

LINDBERGH SCHOOLS

FINANCIAL STATEMENTS

June 30, 2016

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 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's 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, 2016, and the respective changes in modified cash basis financial positions 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 an opinion 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 on page 54 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, schedule of selected statistics on pages 47-49, 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 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, 2016, 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, 2016

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, 2016. 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, 2016, include the following:

- The governmental activities net position was \$51,683,764 as compared to \$66,039,573 the previous year. The governmental funds ending fund balances were \$48,146,852 as compared to \$62,599,106 the previous year.
- Program revenues collected made up 10.4% of the total revenues collected for the year ended June 30, 2016 as compared to 8.2% the previous year. These program revenues collected covered 9.0% of the program expenditures paid leaving 91.0%, to be covered by general revenues collected and net position, as compared to 11.3% of the program expenditures paid leaving 88.7%, to be covered by general revenues collected and net position the previous year. The decrease in the percentages that program revenues cover and the increase in program expenditures covered by general revenues is due to the expenditure costs of construction for the new elementary school and the renovations at the high school.

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 2015-16 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 fund 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, its 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, 2016, of \$51,683,764 reflects the District’s total assets of cash and investments less payroll withholdings compared to net position at June 30, 2015, of \$66,039,573. Net position of the District consists of the following as of June 30,:

	<u>2016</u>	<u>2015</u>
Restricted	\$ 25,215,266	\$ 40,393,670
Unrestricted	<u>26,468,498</u>	<u>25,645,903</u>
	<u>\$ 51,683,764</u>	<u>\$ 66,039,573</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, 2016, reflects a decrease of \$14,355,809 from the net position balance at June 30, 2015. The primary factor of this decrease is the facility construction costs for the construction of a 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:

CHANGES IN NET POSITION Years ended June 30,

	<u>2016</u>	<u>2015</u>
Program revenues		
Charges for services	\$ 7,831,359	\$ 7,610,498
Operating grants and contributions	1,387,458	1,346,390
Capital grants and contributions	-	143,451
General revenues		
Taxes	61,608,604	59,678,476
Federal, state and county aid not restricted to specific purposes	6,276,151	5,775,730
Interest and investment earnings	647,314	1,582,649
Bond proceeds	10,165,000	34,035,000
Other	355,856	288,143
Total revenues	<u>88,271,742</u>	<u>110,460,337</u>
Function/program expenses		
Instruction	38,881,673	37,156,826
Facilities acquisition and construction	15,939,537	4,456,511
Debt service		
Principal	14,868,640	8,050,000
Interest and other charges	4,577,784	3,376,253
Other	28,359,917	27,652,249
Total functional/program expenses	<u>102,627,551</u>	<u>80,691,839</u>
Change in net position	(14,355,809)	29,768,498
Net position at beginning of year	<u>66,039,573</u>	<u>36,271,075</u>
Net position at end of year	<u>\$ 51,683,764</u>	<u>\$ 66,039,573</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, 2016 and 2015, of \$102,627,551 and \$80,691,839, respectively, are not all borne by the taxpayers of the District. Of these amounts \$7,831,359 and \$7,610,498 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$1,387,458 and \$1,489,841 were paid through federal and state grants and contributions for the years ending June 30, 2016 and 2015, respectively.

Consequently, for the years ending June 30, 2016 and 2015, respectively, the net costs of \$93,408,734 and \$71,591,500, 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 increase in expenditures is due to the refunding bond principal of \$10 million that is included in the current year total governmental activities expenses and the facility construction costs.

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, 2016 and 2015. 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.

	2016		2015	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	\$ 38,881,673	\$36,058,036	\$ 37,156,826	\$34,308,396
Guidance/attendance	1,629,941	1,628,729	1,542,342	1,541,710
Health, psych, speech and audio	660,798	656,648	550,490	550,490
Improvement of instruction	1,005,018	960,061	987,386	937,702
Professional development	76,757	76,757	96,255	96,255
Media services	787,792	785,255	656,378	652,969
Board of education services	384,695	384,307	337,264	337,264
Executive administration	3,381,332	3,376,690	3,446,574	3,446,574
Building administration	3,340,601	3,340,057	3,367,187	3,205,639
Central services	13,726,474	10,948,334	13,508,631	10,761,976
Community services	3,366,509	(192,101)	3,159,742	(130,239)
Capital outlay	15,939,537	15,939,537	4,456,511	4,456,511
Debt service				
Principal	14,868,640	14,868,640	8,050,000	8,050,000
Interest and other charges	4,577,784	4,577,784	3,376,253	3,376,253
Total	\$ 102,627,551	\$93,408,734	\$ 80,691,839	\$71,591,500

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, 2016, with a combined fund balance for Governmental funds of \$48,146,852, as compared to a combined fund balance of \$62,599,106 at June 30, 2015, for a decrease of \$14,452,254.

The fund balance of the operating funds (General and Special Revenue) decreased by \$2,001,702 as compared to a decrease of \$930,522 the previous year. This is primarily due to the completion of construction of ECE west and the purchase of property for the construction of a new central office as funds were transformed from the operating funds to the capital projects fund to cover such costs.

The fund balance of the Debt Service Fund increased by \$487,126. The \$7,952,277 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 by \$12,937,678 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 \$53,971,370. This is derived from the District's operating levy of \$3.6754 (blended rate) and the debt service levy of \$.7530 for a total levy of \$4.4284. Other significant local revenues are \$5,601,832 from sales tax, \$4,510,230 from early childhood education and full day kindergarten tuition, \$1,896,405 from merchants and manufacturer's surtax, \$1,602,376 from local food service and \$1,567,010 from student activities.

County revenues of \$1,175,508 are derived from state assessed utility property of \$1,112,959 and county fines of \$62,549.

State funding which makes up 5.7% of total revenues collected, including other sources, increased \$439,642 from the previous year for a total of \$5,002,164. This is primarily due to using an estimated ADA for 2015-16 due to increased enrollment so the District received the revenue in the current year rather than the higher of the previous two years.

LINDBERGH SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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

	<u>2016</u>	<u>2015</u>
Basic formula and classroom trust	\$ 4,029,524	\$ 3,579,192
Transportation	395,834	421,919
Early childhood education	509,719	422,257
Other	<u>67,087</u>	<u>139,154</u>
Total state revenue	<u>\$ 5,002,164</u>	<u>\$ 4,562,522</u>

Federal funding which makes up 1.5% of total revenues collected, including other financing sources, decreased by \$13,490 from the previous year. Federal revenues collected are as follows for the year ended June 30,:

	<u>2016</u>	<u>2015</u>
Medicaid	\$ 35,856	\$ 44,251
School lunch and breakfast	636,163	616,237
Title I	457,256	485,537
Title II A	154,759	121,195
Other	<u>42,913</u>	<u>73,217</u>
Total federal revenue	<u>\$ 1,326,947</u>	<u>\$ 1,340,437</u>

Overall, the combination of state and federal funds increased from the previous year by \$426,152. Of this amount, \$30,330 was due to an increase in the Parents as Teachers preschool grant and a \$450,332 increase in basic formula. Due to increasing enrollment, the District used an estimated ADA for FY 16 rather than the higher of the previous two years' ADA, which are lower. Transportation revenue continues to decline with a reduction of over \$26,000 and federal title programs also declined by over \$25,000.

Total governmental funds expenditures and other financial uses paid were \$102,718,089 for the year compared to \$80,697,607 the previous year. The General Fund accounts for \$26,617,977 or 25.9% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$38,872,316 or 37.9% of total expenditures and consists of salaries and certain benefits for certificated personnel. Debt Service Fund expenditures of \$19,444,932 or 18.9% of total expenditures are for principal and interest on general obligation bonds including \$10,000,000 in refunding bond principal. Capital Projects Fund expenditures of \$17,782,864 or 17.3% of total expenditures are for construction projects, facility repairs and capital equipment. This amount includes \$12,332,715 in Prop G expenditures for the new elementary school and renovations of the high school; \$1,740,166 for the remaining construction of the new early childhood education building and \$1,665,089 for the purchase of property to construct 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>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Local	\$ 70,401,915	79.8%	\$ 68,130,628	61.7%
County	1,175,508	1.3%	1,076,267	1.0%
State	5,002,164	5.7%	4,562,522	4.1%
Federal	1,326,947	1.5%	1,340,437	1.2%
Other	<u>10,359,301</u>	<u>11.7%</u>	<u>35,347,337</u>	<u>32.0%</u>
Total revenues collected	<u>\$ 88,265,835</u>	<u>100.0%</u>	<u>\$110,457,191</u>	<u>100.0%</u>

	EXPENDITURES			
	Years ended June 30,			
	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Instruction	\$ 38,972,211	37.9%	\$ 37,162,594	46.1%
Support services	24,993,408	24.3%	24,492,507	30.4%
Debt services	19,446,424	18.9%	11,426,253	14.2%
Facilities acquisition and construction	15,939,537	15.6%	4,456,511	5.4%
Community services and other	<u>3,366,509</u>	<u>3.3%</u>	<u>3,159,742</u>	<u>3.9%</u>
Total expenditures	<u>\$ 102,718,089</u>	<u>100.0%</u>	<u>\$ 80,697,607</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 09, 2015, and the final budget amendment was adopted on June 14, 2016.

Statements comparing modified cash basis revenues and expenditures by fund 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. Fixed assets are not reflected in the financial statements.

Long-Term Obligations

At June 30, 2016, the District had outstanding general obligation bonds of \$107,803,116 reflecting principal payments of \$14,868,640 made during the year including the refunding of the Series 2009 bonds of \$10,000,000 and the issuance of \$9,865,000 in Series 2015 refunding bonds.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The debt limitation is \$188,328,572 at June 30, 2016, based on the December 31, 2015 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 were issued in March 2016 for this construction project. Lease principal and interest payments will begin in the 2016-17 fiscal year.

The District operates on the modified cash basis of accounting, therefore, payments on long-term obligations are recorded as expenditures. Long-term obligations are not reflected in the financial statements. Commitments for long-term 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, the state of Missouri's economic woes have not allowed full funding of the formula for several years. Lindbergh is a hold harmless district and does not receive any additional state revenue per child under the new formula. State formula revenue for FY16 is \$638 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, percentage of withholding and 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, the state was able to fully fund hold-harmless districts and therefore, Lindbergh received the \$638 per WADA. Estimated state aid for FY17 is based on the assumption that hold-harmless districts will continue to be fully funded. 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 38%. For Lindbergh this represents a loss of funding of over \$729,270 for FY16.

As a result of the Missouri Supreme Court ruling on student transfers from unaccredited school districts, Lindbergh received eight students from two unaccredited districts in St. Louis County. The tuition rate calculated using the Department of Elementary and Secondary Education's formula was paid by the sending districts to Lindbergh for the 2015-16 school year. For 2016-17, 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 and revenue from that program continues to rapidly decline. At the same time, the district resident enrollment has been rapidly increasing. For the FY16 school year, enrollment increased 238 students and is projected to increase another 300 students for FY17. 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 trimmed 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 2016 is a non-reassessment year and the District's assessed values are expected to have only modest increases as a result of sales data. This continues to be positive news for Lindbergh Schools with housing prices continuing to rebound and housing sales continuing to occur quickly. However, the consumer price index (CPI) once again reflects economic growth of only 0.7%, the lowest CPI in over 20 years. In 2015, the CPI was 0.8%. Lindbergh relies heavily on local revenues and is limited in calculating its 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 Lindbergh Schools finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report please contact Charles L. Triplett, Assistant Superintendent-Finance.

LINDBERGH SCHOOLS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2016

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 28,876,652
Restricted cash and investments	<u>25,215,266</u>
TOTAL ASSETS	<u><u>\$ 54,091,918</u></u>
LIABILITIES	
Payroll withholdings	\$ 2,408,154
NET POSITION	
Restricted for:	
Debt service	7,952,277
Capital projects	17,262,989
Unrestricted	<u>26,468,498</u>
Total net position	<u><u>51,683,764</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 54,091,918</u></u>

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2016

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	\$ 38,881,673	\$ 2,718,030	\$ 105,607	\$ -	\$ (36,058,036)
Attendance	121,644	-	-	-	(121,644)
Guidance	1,508,297	1,212	-	-	(1,507,085)
Health, psych, speech and audio	660,798	4,150	-	-	(656,648)
Improvement of instruction	1,005,018	-	44,957	-	(960,061)
Professional development	76,757	-	-	-	(76,757)
Media services	787,792	2,537	-	-	(785,255)
Board of education services	384,695	388	-	-	(384,307)
Executive administration	3,381,332	-	4,642	-	(3,376,690)
Building level administration	3,340,601	-	544	-	(3,340,057)
Business central service	1,260,348	6,557	-	-	(1,253,791)
Operation of plant	7,442,960	93,387	-	-	(7,349,573)
Security services	250,204	-	-	-	(250,204)
Pupil transportation	2,264,487	-	395,834	-	(1,868,653)
Food services	2,387,604	1,602,376	650,519	-	(134,709)
Central office support services	120,871	29,467	-	-	(91,404)
Community services	3,366,509	3,373,255	185,355	-	192,101
Facilities acquisition and construction	15,939,537	-	-	-	(15,939,537)
Debt service:					
Principal	14,868,640	-	-	-	(14,868,640)
Interest and other charges	4,577,784	-	-	-	(4,577,784)
Total governmental activities	\$ 102,627,551	\$ 7,831,359	\$ 1,387,458	\$ -	(93,408,734)
General revenues					
Taxes					
Property taxes, levied for general purposes					46,422,007
Property taxes, levied for debt service					9,506,732
Other taxes					78,033
Prop C - sales tax					5,601,832
Federal, state and county aid not restricted to specific purposes					6,276,151
Interest and investment earnings					647,314
Refunding bond proceeds					9,865,000
Proceeds from capital lease					300,000
Miscellaneous					355,856
Total general revenues					79,052,925
Decrease in net position					(14,355,809)
Net position at July 1, 2015					66,039,573
Net position at June 30, 2016					\$ 51,683,764

See notes to financial statements.

LINDBERGH SCHOOLS

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	\$ 22,611,888	\$ -	\$ 6,872,277	\$ 2,727,852	\$ 32,212,017
Restricted cash and investments	-	-	1,080,000	17,262,989	18,342,989
TOTAL ASSETS	<u>\$ 22,611,888</u>	<u>\$ -</u>	<u>\$ 7,952,277</u>	<u>\$ 19,990,841</u>	<u>\$ 50,555,006</u>
LIABILITIES					
Payroll withholdings	\$ 2,408,154	\$ -	\$ -	\$ -	\$ 2,408,154
FUND BALANCES					
Restricted for:					
Debt service	-	-	7,952,277	-	7,952,277
Prop G capital projects	-	-	-	17,262,989	17,262,989
Committed:					
Scholarships	60,393	-	-	-	60,393
Assigned:					
Other capital projects	-	-	-	2,727,852	2,727,852
Unassigned	20,143,341	-	-	-	20,143,341
Total fund balances	<u>20,203,734</u>	<u>-</u>	<u>7,952,277</u>	<u>19,990,841</u>	<u>48,146,852</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,611,888</u>	<u>\$ -</u>	<u>\$ 7,952,277</u>	<u>\$ 19,990,841</u>	<u>\$ 50,555,006</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	\$ 48,146,852
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>3,536,912</u>
Net position of governmental activities	<u>\$ 51,683,764</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, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	\$ 28,807,581	\$ 31,656,449	\$ 9,702,564	\$ 235,321	\$ 70,401,915
County sources	360,233	585,024	230,251	-	1,175,508
State sources	1,320,725	1,916,935	-	1,764,504	5,002,164
Federal sources	1,326,947	-	-	-	1,326,947
Other sources	-	56,349	-	-	56,349
Total revenues	31,815,486	34,214,757	9,932,815	1,999,825	77,962,883
Expenditures					
Instruction	5,042,505	33,173,030	-	756,676	38,972,211
Attendance	121,644	-	-	-	121,644
Guidance	309,785	1,198,512	-	-	1,508,297
Health, psych speech and audio	660,798	-	-	-	660,798
Improvement of instruction	217,664	787,354	-	-	1,005,018
Professional development	76,757	-	-	-	76,757
Media services	166,617	590,008	-	31,167	787,792
Board of education services	384,695	-	-	-	384,695
Executive administration	2,172,747	712,999	-	495,586	3,381,332
Building level administration	1,096,003	2,228,007	-	16,591	3,340,601
Business central services	1,057,403	182,406	-	20,539	1,260,348
Operation of plant	6,981,164	-	-	461,796	7,442,960
Security services	250,204	-	-	-	250,204
Pupil transportation	2,264,487	-	-	-	2,264,487
Food service	2,355,843	-	-	31,761	2,387,604
Central office support services	120,871	-	-	-	120,871
Community services	3,338,790	-	-	27,719	3,366,509
Facilities acquisition and construction	-	-	-	15,939,537	15,939,537
Debt service:					
Principal	-	-	4,868,640	-	4,868,640
Interest and other charges	-	-	4,576,292	1,492	4,577,784
Total expenditures	26,617,977	38,872,316	9,444,932	17,782,864	92,718,089
Revenues over (under) expenditures	5,197,509	(4,657,559)	487,883	(15,783,039)	(14,755,206)
Other financing sources (uses)					
Transfers	(7,199,211)	4,657,559	-	2,541,652	-
Proceeds from sale of other property	-	-	-	3,709	3,709
Proceeds from capital lease	-	-	-	300,000	300,000
Proceeds from sale of refunding bonds	-	-	9,865,000	-	9,865,000
Premium on issuance of refunding bonds	-	-	134,243	-	134,243
Payments to refunded bond escrow agent	-	-	(10,000,000)	-	(10,000,000)
Total other financing sources (uses)	(7,199,211)	4,657,559	(757)	2,845,361	302,952
NET CHANGE IN FUND BALANCES	(2,001,702)	-	487,126	(12,937,678)	(14,452,254)
Fund balance at July 1, 2015	22,205,436	-	7,465,151	32,928,519	62,599,106
Fund balance at June 30, 2016	\$ 20,203,734	\$ -	\$ 7,952,277	\$ 19,990,841	\$ 48,146,852

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	\$ (14,452,254)
Internal service funds are used by the District to charge the cost of insurance activities	96,445
Change in net position of governmental activities	\$ (14,355,809)

See notes to financial statements.

LINDBERGH SCHOOLS

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

June 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Cash	<u>\$ 3,536,912</u>
NET POSITION	
Unrestricted	<u>\$ 3,536,912</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, 2016

	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	\$ 6,953,128
Interest income	5,907
Total revenues	<u>6,959,035</u>
Operating expenditures	
Medical claims	<u>6,862,590</u>
CHANGE IN NET POSITION	96,445
Net position at July 1, 2015	<u>3,440,467</u>
Net position at June 30, 2016	<u><u>\$ 3,536,912</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). 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 or committed 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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

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

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 Security Investment Program and restricted for construction of a new elementary school and renovation of the high school.

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.

Interfund Activity

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred \$4,657,559 from the General Fund to the Special Revenue Fund. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in this Fund.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The District also transferred \$2,541,652 from the General Fund to the Capital Projects Fund. This transfer was to facilitate certain construction and to purchase certain properties.

Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2016 requires the payment of salaries over a twelve month period. Consequently, the July 2016 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 each investment or deposit which is held in the name of the Fund. The District had \$1,080,000 and \$41,080,858 invested through MOHEFA and MoSIP at June 30, 2016, respectively.

The deposits and investments held at June 30, 2016 and reported at cost are as follows:

	Cost	Investment Maturities	
		0 to 1 year	1 to 5 years
Deposits			
Cash on hand	\$ 2,750	N/A	N/A
Demand deposits	1,928,310	N/A	N/A
	<u>1,931,060</u>		
Investments - Commerce Bank			
Certificates of deposit	10,000,000	\$ 10,000,000	\$ -
Investments - external investment pools			
Missouri Direct Deposit Program	1,080,000	1,080,000	-
Missouri Security Investment Program			
Money market funds	20,842,266	20,842,266	-
Term investments	5,000,000	5,000,000	-
US Government investments	10,104,835	10,104,835	-
Commercial paper	499,757	499,757	-
Certificates of deposit	4,634,000	4,634,000	-
	<u>42,160,858</u>	<u>\$ 42,160,858</u>	<u>\$ -</u>
Total deposits and investments	<u>\$ 54,091,918</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, 2016, are summarized in the schedule below.

	<u>Cost</u>	<u>Credit Rating</u>
Investments		
Commerce Bank	\$ 10,000,000	Unrated
Missouri Direct Deposit Program	1,080,000	Unrated
Missouri Security Investment Program		
Money market funds	20,842,266	AAAm
Term investments	5,000,000	AAAf
Federal agency bonds	10,104,835	AA+
Commercial paper	499,757	Unrated
Certificates of deposit	4,634,000	Unrated
	<u>\$ 52,160,858</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 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 2015 for the purposes of local taxation was:

Real estate	
Residential	\$ 759,143,250
Agricultural	353,360
Commercial	343,282,960
Personal property	<u>152,744,240</u>
Total	<u>\$1,255,523,810</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2016 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.5000	\$ 1.5000
Special Revenue Fund	2.1754	2.1754
Debt Service Fund	0.7530	0.7530
Capital Projects Fund	<u>0.0000</u>	<u>0.0000</u>
Total	<u>\$ 4.4284</u>	<u>\$ 4.4284</u>

The receipts of current property taxes during the fiscal year ended June 30, 2016, aggregated approximately 95.63 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, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Bonds payable	\$ 112,806,756	\$ 9,865,000	\$ (14,868,640)	\$ 107,803,116	\$ 3,864,299
Obligation under capital leases	<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>
	<u>\$ 112,806,756</u>	<u>\$ 15,865,000</u>	<u>\$ (14,868,640)</u>	<u>\$ 113,803,116</u>	<u>\$ 3,864,299</u>

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.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Bonds payable consists of the following at June 30, 2016,:

	Original Issue Amount	Maturity Date	Interest Rates	Balance at June 30, 2015
Series 2000	\$ 9,499,874	2018	5.72% - 5.90%	\$ 2,074,162
Series 2009B	7,165,000	2024	1.00%	6,915,000
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%	5,950,000
Series 2012	9,070,000	2023	1.00% - 2.00%	6,265,000
Series 2014 Refunding	32,060,000	2027	2.00% - 3.00%	31,610,000
Series 2014	34,035,000	2034	2.00% - 4.00%	31,430,000
Series 2015 Refunding	9,865,000	2029	2.00% - 3.00%	9,725,000
	<u>\$121,583,828</u>			<u>\$107,803,116</u>

The annual requirements to amortize general obligation bonds are as follows at June 30, 2016:

Year ending June 30,	Principal	Interest	Total
2017	\$ 3,864,299	\$ 3,124,821	\$ 6,989,120
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
2022-2026	38,743,903	10,099,367	48,843,270
2027-2031	34,670,051	4,638,823	39,308,874
2032-2034	6,545,000	463,575	7,008,575
Total	<u>\$107,803,116</u>	<u>\$29,886,867</u>	<u>\$137,689,983</u>

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Advanced Refunding

On September 8, 2015, the District issued \$9,865,000 in Series 2015 general obligation refunding bonds to advance refund and defease \$10,000,000 of outstanding Series 2009 general obligation bonds and pay certain costs of issuance. A deposit of \$10,900,824 was placed in an irrevocable trust fund to purchase government obligations. The principal and interest to be earned on the government obligations will be in an amount sufficient for the payment of the principal and interest on the call date on March 1, 2018. The refunding was undertaken to reduce total debt service payments by \$1,008,105 which resulted in an economic gain of \$1,556,007 (the difference between the present value of the debt service payments on the Series 2009 general obligation bonds and the refunding issue after the refunding date through March 1, 2018). As of June 30, 2016, the total debt outstanding from current and prior years that is considered to be defeased (refunded bonds and refunded lease participation certificates) is \$13,545,000.

Capital Lease

During 2016, the District issued \$6,000,000 of Lease Participation Certificates Series 2016. The proceeds are for the construction of a new central office building. As of June 30, 2016, the District received proceeds of \$300,000 and expects to receive the remaining balance in the following year.

The following is a schedule of the future minimum lease payments required under this capital lease and the present value of the net minimum lease payments as of June 30, 2016:

Year ending June 30,	
2017	\$ 138,416
2018	153,795
2019	153,795
2020	153,795
2021	153,795
2022-2026	2,477,035
2027-2031	2,478,232
2032-2036	<u>2,476,070</u>
Total future minimum lease payments	8,184,933
Less amount representing interest	<u>(2,184,933)</u>
Present value of future minimum lease payments	<u>\$ 6,000,000</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 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, 2016, was:

Constitutional debt limit	\$ 188,328,572
General obligation bonds payable	(107,803,116)
Amount available in Debt Service Fund	<u>7,952,277</u>
Legal debt margin	<u>\$ 88,477,733</u>

NOTE 5 – PENSION PLANS

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

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

PSRS members are required to contribute 14.5% of their annual covered salary and the Lindbergh Schools are required to contribute a matching amount. The contribution requirements of members and the Lindbergh Schools are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2016, 2015 and 2014 were \$4,840,988, \$4,609,010 and \$4,335,365, respectively, equal to the required contributions.

LINDBERGH SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016, 2015 and 2014 were \$629,891, \$608,641 and \$583,371, respectively, equal to the required contributions.

NOTE 6 – 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 7 – 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, 2016 was \$98,916.

NOTE 8 – POST EMPLOYMENT BENEFITS

The District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year ended June 30, 2016, 231 retirees participated in the District's insurance plans and paid premiums totaling \$889,864.

NOTE 9 – SELF-INSURANCE PLAN

The District has a self-insurance plan which covers participating employees' and retirees' medical coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an internal service fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected and unusual claims. The District purchases stop loss insurance coverage to limit its exposure to catastrophic claims in excess of \$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 10 – EARLY RETIREMENT PLAN

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

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, 2016, the District paid approximately \$970,000 under the plans. Based upon participants at June 30, 2016, the District will be liable for approximately \$2,187,000 in additional benefits through the year ending June 30, 2019. Of this amount, approximately \$1,084,014 will be payable by the year ending June 30, 2017.

LINDBERGH SCHOOLS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED
Year ended June 30, 2016**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 25,632,120	\$ 26,207,712	\$ 28,807,581	\$ 575,592	\$ 2,599,869
County sources	297,400	297,400	360,233	-	62,833
State sources	1,318,116	1,375,443	1,320,725	57,327	(54,718)
Federal sources	1,300,473	1,292,802	1,326,947	(7,671)	34,145
Total revenues	28,548,109	29,173,357	31,815,486	625,248	2,642,129
Expenditures					
Current:					
Instruction	5,119,128	5,007,592	5,042,505	111,536	(34,913)
Attendance	131,673	122,598	121,644	9,075	954
Guidance	301,610	302,267	309,785	(657)	(7,518)
Health, psych, speech and audio	624,533	656,400	660,798	(31,867)	(4,398)
Improvement of instruction	301,806	296,594	217,664	5,212	78,930
Professional development	88,560	89,702	76,757	(1,142)	12,945
Media services	167,355	165,486	166,617	1,869	(1,131)
Board of education services	360,192	393,492	384,695	(33,300)	8,797
Executive administration	2,170,453	2,176,007	2,172,747	(5,554)	3,260
Building level administration	1,015,625	1,038,651	1,096,003	(23,026)	(57,352)
Business central services	1,264,081	1,143,345	1,057,403	120,736	85,942
Operation of plant	7,187,276	7,196,099	6,981,164	(8,823)	214,935
Security services	244,959	245,436	250,204	(477)	(4,768)
Pupil transportation	2,175,337	2,175,337	2,264,487	-	(89,150)
Food service	2,261,935	2,261,935	2,355,843	-	(93,908)
Central office support services	103,764	120,323	120,871	(16,559)	(548)
Community services	3,233,456	3,253,684	3,338,790	(20,228)	(85,106)
Total expenditures	26,751,743	26,644,948	26,617,977	106,795	26,971
Revenues over expenditures	1,796,366	2,528,409	5,197,509	732,043	2,669,100
Other financing uses					
Transfers	(1,934,148)	(4,928,435)	(7,199,211)	(2,994,287)	(2,270,776)
NET CHANGE IN FUND BALANCE	\$ (137,782)	\$ (2,400,026)	(2,001,702)	\$ (2,262,244)	\$ 398,324
Fund balance at July 1, 2015			22,205,436		
Fund balance at June 30, 2016			<u>\$ 20,203,734</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, 2016

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
	Revenues				
Local sources	\$ 34,710,063	\$ 34,342,036	\$ 31,656,449	\$ (368,027)	\$ (2,685,587)
County sources	517,900	517,900	585,024	-	67,124
State sources	1,825,354	1,748,247	1,916,935	(77,107)	168,688
Other sources	72,360	72,360	56,349	-	(16,011)
Total revenues	<u>37,125,677</u>	<u>36,680,543</u>	<u>34,214,757</u>	<u>(445,134)</u>	<u>(2,465,786)</u>
Expenditures					
Current:					
Instruction	33,416,202	33,386,972	33,173,030	29,230	213,942
Guidance	1,149,861	1,200,592	1,198,512	(50,731)	2,080
Improvement of instruction	773,799	787,537	787,354	(13,738)	183
Media services	539,175	608,188	590,008	(69,013)	18,180
Executive administration	712,683	712,338	712,999	345	(661)
Building level administration	2,285,375	2,230,723	2,228,007	54,652	2,716
Business central services	182,730	182,628	182,406	102	222
Total expenditures	<u>39,059,825</u>	<u>39,108,978</u>	<u>38,872,316</u>	<u>(49,153)</u>	<u>236,662</u>
Revenues under expenditures	(1,934,148)	(2,428,435)	(4,657,559)	(494,287)	(2,229,124)
Other financing sources					
Transfers	<u>1,934,148</u>	<u>2,428,435</u>	<u>4,657,559</u>	<u>494,287</u>	<u>2,229,124</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at July 1, 2015			<u>-</u>		
Fund balance at June 30, 2016			<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, 2016**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 8,849,573	\$ 9,386,296	\$ 9,702,564	\$ 536,723	\$ 316,268
County sources	157,000	157,000	230,251	-	73,251
Total revenues	<u>9,006,573</u>	<u>9,543,296</u>	<u>9,932,815</u>	<u>536,723</u>	<u>389,519</u>
Expenditures					
Debt service:					
Principal	4,990,000	5,105,000	4,868,640	(115,000)	236,360
Interest and other charges	3,428,750	4,435,274	4,576,292	(1,006,524)	(141,018)
Total expenditures	<u>8,418,750</u>	<u>9,540,274</u>	<u>9,444,932</u>	<u>(1,121,524)</u>	<u>95,342</u>
Revenues over (under) expenditures	587,823	3,022	487,883	(584,801)	484,861
Other financing sources (uses)					
Proceeds from sale of refunding bonds	-	9,865,000	9,865,000	9,865,000	-
Premium on issuance of refunding bonds	-	134,243	134,243	134,243	-
Payments to refunded bond escrow agent	-	(10,000,000)	(10,000,000)	(10,000,000)	-
Total financing sources (uses)	<u>-</u>	<u>(757)</u>	<u>(757)</u>	<u>(757)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 587,823</u>	<u>\$ 2,265</u>	<u>487,126</u>	<u>\$ (585,558)</u>	<u>\$ 484,861</u>
Fund balance at July 1, 2015			<u>7,465,151</u>		
Fund balance at June 30, 2016			<u>\$ 7,952,277</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, 2016**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 106,430	\$ 141,430	\$ 235,321	\$ 35,000	\$ 93,891
State sources	1,750,650	1,764,503	1,764,504	13,853	1
Total revenues	1,857,080	1,905,933	1,999,825	48,853	93,892
Expenditures					
Instruction	371,311	767,057	756,676	(395,746)	10,381
Improvement of instruction	18,550	4,425	-	14,125	4,425
Media services	4,825	25,957	31,167	(21,132)	(5,210)
Executive administration	676,634	501,634	495,586	175,000	6,048
Building level administration	10,899	27,492	16,591	(16,593)	10,901
Business central services	144,091	40,363	20,539	103,728	19,824
Operation of plant	449,500	530,375	461,796	(80,875)	68,579
Food service	-	31,762	31,761	(31,762)	1
Community services	56,439	39,997	27,719	16,442	12,278
Facilities acquisition and construction	16,250,000	19,804,365	15,939,537	(3,554,365)	3,864,828
Debt service:					
Interest and other charges	1,600	1,600	1,492	-	108
Total expenditures	17,983,849	21,775,027	17,782,864	(3,791,178)	3,992,163
Revenues over (under) expenditures	(16,126,769)	(19,869,094)	(15,783,039)	(3,742,325)	4,086,055
Other financing sources					
Transfers	-	2,500,000	2,541,652	2,500,000	41,652
Proceeds from sale of other property	15,000	15,000	3,709	-	(11,291)
Proceeds from capital lease	-	300,000	300,000	300,000	-
Total other financing sources	15,000	2,815,000	2,845,361	2,800,000	30,361
NET CHANGE IN FUND BALANCE	\$ (16,111,769)	\$ (17,054,094)	(12,937,678)	\$ (942,325)	\$ 4,116,416
Fund balance at July 1, 2015			32,928,519		
Fund balance at June 30, 2016			\$ 19,990,841		

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, 2016

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local sources	\$ 69,298,186	\$ 70,077,474	\$ 70,401,915	\$ 779,288	\$ 324,441
County sources	972,300	972,300	1,175,508	-	203,208
State sources	4,894,120	4,888,193	5,002,164	(5,927)	113,971
Federal sources	1,300,473	1,292,802	1,326,947	(7,671)	34,145
Other sources	72,360	72,360	56,349	-	(16,011)
Total revenues	76,537,439	77,303,129	77,962,883	765,690	659,754
Expenditures					
Instruction	38,906,641	39,161,621	38,972,211	(254,980)	189,410
Attendance	131,673	122,598	121,644	9,075	954
Guidance	1,451,471	1,502,859	1,508,297	(51,388)	(5,438)
Health, psych, speech and audio	624,533	656,400	660,798	(31,867)	(4,398)
Improvement of instruction	1,094,155	1,088,556	1,005,018	5,599	83,538
Professional development	88,560	89,702	76,757	(1,142)	12,945
Media services	711,355	799,631	787,792	(88,276)	11,839
Board of education services	360,192	393,492	384,695	(33,300)	8,797
Executive administration	3,559,770	3,389,979	3,381,332	169,791	8,647
Building level administration	3,311,899	3,296,866	3,340,601	15,033	(43,735)
Business central services	1,590,902	1,366,336	1,260,348	224,566	105,988
Operation of plant	7,636,776	7,726,474	7,442,960	(89,698)	283,514
Security services	244,959	245,436	250,204	(477)	(4,768)
Pupil transportation	2,175,337	2,175,337	2,264,487	-	(89,150)
Food service	2,261,935	2,293,697	2,387,604	(31,762)	(93,907)
Central office support services	103,764	120,323	120,871	(16,559)	(548)
Community services	3,289,895	3,293,681	3,366,509	(3,786)	(72,828)
Facilities acquisition and construction	16,250,000	19,804,365	15,939,537	(3,554,365)	3,864,828
Debt service:					
Principal	4,990,000	5,105,000	4,868,640	(115,000)	236,360
Interest and other charges	3,430,350	4,436,874	4,577,784	(1,006,524)	(140,910)
Total expenditures	92,214,167	97,069,227	92,718,089	(4,855,060)	4,351,138
Revenues over (under) expenditures	(15,676,728)	(19,766,098)	(14,755,206)	(4,089,370)	5,010,892
Other financing sources (uses)					
Proceeds from sale of other property	15,000	15,000	3,709	-	(11,291)
Proceeds from sale of refunding bonds	-	9,865,000	9,865,000	9,865,000	-
Proceeds from capital lease	-	300,000	300,000	300,000	-
Premium on issuance of refunding bonds	-	134,243	134,243	134,243	-
Payments to refunded lease escrow agent	-	(10,000,000)	(10,000,000)	(10,000,000)	-
Total financing sources (uses)	15,000	314,243	302,952	299,243	(11,291)
NET CHANGE IN FUND BALANCE	\$ (15,661,728)	\$ (19,451,855)	(14,452,254)	\$ (3,790,127)	\$ 4,999,601
Fund balance at July 1, 2015			62,599,106		
Fund balance at June 30, 2016			<u>\$48,146,852</u>		

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.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES COLLECTED BY SOURCE
 ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
 Year ended June 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Local					
Current taxes	\$ 18,281,182	\$ 26,512,896	\$ 9,177,292	\$ -	\$ 53,971,370
Delinquent taxes	19,611	34,831	6,522	-	60,964
School district trust fund (Prop C)	2,800,916	2,800,916	-	-	5,601,832
Financial institution tax	26,431	38,333	13,269	-	78,033
M&M surtax	642,473	931,014	322,918	-	1,896,405
Tuition from individuals (K-12)	-	1,144,202	-	-	1,144,202
Earnings on investments	74,857	14,423	182,563	235,321	507,164
Food service program	861,852	-	-	-	861,852
Food service non-program	740,524	-	-	-	740,524
Student activities	1,567,010	-	-	-	1,567,010
Community services	3,366,028	-	-	-	3,366,028
Other local sources	426,697	179,834	-	-	606,531
	<u>28,807,581</u>	<u>31,656,449</u>	<u>9,702,564</u>	<u>235,321</u>	<u>70,401,915</u>
County					
Fines, escheat, etc.	-	62,549	-	-	62,549
State assessed utilities	360,233	522,475	230,251	-	1,112,959
	<u>360,233</u>	<u>585,024</u>	<u>230,251</u>	<u>-</u>	<u>1,175,508</u>
State					
Basic formula	-	1,765,517	-	-	1,765,517
Transportation	395,834	-	-	-	395,834
Early childhood special education	-	-	-	327,604	327,604
Classroom trust fund	827,107	-	-	1,436,900	2,264,007
Educational screening prog/PAT	81,952	100,163	-	-	182,115
Career education	-	51,255	-	-	51,255
Food service - state	14,356	-	-	-	14,356
Residential placement/excess cost	1,234	-	-	-	1,234
Other state revenue	242	-	-	-	242
	<u>1,320,725</u>	<u>1,916,935</u>	<u>-</u>	<u>1,764,504</u>	<u>5,002,164</u>
Federal					
Medicaid	35,856	-	-	-	35,856
School lunch program	518,805	-	-	-	518,805
School breakfast program	117,358	-	-	-	117,358
Title I -ESEA	457,256	-	-	-	457,256
Title III, ESEA-English language acquisition	42,901	-	-	-	42,901
Title II, Part A, ESEA-teacher & principal quality	154,759	-	-	-	154,759
Other federal revenue	12	-	-	-	12
	<u>1,326,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,326,947</u>
Other financing sources					
Proceeds from sale of refunding bonds	-	-	9,865,000	-	9,865,000
Proceeds from capital lease	-	-	-	300,000	300,000
Premium on issuance of refunding bonds	-	-	134,243	-	134,243
Proceeds from sale of other property	-	-	-	3,709	3,709
Contracted educational services	-	56,349	-	-	56,349
	<u>-</u>	<u>56,349</u>	<u>9,999,243</u>	<u>303,709</u>	<u>10,359,301</u>
	<u>\$ 31,815,486</u>	<u>\$ 34,214,757</u>	<u>\$ 19,932,058</u>	<u>\$ 2,303,534</u>	<u>\$ 88,265,835</u>
Total revenues					\$ 88,265,835
Less Prop G revenue					(228,747)
Less proceeds from capital lease					(300,000)
Less debt service revenue					(19,932,058)
Total operating revenue					<u>\$ 67,805,030</u>

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES PAID BY OBJECT ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED Year ended June 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Salaries	\$ 9,968,722	\$ 29,762,686	\$ -	\$ -	\$ 39,731,408
Employee benefits	3,112,410	9,109,630	-	-	12,222,040
Purchased services	8,981,921	-	-	-	8,981,921
Supplies	4,554,924	-	-	-	4,554,924
Capital outlay	-	-	-	17,781,372	17,781,372
Other objects	-	-	19,444,932	1,492	19,446,424
	<u>\$ 26,617,977</u>	<u>\$ 38,872,316</u>	<u>\$ 19,444,932</u>	<u>\$ 17,782,864</u>	<u>\$ 102,718,089</u>
Total expenditures					\$ 102,718,089
Less Prop G expenditures					(12,332,715)
Less capital lease expenditures					(300,000)
Less debt service expenditures					<u>(19,444,932)</u>
Total operating expenditures					<u>\$ 70,640,442</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, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues collected	\$ 31,815,486	\$ 34,214,757	\$ 9,932,815	\$ 1,999,825	\$ 77,962,883
Expenditures paid	<u>26,617,977</u>	<u>38,872,316</u>	<u>9,444,932</u>	<u>17,782,864</u>	<u>92,718,089</u>
Revenues over (under) expenditures	5,197,509	(4,657,559)	487,883	(15,783,039)	(14,755,206)
Other financing sources (uses)	<u>(7,199,211)</u>	<u>4,657,559</u>	<u>(757)</u>	<u>2,845,361</u>	<u>302,952</u>
NET CHANGE IN FUND BALANCE	(2,001,702)	-	487,126	(12,937,678)	(14,452,254)
Fund balance at July 1, 2015	<u>22,205,436</u>	<u>-</u>	<u>7,465,151</u>	<u>32,928,519</u>	<u>62,599,106</u>
Fund balance at June 30, 2016	<u>\$ 20,203,734</u>	<u>\$ -</u>	<u>\$ 7,952,277</u>	<u>\$ 19,990,841</u>	<u>\$ 48,146,852</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, 2016 that the Lindbergh Schools complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, accurate disclosure by the District's 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, 2016.

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 based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Lindbergh Schools' compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Lindbergh Schools complied with the aforementioned requirements for the year ended June 30, 2016 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, 2016

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

	<u>Hours</u>	<u>Days</u>
Kindergarten - A.M.	533.40	174
Kindergarten - P.M.	534.00	174
Kindergarten - Full Day	1087.75	175
Grades 1 through 5	1087.75	175
Grades 6 through 8	1115.90	175
Grades 9 through 12	1078.00	175

2. Average Daily Attendance (ADA)

	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Federal Lands Deseg In</u>	<u>Total</u>	<u>Deseg Out</u>
Regular term						
Kindergarten - A.M.	161.315	-	-	-	161.315	-
Kindergarten - P.M.	37.345	-	-	-	37.345	-
Kindergarten - Full Day	37.806	-	-	-	37.806	-
Grades 1 through 5	2,387.045	-	-	-	2,387.045	-
Grades 6 through 8	1,457.058	-	-	-	1,457.058	-
Grades 9 through 12	1,837.139	-	13.969	-	1,851.108	-
Subtotal regular term	<u>5,917.708</u>	<u>-</u>	<u>13.969</u>	<u>-</u>	<u>5,931.677</u>	<u>-</u>
Summer School subtotal	<u>42.377</u>	<u>-</u>	<u>0.232</u>	<u>-</u>	<u>42.609</u>	<u>-</u>
Total regular term plus summer school ADA					<u>5,974.286</u>	

3. September Membership

	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Federal Lands Deseg In</u>	<u>Total</u>	<u>Deseg Out</u>
September resident membership	<u>6,430.83</u>	<u>-</u>	<u>15.51</u>	<u>-</u>	<u>6,446.34</u>	<u>9.00</u>

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	Full-Time & Part-Time	Deseg In	Total
Free	859.580	10.510	870.090
Reduced	219.470	-	219.470
Total	<u>1,079.050</u>	<u>10.510</u>	<u>1,089.560</u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the schools' treasurer in the total amount of: \$ 50,000
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- 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. True
- 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. True
- 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. True
- H. The amount spent for approved professional development committee plan activities was: \$76,757

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>3110.50</u>
	▪ Ineligible ADT	<u>698.50</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>383,491</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>349,636</u>
	▪ Ineligible Miles (Non-Route/Disapproved)	<u>33,855</u>
F.	Number of days the schools operated the school transportation system during the regular school year:	<u>175</u>

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

Findings #: N/A

Management Letter Comment #: N/A



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**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Education
Lindbergh Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lindbergh Schools as of and for the year ended June 30, 2016, 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, 2016. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District 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.

Kerber, Eck & Brackel LP

St. Louis, Missouri
September 26, 2016



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Independent Auditor's 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, 2016. 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, 2016.

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.

Kerber, Eck & Brackel LLP

St. Louis, Missouri
September 26, 2016

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Title I Part A, Grants to Local Educational Agencies	84.010	096-093	\$ 453,805
Title II Part A, Improving Teacher Quality State Grants	84.367	096-093	137,576
Educational Language Acquisition Grants	84.365	096-093	<u>39,701</u>
Total U.S. Department of Education			<u>631,082</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	117,358
National School Lunch Program			
Cash assistance	10.555	096-093	518,805
Non-cash assistance (food distribution)	10.555	096-093	<u>88,341</u>
Total National School Lunch Program			<u>607,146</u>
Total U.S. Department of Agriculture			<u>724,504</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,355,586</u></u>

The accompanying notes are an integral part of this schedule.

LINDBERGH SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Lindbergh Schools (the District) under programs of the federal government for the year ended June 30, 2016. 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 are 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 are 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.