,972,211	37.9%
Support services	26,533,075	28.9%	24,993,408	24.3%
Debt services	8,808,500	9.6%	19,446,424	18.9%
Facilities acquisition and construction	15,433,735	16.9%	15,939,537	15.6%
Community services and other	3,831,024	4.2%	3,366,509	3.3%
Total expenditures	<u>\$ 91,940,434</u>	<u>100.0%</u>	<u>\$ 102,718,089</u>	<u>100.0%</u>

Budgetary Highlights

Over the course of the year, the Board of Education revised the District's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri statutes for public School finance, Section 67.010, RSMo requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 14, 2016, and the final budget amendment was adopted on June 13, 2017.

Statements comparing modified cash basis revenues and expenditures to the original and final budgets are provided in this report.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Capital Assets and Debt Administration

Capital Assets

The District operates under the modified cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

Long-Term Obligations

At June 30, 2017, the District had outstanding general obligation bonds of \$103,938,817 reflecting principal payments of \$3,864,299 made during the year.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The debt limitation is \$190,077,228 at June 30, 2017, based on the December 31, 2016 assessed values.

In January 2016, the District purchased the Johnny's Market property at 11555 Gravois Road to construct a new central office. Lease Participation Certificates in the amount of \$6,000,000 and \$1,060,000 were issued in March 2016 and February 2017 for this construction project, respectively. Lease interest payments began in the 2016-17 fiscal year and principal payments will begin in the 2021-22 fiscal year.

The District operates on the modified cash basis of accounting; therefore, payments on long-term debt are recorded as expenditures. Long-term obligations are not reflected in the financial statements. Commitments for long-term debt and other obligations are disclosed in the notes to the financial statements.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Economic Factors

The fiscal year 2012-13 was supposed to be the full implementation of the new state funding formula. However, state of Missouri's economic woes did not allow for the full funding of the formula for several years. Lindbergh was a "hold harmless" district until FY17 and did not receive any additional state revenue per child under the new formula. State formula revenue for FY17 is calculated at \$718 per weighted average daily attendance (WADA) based on the current dollar value modifier. From FY10 through FY15, the state was withholding state aid payments to all districts as a result of state revenue shortfalls. The following table shows the fiscal year, the percentage of withholding and the resulting effect on the per WADA payment to Lindbergh.

<u>Years ended</u> <u>June 30,</u>	<u>% withholding</u>	<u>Formula</u> <u>WADA</u>	<u>Payment</u> <u>per WADA</u>
2010	2 %	\$ 646	\$ 633
2011	4	646	626
2012	6	646	607
2013	7.5	639	591
2014	6.7	637	594
2015	3.1	638	618

For FY16 and FY17, the state was able to fully fund hold-harmless districts and therefore, Lindbergh received the \$638 per WADA. Estimated state aid for FY18 is based on the assumption that the state will continue to fully fund the formula. State funding for transportation aid has not been fully funded for some time. Transportation aid is supposed to cover 75% of eligible costs but currently covers approximately 29%. For Lindbergh this represents a loss of funding of over \$772,081 for FY17.

As a result of the Missouri Supreme Court ruling on student transfers from unaccredited school districts, Lindbergh received nine students from two unaccredited districts in St. Louis County. The tuition rate suggested by the Department of Elementary and Secondary Education was paid by the sending districts to Lindbergh for the 2016-17 school year. For 2017-18, Lindbergh expects to have a similar number of students return at a similar tuition rate.

The District has been decreasing its participation in the Voluntary Interdistrict Choice Corporation (VICC) program for a number of years. FY17 represents the last year of VICC enrolled students. The District resident enrollment has been rapidly increasing. For the FY17 school year, enrollment increased 169 students and is projected to increase approximately 200 students for FY18. This trend is expected to continue for a number of years and requires more teachers, support staff, classrooms, transportation services and instructional supplies. Existing expenditures have been reviewed and reduced to accommodate and support this growth to the point that further reductions are likely to directly impact students.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Calendar year 2017 was a reassessment year and the District's assessed values showed a 9.7% growth. This is positive news for the District with housing prices continuing to rebound and housing sales continuing to occur quickly. However, the consumer price index (CPI) only reflects economic growth of 2.1%. Lindbergh relies heavily on local revenues and is limited in calculating our property tax rates based on assessed value increase or CPI, whichever is lower.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report please contact Joël Cracchiolo, Chief Financial Officer.

LINDBERGH SCHOOLS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2017

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 38,940,675
Restricted cash and investments	<u>5,687,939</u>
TOTAL ASSETS	<u><u>\$ 44,628,614</u></u>
LIABILITIES	
Payroll withholdings	\$ 2,419,178
NET POSITION	
Restricted for:	
Debt service	9,719,704
Capital projects	4,509,939
Unrestricted	<u>27,979,793</u>
Total net position	<u><u>42,209,436</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 44,628,614</u></u>

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2017

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	\$ 37,335,810	\$ 2,593,110	\$ 118,964	\$ -	\$ (34,623,736)
Attendance	123,728	-	-	-	(123,728)
Guidance	1,510,746	1,401	-	-	(1,509,345)
Health, psych, speech and audio	559,933	2,611	-	-	(557,322)
Improvement of instruction	940,102	-	-	-	(940,102)
Professional development	117,833	-	-	-	(117,833)
Media services	872,074	5,140	-	-	(866,934)
Board of education services	366,904	820	-	-	(366,084)
Executive administration	4,822,668	84	4,140	-	(4,818,444)
Building level administration	3,362,717	169,400	13,081	-	(3,180,236)
Business central service	1,267,033	4,249	-	-	(1,262,784)
Operation of plant	7,376,492	131	5,816	-	(7,370,545)
Security services	248,529	-	-	-	(248,529)
Pupil transportation	2,436,468	-	311,958	-	(2,124,510)
Food services	2,402,692	1,715,944	676,561	-	(10,187)
Central office support services	125,156	19,047	-	-	(106,109)
Community services	3,831,024	4,107,632	198,903	-	475,511
Facilities acquisition and construction	15,433,735	-	-	-	(15,433,735)
Debt service:					
Principal	3,864,299	-	-	-	(3,864,299)
Interest and other charges	4,944,201	-	-	-	(4,944,201)
Total governmental activities	<u>\$ 91,942,144</u>	<u>\$ 8,619,569</u>	<u>\$ 1,329,423</u>	<u>\$ -</u>	(81,993,152)
General revenues					
Taxes					
Property taxes, levied for general purposes					46,766,706
Property taxes, levied for debt service					9,841,987
Other taxes					465,545
Prop C - sales tax					5,924,875
Federal, state and county aid not restricted to specific purposes					6,697,321
Interest and investment earnings					417,511
Proceeds from certificates of participation					2,199,319
Miscellaneous					205,560
Total general revenues					<u>72,518,824</u>
Decrease in net position					(9,474,328)
Net position at July 1, 2016					<u>51,683,764</u>
Net position at June 30, 2017					<u>\$ 42,209,436</u>

See notes to financial statements.

LINDBERGH SCHOOLS

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2017

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	\$ 24,576,104	\$ -	\$ 8,541,704	\$ 2,276,301	\$ 35,394,109
Restricted cash and investments	-	-	1,178,000	4,509,939	5,687,939
TOTAL ASSETS	<u>\$ 24,576,104</u>	<u>\$ -</u>	<u>\$ 9,719,704</u>	<u>\$ 6,786,240</u>	<u>\$ 41,082,048</u>
LIABILITIES					
Payroll withholdings	\$ 2,419,178	\$ -	\$ -	\$ -	\$ 2,419,178
FUND BALANCES					
Restricted for:					
Debt service	-	-	9,719,704	-	9,719,704
Prop G capital projects	-	-	-	4,509,939	4,509,939
Committed:					
Scholarships	65,220	-	-	-	65,220
Assigned:					
Other capital projects	-	-	-	2,276,301	2,276,301
Unassigned	22,091,706	-	-	-	22,091,706
Total fund balances	<u>22,156,926</u>	<u>-</u>	<u>9,719,704</u>	<u>6,786,240</u>	<u>38,662,870</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,576,104</u>	<u>\$ -</u>	<u>\$ 9,719,704</u>	<u>\$ 6,786,240</u>	<u>\$ 41,082,048</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	\$ 38,662,870
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>3,546,566</u>
Net position of governmental activities	<u>\$ 42,209,436</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, 2017

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	\$ 29,942,133	\$ 32,224,405	\$ 10,207,715	\$ (66,726)	\$ 72,307,527
County sources	359,298	586,850	228,005	-	1,174,153
State sources	1,398,332	2,172,756	-	1,764,503	5,335,591
Federal sources	1,327,004	33,432	-	-	1,360,436
Other sources	-	65,312	-	-	65,312
Total revenues	<u>33,026,767</u>	<u>35,082,755</u>	<u>10,435,720</u>	<u>1,697,777</u>	<u>80,243,019</u>
Expenditures					
Instruction	4,496,251	32,496,680	-	341,169	37,334,100
Attendance	123,728	-	-	-	123,728
Guidance	293,513	1,217,233	-	-	1,510,746
Health, psych speech and audio	559,933	-	-	-	559,933
Improvement of instruction	256,484	680,483	-	3,135	940,102
Professional development	117,833	-	-	-	117,833
Media services	264,058	604,056	-	3,960	872,074
Board of education services	366,904	-	-	-	366,904
Executive administration	2,646,299	1,724,756	-	451,613	4,822,668
Building level administration	1,106,810	2,239,313	-	16,594	3,362,717
Business central services	1,050,868	184,575	-	31,590	1,267,033
Operation of plant	6,687,630	-	-	688,862	7,376,492
Security services	248,529	-	-	-	248,529
Pupil transportation	2,436,468	-	-	-	2,436,468
Food service	2,397,746	-	-	4,946	2,402,692
Central office support services	125,156	-	-	-	125,156
Community services	3,830,459	565	-	-	3,831,024
Facilities acquisition and construction	-	-	-	15,433,735	15,433,735
Debt service:					
Principal	-	-	3,864,299	-	3,864,299
Interest and other charges	-	-	4,803,994	140,207	4,944,201
Total expenditures	<u>27,008,669</u>	<u>39,147,661</u>	<u>8,668,293</u>	<u>17,115,811</u>	<u>91,940,434</u>
Revenues over (under) expenditures	6,018,098	(4,064,906)	1,767,427	(15,418,034)	(11,697,415)
Other financing sources (uses)					
Transfers	(4,064,906)	4,064,906	-	-	-
Proceeds from sale of other property	-	-	-	14,114	14,114
Proceeds from certificates of participation	-	-	-	2,199,319	2,199,319
Total other financing sources (uses)	<u>(4,064,906)</u>	<u>4,064,906</u>	<u>-</u>	<u>2,213,433</u>	<u>2,213,433</u>
NET CHANGE IN FUND BALANCES	1,953,192	-	1,767,427	(13,204,601)	(9,483,982)
Fund balance at July 1, 2016	<u>20,203,734</u>	<u>-</u>	<u>7,952,277</u>	<u>19,990,841</u>	<u>48,146,852</u>
Fund balance at June 30, 2017	<u>\$ 22,156,926</u>	<u>\$ -</u>	<u>\$ 9,719,704</u>	<u>\$ 6,786,240</u>	<u>\$ 38,662,870</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	\$ (9,483,982)
Internal service funds are used by the District to charge the cost of insurance activities	<u>9,654</u>
Change in net position of governmental activities	<u>\$ (9,474,328)</u>

See notes to financial statements.

LINDBERGH SCHOOLS

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
PROPRIETARY FUND**

June 30, 2017

	Governmental Activities - Internal Service Fund
ASSETS	
Cash	<u>\$ 3,546,566</u>
NET POSITION	
Unrestricted	<u>\$ 3,546,566</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, 2017

	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	\$ 7,326,976
Interest income	11,364
Total revenues	<u>7,338,340</u>
Operating expenditures	
Medical and dental claims	<u>7,328,686</u>
CHANGE IN NET POSITION	9,654
Net position at July 1, 2016	<u>3,536,912</u>
Net position at June 30, 2017	<u><u>\$ 3,546,566</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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 funds' 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 escrowed for future general obligation bond principal and interest payments included in the Missouri Direct Deposit Program and restricted for construction of a new elementary school and renovation of the high school.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Interfund Activity

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred \$4,064,906 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.

Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2017 requires the payment of salaries over a twelve month period. Consequently, the July 2017 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 has investments managed by Wells Fargo in conjunction with the Missouri Direct Deposit Program. These investments are restricted for payment of interest and retirement of general obligation bonds issued through the MOHEFA Bond Program. The District also 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 \$1,178,000 and \$42,619,973 invested through MOHEFA and MoSIP at June 30, 2017, respectively.

The deposits and investments held at June 30, 2017 and reported at cost are as follows:

	<u>Cost</u>	<u>Investment maturities</u> <u>0 to 1 year</u>
Deposits		
Cash on hand	\$ 2,750	N/A
Demand deposits	827,891	N/A
	<u>830,641</u>	
Investments - external investment pools		
Missouri Direct Deposit Program	1,178,000	1,178,000
Missouri Security Investment Program		
Money market funds	26,919,973	26,919,973
Term investments	15,000,000	15,000,000
Certificates of deposit	700,000	700,000
	<u>43,797,973</u>	<u>\$ 43,797,973</u>
Total deposits and investments	<u>\$ 44,628,614</u>	

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The credit ratings of the District's investments at June 30, 2017, are summarized in the schedule below.

	<u>Cost</u>	<u>Credit rating</u>
Investments		
Missouri Direct Deposit Program	\$ 1,178,000	Unrated
Missouri Security Investment Program		
Money market funds	26,919,973	AAAm
Term investments	15,000,000	AAAf
Certificates of deposit	<u>700,000</u>	Unrated
	<u>\$ 43,797,973</u>	

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2016 for the purposes of local taxation was:

Real estate	
Residential	\$ 771,179,610
Agricultural	351,020
Commercial	339,088,270
Personal property	<u>156,562,620</u>
Total	<u>\$ 1,267,181,520</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2017 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.5000	\$ 1.5000
Special Revenue Fund	2.1731	2.1731
Debt Service Fund	0.7730	0.7730
Capital Projects Fund	<u>0.0000</u>	<u>0.0000</u>
Total	<u>\$ 4.4461</u>	<u>\$ 4.4461</u>

The receipts of current property taxes during the fiscal year ended June 30, 2017, aggregated approximately 96.07 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, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Bonds payable	\$ 107,803,116	\$ -	\$ (3,864,299)	\$ 103,938,817	\$ 4,004,863
Obligation under capital leases	<u>6,000,000</u>	<u>1,060,000</u>	<u>-</u>	<u>7,060,000</u>	<u>-</u>
	<u>\$ 113,803,116</u>	<u>\$ 1,060,000</u>	<u>\$ (3,864,299)</u>	<u>\$ 110,998,817</u>	<u>\$ 4,004,863</u>

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. The obligation under the capital leases are paid by the Capital Projects Fund.

Bonds payable consists of the following at June 30, 2017,:

	Original issue amount	Maturity date	Interest rates	Balance at June 30, 2017
Series 2000	\$ 9,499,874	2018	5.72% - 5.90%	\$ 1,049,863
Series 2009B	7,165,000	2024	1.00%	6,715,000
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%	5,925,000
Series 2012	9,070,000	2023	1.00% - 2.00%	5,345,000
Series 2014 Refunding	32,060,000	2027	2.00% - 3.00%	31,385,000
Series 2014	34,035,000	2034	2.00% - 4.00%	30,100,000
Series 2015 Refunding	9,865,000	2029	2.00% - 3.00%	9,585,000
	<u>\$ 121,583,828</u>			<u>\$ 103,938,817</u>

The annual requirements to amortize general obligation bonds are as follows at June 30, 2017:

Year ending June 30,	Principal	Interest	Total
2018	\$ 4,004,863	\$ 3,063,234	\$ 7,068,097
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
2023-2027	39,539,706	9,030,196	48,569,902
2028-2032	28,594,248	3,487,942	32,082,190
2033-2034	4,440,000	234,500	4,674,500
Total	<u>\$ 103,938,817</u>	<u>\$ 26,762,046</u>	<u>\$ 130,700,863</u>

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Advanced Refunding

In prior years the District defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included on the District's financial statements. At June 30, 2017, \$11,220,000 of the bonds outstanding are considered defeased.

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.

For the year ended June 30, 2017, the District received proceeds of \$2,199,319 from the Series 2016 certificates. No proceeds from Series 2017 were received during the year. The District expects to receive the remaining funds from the Series 2016 certificates and the funds from the Series 2017 certificates in the following year.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 185,352	\$ 185,352
2019	-	185,005	185,005
2020	-	185,005	185,005
2021	-	185,005	185,005
2022	400,000	185,005	585,005
2023-2027	2,115,000	808,955	2,923,955
2028-2032	2,380,000	549,123	2,929,123
2033-2036	2,165,000	174,610	2,339,610
Total	<u>\$ 7,060,000</u>	<u>\$ 2,458,060</u>	<u>\$ 9,518,060</u>

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2017, was:

Constitutional debt limit	\$ 190,077,228
General obligation bonds payable	(103,938,817)
Amount available in Debt Service Fund	<u>9,719,704</u>
Legal debt margin	<u>\$ 95,858,115</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.

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

For 2016, the total amount of tax abated was \$98,316.

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2017, 2016 and 2015 were \$4,861,267, \$4,840,988 and \$4,609,010, 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, 2017, 2016 and 2015 were \$635,307, \$629,891 and \$608,641, respectively, equal to the required contributions.

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – ST. LOUIS DESEGREGATION PROGRAM

The District was party to, and bound by, the terms of the Settlement Agreement negotiated in 1983 regarding the St. Louis desegregation case. On October 1, 1991, the District filed a motion for final judgment notifying the court that it met the required plan ration in September 1991. On November 4, 1991, the District received a final judgment from the U.S. District Court stating that the District had satisfied its inter-district pupil desegregation obligation. The District remains under a voluntary obligation to comply with all terms of the new settlement agreement negotiated in 1999. The Voluntary Interdistrict Choice Corporation (VICC) currently administers the St. Louis interdistrict transfer program. The District has approved a plan to gradually reduce its desegregation student enrollment due to increased resident enrollment. The 2008 – 2009 school year was the last year the District accepted new transfer students and those new students were in grade five only. Desegregation aid received for the year ended June 30, 2017 was \$28,040.

NOTE 9 – 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, 2017, 240 retirees participated in the District's insurance plans and paid premiums totaling \$814,474.

NOTE 10 – 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 \$150,000 per individual.

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – 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.

On February 11, 2014, the District approved a Classified Cost Reduction Plan. Eligible classified employees qualify if they retire by June 30, 2014, have completed at least twenty years of service to the District by June 30, 2014, are eligible for retirement in accordance with PEERS guidelines and currently receive district-paid insurance benefits. Eligible employees choosing to participate in this plan will receive three years of District-paid insurance after retirement or a one-time payment of \$10,000 in lieu of insurance.

In the fiscal year ended June 30, 2017, the District paid approximately \$1,082,000 under the plans. Based upon participants at June 30, 2017, the District will be liable for approximately \$2,019,000 in additional benefits through the year ending June 30, 2020. Of this amount, approximately \$1,043,000 will be payable by the year ending June 30, 2018.

LINDBERGH SCHOOLS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED
Year ended June 30, 2017**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 26,666,852	\$ 27,100,935	\$ 29,942,133	\$ 434,083	\$ 2,841,198
County sources	282,960	282,960	359,298	-	76,338
State sources	1,488,943	1,387,833	1,398,332	(101,110)	10,499
Federal sources	<u>1,228,802</u>	<u>1,318,762</u>	<u>1,327,004</u>	<u>89,960</u>	<u>8,242</u>
Total revenues	<u>29,667,557</u>	<u>30,090,490</u>	<u>33,026,767</u>	<u>422,933</u>	<u>2,936,277</u>
Expenditures					
Instruction	5,116,321	4,799,009	4,496,251	317,312	302,758
Attendance	124,926	124,168	123,728	758	440
Guidance	304,967	305,698	293,513	(731)	12,185
Health, psych, speech and audio	595,350	628,456	559,933	(33,106)	68,523
Improvement of instruction	251,680	282,345	256,484	(30,665)	25,861
Professional development	109,077	127,493	117,833	(18,416)	9,660
Media services	258,458	258,395	264,058	63	(5,663)
Board of education services	415,192	404,569	366,904	10,623	37,665
Executive administration	2,263,656	2,448,234	2,646,299	(184,578)	(198,065)
Building level administration	1,067,522	1,079,136	1,106,810	(11,614)	(27,674)
Business central services	1,239,061	1,183,144	1,050,868	55,917	132,276
Operation of plant	7,455,716	7,091,752	6,687,630	363,964	404,122
Security services	261,002	252,813	248,529	8,189	4,284
Pupil transportation	2,284,423	2,386,970	2,436,468	(102,547)	(49,498)
Food service	2,261,935	2,327,376	2,397,746	(65,441)	(70,370)
Central office support services	123,513	127,755	125,156	(4,242)	2,599
Community services	<u>3,294,812</u>	<u>4,005,842</u>	<u>3,830,459</u>	<u>(711,030)</u>	<u>175,383</u>
Total expenditures	<u>27,427,611</u>	<u>27,833,155</u>	<u>27,008,669</u>	<u>(405,544)</u>	<u>824,486</u>
Revenues over expenditures	2,239,946	2,257,335	6,018,098	17,389	3,760,763
Other financing uses					
Transfers	<u>(2,275,201)</u>	<u>(2,181,307)</u>	<u>(4,064,906)</u>	<u>93,894</u>	<u>(1,883,599)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (35,255)</u>	<u>\$ 76,028</u>	<u>1,953,192</u>	<u>\$ 111,283</u>	<u>\$ 1,877,164</u>
Fund balance at July 1, 2016			<u>20,203,734</u>		
Fund balance at June 30, 2017			<u>\$ 22,156,926</u>		

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, 2017**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 34,702,550	\$ 34,911,758	\$ 32,224,405	\$ 209,208	\$ (2,687,353)
County sources	587,340	587,340	586,850	-	(490)
State sources	1,644,597	1,654,697	2,172,756	10,100	518,059
Federal sources	-	43,572	33,432	43,572	(10,140)
Other sources	57,888	69,075	65,312	11,187	(3,763)
Total revenues	<u>36,992,375</u>	<u>37,266,442</u>	<u>35,082,755</u>	<u>274,067</u>	<u>(2,183,687)</u>
Expenditures					
Instruction	33,645,106	32,780,430	32,496,680	864,676	283,750
Guidance	1,213,569	1,217,751	1,217,233	(4,182)	518
Improvement of instruction	678,287	678,325	680,483	(38)	(2,158)
Media services	614,833	617,172	604,056	(2,339)	13,116
Executive administration	691,563	1,727,316	1,724,756	(1,035,753)	2,560
Building level administration	2,239,493	2,240,878	2,239,313	(1,385)	1,565
Business central services	184,725	184,877	184,575	(152)	302
Community services	-	1,000	565	(1,000)	435
Total expenditures	<u>39,267,576</u>	<u>39,447,749</u>	<u>39,147,661</u>	<u>(180,173)</u>	<u>300,088</u>
Revenues under expenditures	(2,275,201)	(2,181,307)	(4,064,906)	93,894	(1,883,599)
Other financing sources					
Transfers	<u>2,275,201</u>	<u>2,181,307</u>	<u>4,064,906</u>	<u>(93,894)</u>	<u>1,883,599</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at July 1, 2016			<u>-</u>		
Fund balance at June 30, 2017			<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, 2017**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 9,670,600	\$ 9,958,775	\$ 10,207,715	\$ 288,175	\$ 248,940
County sources	190,000	190,000	228,005	-	38,005
Total revenues	<u>9,860,600</u>	<u>10,148,775</u>	<u>10,435,720</u>	<u>288,175</u>	<u>286,945</u>
Expenditures					
Debt service:					
Principal	5,540,000	5,540,000	3,864,299	-	1,675,701
Interest and other charges	3,128,750	3,128,750	4,803,994	-	(1,675,244)
Total expenditures	<u>8,668,750</u>	<u>8,668,750</u>	<u>8,668,293</u>	<u>-</u>	<u>457</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ 1,191,850</u>	 <u>\$ 1,480,025</u>	 <u>1,767,427</u>	 <u>\$ 288,175</u>	 <u>\$ 287,402</u>
 Fund balance at July 1, 2016			<u>7,952,277</u>		
Fund balance at June 30, 2017			<u>\$ 9,719,704</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, 2017**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 71,375	\$ 71,375	\$ (66,726)	\$ -	\$ (138,101)
State sources	1,764,503	1,764,503	1,764,503	-	-
Other sources	15,000	15,000	-	-	(15,000)
Total revenues	1,850,878	1,850,878	1,697,777	-	(153,101)
Expenditures					
Instruction	370,752	408,041	341,169	(37,289)	66,872
Improvement of instruction	20,000	5,000	3,135	15,000	1,865
Media services	6,315	6,315	3,960	-	2,355
Executive administration	460,000	460,000	451,613	-	8,387
Building level administration	11,059	11,454	16,594	(395)	(5,140)
Business central services	270,000	31,832	31,590	238,168	242
Operation of plant	497,500	611,116	688,862	(113,616)	(77,746)
Food service	-	19,946	4,946	(19,946)	15,000
Community services	39,997	2,000	-	37,997	2,000
Facilities acquisition and construction	16,250,000	15,055,404	13,234,416	1,194,596	1,820,988
Debt service:					
Interest and other charges	140,000	140,000	140,207	-	(207)
Total expenditures	18,065,623	16,751,108	14,916,492	1,314,515	1,834,616
Revenues over (under) expenditures	(16,214,745)	(14,900,230)	(13,218,715)	1,314,515	1,681,515
Other financing sources					
Proceeds from sale of other property	-	-	14,114	-	14,114
NET CHANGE IN FUND BALANCE	<u>\$ (16,214,745)</u>	<u>\$ (14,900,230)</u>	<u>(13,204,601)</u>	<u>\$ 1,314,515</u>	<u>\$ 1,695,629</u>
Fund balance at July 1, 2016			19,990,841		
Fund balance at June 30, 2017			<u>\$ 6,786,240</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, 2017

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
	Revenues				
Local sources	\$ 71,111,377	\$ 72,042,843	\$ 72,307,527	\$ 931,466	\$ 264,684
County sources	1,060,300	1,060,300	1,174,153	-	113,853
State sources	4,898,043	4,807,033	5,335,591	(91,010)	528,558
Federal sources	1,228,802	1,362,334	1,360,436	133,532	(1,898)
Other sources	72,888	84,075	65,312	11,187	(18,763)
Total revenues	78,371,410	79,356,585	80,243,019	985,175	886,434
Expenditures					
Instruction	39,132,179	37,987,480	37,334,100	1,144,699	653,380
Attendance	124,926	124,168	123,728	758	440
Guidance	1,518,536	1,523,449	1,510,746	(4,913)	12,703
Health, psych, speech and audio	595,350	628,456	559,933	(33,106)	68,523
Improvement of instruction	949,967	965,670	940,102	(15,703)	25,568
Professional development	109,077	127,493	117,833	(18,416)	9,660
Media services	879,606	881,882	872,074	(2,276)	9,808
Board of education services	415,192	404,569	366,904	10,623	37,665
Executive administration	3,415,219	4,635,550	4,822,668	(1,220,331)	(187,118)
Building level administration	3,318,074	3,331,468	3,362,717	(13,394)	(31,249)
Business central services	1,693,786	1,399,853	1,267,033	293,933	132,820
Operation of plant	7,953,216	7,702,868	7,376,492	250,348	326,376
Security services	261,002	252,813	248,529	8,189	4,284
Pupil transportation	2,284,423	2,386,970	2,436,468	(102,547)	(49,498)
Food service	2,261,935	2,347,322	2,402,692	(85,387)	(55,370)
Central office support services	123,513	127,755	125,156	(4,242)	2,599
Community services	3,334,809	4,008,842	3,831,024	(674,033)	177,818
Facilities acquisition and construction	16,250,000	15,055,404	13,234,416	1,194,596	1,820,988
Debt service:					
Principal	5,540,000	5,540,000	3,864,299	-	1,675,701
Interest and other charges	3,268,750	3,268,750	4,944,201	-	(1,675,451)
Total expenditures	93,429,560	92,700,762	89,741,115	728,798	2,959,647
Revenues over (under) expenditures	(15,058,150)	(13,344,177)	(9,498,096)	1,713,973	3,846,081
Other financing sources					
Proceeds from sale of other property	-	-	14,114	-	14,114
NET CHANGE IN FUND BALANCE	\$ (15,058,150)	\$ (13,344,177)	(9,483,982)	\$ 1,713,973	\$ 3,860,195
Fund balance at July 1, 2016			48,146,852		
Fund balance at June 30, 2017			\$38,662,870		

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 capital lease obligations are not reported as an expenditure and the proceeds are not reported as an other financing source for budgetary purposes.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES COLLECTED BY SOURCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
Year ended June 30, 2017

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Local					
Current taxes	\$ 18,450,591	\$ 26,730,579	\$ 9,508,313	\$ -	\$ 54,689,483
Delinquent taxes	(2,186)	(3,166)	(1,126)	-	(6,478)
School district trust fund (Prop C)	2,962,438	2,962,437	-	-	5,924,875
Financial institution tax	114,440	165,796	58,975	-	339,211
M&M surtax	649,669	941,219	334,800	-	1,925,688
In Lieu of Tax	42,621	61,748	21,965	-	126,334
Tuition from individuals (K-12)	-	1,262,350	-	-	1,262,350
Earnings (loss) on investments	158,910	29,175	284,788	(66,726)	406,147
Food service program	980,109	-	-	-	980,109
Food service non-program	723,276	-	-	-	723,276
Student activities	1,251,678	-	-	-	1,251,678
Community services	4,107,632	-	-	-	4,107,632
Other local sources	502,955	74,267	-	-	577,222
	<u>29,942,133</u>	<u>32,224,405</u>	<u>10,207,715</u>	<u>(66,726)</u>	<u>72,307,527</u>
County					
Fines, escheat, etc.	-	66,376	-	-	66,376
State assessed utilities	359,298	520,474	228,005	-	1,107,777
	<u>359,298</u>	<u>586,850</u>	<u>228,005</u>	<u>-</u>	<u>1,174,153</u>
State					
Basic formula	-	2,075,119	-	-	2,075,119
Transportation	311,958	-	-	-	311,958
Early childhood special education	-	-	-	327,603	327,603
Classroom trust fund	977,182	-	-	1,436,900	2,414,082
Educational screening prog/PAT	90,964	93,376	-	-	184,340
Career education	-	4,261	-	-	4,261
Food service - state	14,842	-	-	-	14,842
Residential placement/excess cost	3,291	-	-	-	3,291
Other state revenue	95	-	-	-	95
	<u>1,398,332</u>	<u>2,172,756</u>	<u>-</u>	<u>1,764,503</u>	<u>5,335,591</u>
Federal					
Medicaid	41,597	-	-	-	41,597
Perkins basic grant	-	33,432	-	-	33,432
School lunch program	506,557	-	-	-	506,557
School breakfast program	155,162	-	-	-	155,162
Title I -ESEA	423,312	-	-	-	423,312
Title III, ESEA-English language acquisition	55,718	-	-	-	55,718
Title II, Part A, ESEA-teacher & principal quality	144,654	-	-	-	144,654
Other federal revenue	4	-	-	-	4
	<u>1,327,004</u>	<u>33,432</u>	<u>-</u>	<u>-</u>	<u>1,360,436</u>
Other financing sources					
Proceeds from certificates of participation	-	-	-	2,199,319	2,199,319
Proceeds from sale of other property	-	-	-	14,114	14,114
Contracted educational services	-	65,312	-	-	65,312
	<u>-</u>	<u>65,312</u>	<u>-</u>	<u>2,213,433</u>	<u>2,278,745</u>
	<u>\$ 33,026,767</u>	<u>\$ 35,082,755</u>	<u>\$ 10,435,720</u>	<u>\$ 3,911,210</u>	<u>\$ 82,456,452</u>
Total revenues					\$ 82,456,452
Less Prop G revenue					89,721
Less proceeds from certificates of participation					(2,199,319)
Less debt service revenue					(10,435,720)
Total operating revenue					<u>\$ 69,911,134</u>

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES PAID BY OBJECT

ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED

Year ended June 30, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Salaries	\$ 9,917,536	\$ 29,917,786	\$ -	\$ -	\$ 39,835,322
Employee benefits	3,171,233	9,229,875	-	-	12,401,108
Purchased services	9,311,495	-	-	-	9,311,495
Supplies	4,608,405	-	-	-	4,608,405
Capital outlay	-	-	-	16,975,603	16,975,603
Other objects	-	-	8,668,293	140,208	8,808,501
	<u>\$ 27,008,669</u>	<u>\$ 39,147,661</u>	<u>\$ 8,668,293</u>	<u>\$ 17,115,811</u>	<u>\$ 91,940,434</u>
Total expenditures					\$ 91,940,434
Less Prop G expenditures					(12,663,330)
Less certificates of participation expenditures					(2,199,319)
Less debt service expenditures					<u>(8,668,293)</u>
Total operating expenditures					<u>\$ 68,409,492</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, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues collected	\$ 33,026,767	\$ 35,082,755	\$ 10,435,720	\$ 1,697,777	\$ 80,243,019
Expenditures paid	<u>27,008,669</u>	<u>39,147,661</u>	<u>8,668,293</u>	<u>17,115,811</u>	<u>91,940,434</u>
Revenues over (under) expenditures	6,018,098	(4,064,906)	1,767,427	(15,418,034)	(11,697,415)
Other financing sources (uses)	<u>(4,064,906)</u>	<u>4,064,906</u>	-	<u>2,213,433</u>	<u>2,213,433</u>
NET CHANGE IN FUND BALANCE	1,953,192	-	1,767,427	(13,204,601)	(9,483,982)
Fund balance at July 1, 2016	<u>20,203,734</u>	-	<u>7,952,277</u>	<u>19,990,841</u>	<u>48,146,852</u>
Fund balance at June 30, 2017	<u><u>\$ 22,156,926</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,719,704</u></u>	<u><u>\$ 6,786,240</u></u>	<u><u>\$ 38,662,870</u></u>



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**Independent Accountants' Report on Management's Assertions
About Compliance with Specified Requirements of
Missouri Laws and Regulations**

Board of Education
Lindbergh Schools

Report on Compliance with State Requirements

We have examined management's assertions included in its representation letter dated September 26, 2017 that the Lindbergh Schools complied 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, 2017.

Management's Responsibility

Management is responsible for the Lindbergh Schools' compliance with the aforementioned requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on management's assertion about the Lindbergh Schools' compliance with the specific requirements based on our examination. 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 management's assertion. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, 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 misstatements of management's assertion, 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.

Opinion on Management's Assertions on Compliance with State Requirements

In our opinion, management's assertions that the Lindbergh Schools complied with the aforementioned requirements included in the accompanying schedule of selected statistics are fairly stated in all material respects.

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 26, 2017

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

Type of audit performed: Yellow Book: X Single Audit: X

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>Hours</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	6.3500
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.	524.10	171
Kindergarten - P.M.	524.10	171
Kindergarten - Full Day	1068.70	172
Grades 1 through 5	1068.70	172
Grades 6 through 8	1096.40	172
Grades 9 through 12	1058.50	172

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

2. Average Daily Attendance (ADA)

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
Regular term						
Kindergarten - A.M.	184.315	-	-	-	184.315	-
Kindergarten - P.M.	33.522	-	-	-	33.522	-
Kindergarten - Full Day	42.416	-	-	-	42.416	-
Grades 1 through 5	2,462.927	-	-	-	2,462.927	-
Grades 6 through 8	1,483.820	-	-	-	1,483.820	-
Grades 9 through 12	1,871.254	-	1.624	-	1,872.878	-
Subtotal regular term	6,078.254	-	1.624	-	6,079.878	-
Summer School subtotal	36.462	-	-	-	36.462	-
Total regular term plus summer school ADA					6,116.340	

3. September Membership

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
September resident membership	6,614.56	-	1.57	-	6,616.13	11.00

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	Full-Time & Part-Time	Deseg In	Total
Free	766.170	0.570	766.740
Reduced	211.850	-	211.850
Total	978.020	0.570	978.590

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>N/A</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>\$117,833</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>3258.0</u>
	▪ Ineligible ADT	<u>733.5</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>392,917</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>356,545</u>
	▪ Ineligible Miles (Non-Route/Disapproved)	<u>36,372</u>
F.	Number of days the schools operated the school transportation system during the regular school year:	<u>172</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, 2017, 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 26, 2017. 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.

Kerker, Euk & Braeckel LLP

St. Louis, Missouri
September 26, 2017



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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, 2017. 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, 2017.

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.

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.

Our consideration of internal control over compliance 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 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.

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.

Keiser, Eck & Braeckel LLP

St. Louis, Missouri
September 26, 2017

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Expenditures</u>
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	\$ 414,642
Title II Part A, Improving Teacher Quality State Grants	84.367	096-093	142,356
Educational Language Acquisition Grants	84.365	096-093	55,718
Passed-through Affton School District			
Career and Technical Education - Basic Grants to States			<u>39,151</u>
Total U.S. Department of Education	84.048	N/A	<u>651,867</u>
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster			
National School Breakfast Program	10.553	096-093	155,162
National School Lunch Program			
Cash assistance	10.555	096-093	506,557
Non-cash assistance (food distribution)	10.555	096-093	<u>107,161</u>
Total National School Lunch Program			<u>613,718</u>
Total U.S. Department of Agriculture			<u>768,880</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,420,747</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, 2017. 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? No

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

There were no findings and questioned costs related to Federal awards.