LINDBERGH SCHOOLS

FINANCIAL STATEMENTS

June 30, 2014

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, 2014, 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 statement 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, 2014, 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, schedule of selected statistics and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis, supplementary information and schedule of selected statistics on pages 7-16, 36-45 and 47-49, respectively, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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 standards 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 16, 2014, 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.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
September 16, 2014

The Management's Discussion and Analysis (MD&A) of Lindbergh Schools (the District) provides an overview and analysis of the District's modified cash basis financial activities for the fiscal year ended June 30, 2014. The intent of the MD&A is to look at the District's modified cash basis financial performance as a whole. Readers should also review the modified cash basis financial statements found in the financial section and the notes thereto to enhance their understanding of the District's modified cash basis 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, 2014, include the following:

- The governmental activities net position (modified cash basis) was $36,271,075 as compared to $32,379,783 the previous year. The governmental funds ending fund balances (modified cash basis) were $32,839,522 as compared to $29,652,270 the previous year.

- Program revenues collected made up 8.1% of the total revenues collected for the year ended June 30, 2014 as compared to 11.2% the previous year. These program revenues collected covered 8.4% of the program expenditures paid leaving 91.6%, to be covered by general revenues collected and fund balances, as compared to 11.7% of the program expenditures paid leaving 88.3%, to be covered by general revenues collected and fund balances the previous year. The reduction in the percentages that program revenues cover and the increase in program expenditures covered by general revenues is due to the large dollar of refunded bond revenue and expense ($32 million) that is part of each total.

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 modified cash basis 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 (modified cash basis) and the Statement of Activities (modified cash basis), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the District's modified cash basis financial condition. They present an aggregate view of the District's modified cash basis finances. These statements seek to answer the question, "How did the District do financially during the 2013-14 fiscal year?" These statements include all cash and investments using the modified cash basis of accounting.

By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the District's modified cash basis 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 modified cash basis financial position and changes in modified cash basis 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, 2014, of $36,271,075 reflects the District's total assets of cash and investments less payroll withholdings compared to net position at June 30, 2013, of $32,379,783. Net position of the District consists of the following as of June 30,:

	2014	2013
Restricted	$ 9,754,217	$10,490,906
Unrestricted	26,516,858	21,888,877
	$36,271,075	$32,379,783

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

Governmental Activities

Net position at June 30, 2014, reflects an increase of $3,891,292 from the net position balance of $32,379,783 at June 30, 2013. The primary factor of this increase was the end of the Gravois Bluff tax increment financing (TIF) and the District's collecting of property taxes on a majority of this development. Other key elements of this increase consist of the following:

CHANGES IN NET POSITION
Years ended June 30,

	2014	2013
Program revenues		
Charges for services	$ 7,163,494	$ 6,962,872
Operating grants and contributions	1,217,969	1,116,959
Capital grants and contributions	-	50,542
General revenues		
Taxes	56,190,506	53,614,510
Federal, state and county aid not restricted to specific purposes	5,288,463	5,120,395
Interest and investment earnings	1,602,389	355,726
Proceeds from capital lease	-	870,900
Refunding bond proceeds	32,060,000	3,585,000
Other	557,995	624,862
Total revenues	104,080,816	72,301,766
Function/Program expenses		
Instruction	34,114,744	33,158,391
Capital outlay	841,615	1,300,926
Debt service		
Principal	35,025,000	6,510,000
Interest and other charges	4,349,010	3,107,808
Other	25,859,155	25,287,545
Total functional/program expenses	100,189,524	69,364,670
Change in net position	3,891,292	2,937,096
Net position at beginning of year	32,379,783	29,442,687
Net position at end of year	$36,271,075	$32,379,783

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2014 and 2013, of $100,189,524 and $69,364,670 respectively, are not all borne by the taxpayers of the District. Of these amounts $7,163,494 and $6,962,872 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and $1,217,969 and $1,167,501 were paid through federal and state grants and contributions for the years ending June 30, 2014 and 2013, respectively.

Consequently, for the years ending June 30, 2014 and 2013, respectively, the net costs of $91,808,061 and $61,234,297, 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 fund balances. The primary reason for the large increase in expenditures is due to the refunding bond principal of $32 million that is included in the total governmental activities expenses.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected for the various categories of expenses paid) for the years ended June 30, 2014 and 2013. 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 fund balances, and allows them the opportunity to assess the cost of these functions in comparison to the benefits received.

	2014		2013	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	$ 34,114,744	$31,709,952	$33,158,391	$30,401,234
Guidance/Attendance	1,417,491	1,417,189	1,376,784	1,375,961
Health, psych, speech and audio	559,829	557,740	586,457	584,513
Improvement of instruction	886,803	873,303	1,108,851	1,085,292
Professional development	84,865	84,865	82,783	82,783
Media services	706,199	702,899	1,033,977	1,033,977
Board of education services	238,930	238,930	248,976	248,655
Executive administration	3,313,976	3,313,976	1,465,923	1,465,923
Building administration	3,056,869	2,840,480	2,889,060	2,776,498
Central services	12,659,467	10,039,851	13,749,533	11,182,297
Community services	2,934,726	(186,749)	2,745,201	78,430
Capital outlay	841,615	841,615	1,300,926	1,300,926
Debt service				
Principal	35,025,000	35,025,000	6,510,000	6,510,000
Interest and other charges	4,349,010	4,349,010	3,107,808	3,107,808
Total	$ 100,189,524	$91,808,061	$69,364,670	$61,234,297

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 modified cash basis resources provided by the taxpayers and other entities. These statements also allow the reader to obtain more insight into the modified cash basis financial workings of the District and assess further the District's modified cash basis financial health.

The District completed the fiscal year ended June 30, 2014 with a combined modified cash basis fund balance for Governmental funds (Balance Sheet - modified cash basis) of $32,839,522, as compared to a combined fund balance of $29,652,270 at June 30, 2013 for an increase of $3,187,252.

The fund balance of the operating funds (General and Special Revenue) increased by $3,924,477 as compared to an increase of $1,791,405 the previous year. Again, this is primarily due to Gravois Bluff coming off TIF and the District collecting the additional property tax revenue of over $2 million.

The fund balance of the Debt Service Fund increased by $325,241. The $6,446,500 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 $1,062,466.

The major source of revenue for operations and debt service is local property taxes amounting to $49,355,883. This is derived from the District's operating levy of $3.7579 (blended rate) and the debt service levy of $.4730 for a total levy of $4.2309. Other significant local revenues are $4,776,787 from sales tax, $1,934,371 from merchants and manufacturer's surtax, $1,536,560 from food service locally and $1,300,515 from student activities.

County revenues of $1,003,401 are derived from state assessed utility property of $883,583, and county fines of $115,452 and county stock insurance of $4,366.

State funding which makes up 3.9% of total revenues collected increased $129,808 from the previous year for a total of $4,043,781.

Other significant state revenues collected are as follows for the year ended June 30,:

	2014	2013
Basic formula and classroom trust	$ 3,286,274	$ 3,130,447
Transportation	341,823	308,783
Early childhood education	133,965	121,978
Other	281,719	352,765
Total state revenue	$ 4,043,781	$ 3,913,973

Federal funding which makes up 1.3% of total revenues collected increased to $1,339,299 from $1,313,241 the previous year. Significant federal revenues collected are as follows for the year ended June 30,:

	2014	2013
Medicaid	$ 39,518	$ 20,743
School lunch and breakfast	609,803	574,948
Title I	432,465	412,499
Title II A and D	189,423	174,940
Other	68,090	130,111
Total federal revenue	$ 1,339,299	$ 1,313,241

Overall, the combination of state and federal funds increased from the previous year by $155,866.

Total governmental funds expenditures and other financial uses paid were $100,893,018 for the year compared to $70,292,411 the previous year. The General Fund accounts for $23,757,185 or 23.6% of the total expenditures. The Special Revenue (Teachers) Fund accounts for $35,492,524 or 35.2% of total expenditures and consists of certificated teachers' salaries and benefits. Debt Service Fund expenditures and other financing uses of $39,179,451 or 38.8% of total expenditures are for principal and interest on general obligation bonds and includes $34 million in payments to a refunded bond escrow agent. Capital Projects Fund expenditures of $2,463,858 or 2.4% of total expenditures are for construction projects, facility repairs and capital equipment.

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,

	2014	%	2013	%
Local	$ 64,091,973	61.6%	$61,697,299	85.2%
County	1,003,401	1.0%	911,619	1.3%
State	4,043,781	3.9%	3,913,973	5.4%
Federal	1,339,299	1.3%	1,313,241	1.8%
Other	33,601,816	32.2%	4,576,186	6.3%
Total revenues collected	$ 104,080,270	100.0%	$72,412,318	100.0%

EXPENDITURES
Years ended June 30,

	2014	%	2013	%
Instruction	$ 34,818,237	34.5%	$33,975,130	48.3%
Support services	22,924,429	22.7%	22,542,344	32.1%
Debt services	39,374,011	39.0%	9,690,096	13.8%
Facilities acquisition and construction	841,615	0.8%	1,300,926	1.8%
Community services and other	2,934,726	3.0%	2,783,915	4.0%
Total expenditures	$ 100,893,018	100.0%	$70,292,411	100.0%

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 11, 2013, and the final budget amendment was adopted on June 10, 2014.

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

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, 2014, the District had outstanding general obligation bonds of $83,456,756 reflecting principal payments of $34,945,000 made during the year (including payments of $32,000,000 in refunded bonds) and issuance of $32,060,000 in new 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 $179,354,954 at June 30, 2014, based on the December 31, 2013 assessed values.

In 2011, the District purchased the Dressel property on Musick Road and in 2013, purchased a residential property near Long Elementary School. Both purchases were funded through the issuance of Lease Participation Certificates in the amount of $2,090,000 and $1,355,000, respectively. The certificates have a 20 year life at the time of issuance. At June 30, 2014, the District had outstanding lease participation certificates of $3,365,000.

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.

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 FY14 is $637 per weighted average daily attendance (WADA). However, since FY10, the state has been 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.

Years ended June 30,	% withholding	Formula WADA	Payment per WADA
2010	2 %	$ 646	$ 633
2011	4	646	626
2012	6	646	607
2013	7.5	639	591
2014	6.7	637	594

The estimated withholding for the 2014-15 fiscal year is projected by the state to be approximately the same as 2013-14. 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 35%. For Lindbergh this represents a loss of funding of over $600,000.

The District has been decreasing its participation in the Voluntary Interdistrict Choice Corporation (VICC) 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 and is projected to steadily increase over the next five years creating challenges in space accommodations and class sizes.

As a result of the Missouri Supreme Court ruling on student transfers from unaccredited school districts, Lindbergh received 15 students from two unaccredited districts in St. Louis County. Lindbergh's Board of Education approved tuition rate was paid by the sending districts to Lindbergh for the 2013-14 school year. For 2014-15, Lindbergh expects to have a similar number of students return at a tuition rate calculated using the Department of Elementary and Secondary Education's formula.

In the spring of 2014, District voters approved a $.21 tax levy for debt service for the issuance of $34 million in general obligation bonds. The bond sale is expected to occur in September 2014 with the proceeds to be used for the construction of a new elementary building on the Dressel campus as well as enhancements on the high school campus. This bond issue will also pay off existing lease participation certificates which will allow the money previously used for lease principle and interest payments in the capital fund to be used for other capital expenditures.

While economic growth for the entire state is showing modest improvement, within Lindbergh Schools, signs of recovery are much more apparent. Housing sales are occurring very quickly with housing prices beginning to rebound as well. There is modest housing development, increased sales taxes and hiring signs in local business.

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, 2014

	Governmental activities
ASSETS	
Cash and investments	$ 33,075,522
Restricted cash and investments	6,646,936
TOTAL ASSETS	$ 39,722,458
LIABILITIES	
Payroll withholdings	$ 3,451,383
NET POSITION	
Restricted for:	
Scholarships	50,653
Debt service	6,446,500
Capital projects	3,257,064
Unrestricted	26,516,858
Total net position	36,271,075
TOTAL LIABILITIES AND NET POSITION	$ 39,722,458

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended June 30, 2014

Function/Program	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue and changes in net position: Total governmental activities
Governmental activities					
Instruction	$ 34,114,744	$ 2,346,287	$ 58,505	$ -	$ (31,709,952)
Attendance	122,512	-	-	-	(122,512)
Guidance	1,294,979	302	-	-	(1,294,677)
Health, psych, speech and audio	559,829	2,089	-	-	(557,740)
Improvement of instruction	886,803	-	13,500	-	(873,303)
Professional development	84,865	-	-	-	(84,865)
Media services	706,199	3,300	-	-	(702,899)
Board of education services	238,930	-	-	-	(238,930)
Executive administration	3,313,976	-	-	-	(3,313,976)
Building level administration	3,056,869	188,485	27,904	-	(2,840,480)
Business central service	1,230,097	12,053	5,539	-	(1,212,505)
Operation of plant	7,031,902	88,424	500	-	(6,942,978)
Security services	216,658	-	-	-	(216,658)
Pupil transportation	1,749,981	-	341,823	-	(1,408,158)
Food services	2,270,337	1,536,560	622,229	-	(111,548)
Central office support services	160,492	12,488	-	-	(148,004)
Community services	2,934,726	2,973,506	147,969	-	186,749
Facilities acquisition and construction	841,615	-	-	-	(841,615)
Debt service:					
Principal	35,025,000	-	-	-	(35,025,000)
Interest and other charges	4,349,010	-	-	-	(4,349,010)
Total governmental activities	$ 100,189,524	$ 7,163,494	$ 1,217,969	$ -	(91,808,061)

General revenues	
Taxes	
Property taxes, levied for general purposes	45,552,091
Property taxes, levied for debt service	5,738,164
Other taxes	123,464
Prop C - sales tax	4,776,787
Federal, state and county aid not restricted to specific purposes	5,288,463
Interest and investment earnings	1,602,389
Refunding bond proceeds	32,060,000
Miscellaneous	557,995
Total general revenues	95,699,353
Increase in net position	3,891,292
Net position at July 1, 2013	32,379,783
Net position at June 30, 2014	$ 36,271,075

See notes to financial statements.

LINDBERGH SCHOOLS

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	$ 26,536,688	$ -	$ -	$ 3,107,281	$ 29,643,969
Restricted cash and investments	50,653	-	6,446,500	149,783	6,646,936
TOTAL ASSETS	$ 26,587,341	$ -	$ 6,446,500	$ 3,257,064	$ 36,290,905
LIABILITIES					
Payroll withholdings	$ 3,451,383	$ -	$ -	$ -	$ 3,451,383
FUND BALANCES					
Restricted for:					
Scholarships	50,653	-	-	-	50,653
Debt service	-	-	6,446,500	-	6,446,500
Assigned:					
Other capital projects	-	-	-	3,257,064	3,257,064
Unassigned	23,085,305	-	-	-	23,085,305
Total fund balances	23,135,958	-	6,446,500	3,257,064	32,839,522
TOTAL LIABILITIES AND FUND BALANCES	$ 26,587,341	$ -	$ 6,446,500	$ 3,257,064	$ 36,290,905

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	$ 32,839,522
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.	3,431,553
Net position of governmental activities	$ 36,271,075

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, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	$ 26,858,673	$ 31,296,824	$ 5,917,938	$ 18,538	$ 64,091,973
County sources	296,951	566,712	139,725	13	1,003,401
State sources	1,559,092	1,154,435	-	1,330,254	4,043,781
Federal sources	1,309,780	-	-	29,519	1,339,299
Other sources	-	131,719	-	-	131,719
Total revenues	30,024,496	33,149,690	6,057,663	1,378,324	70,610,173
Expenditures					
Instruction	3,992,649	30,536,983	-	288,605	34,818,237
Attendance	122,512	-	-	-	122,512
Guidance	301,987	991,785	-	1,207	1,294,979
Health, psych speech and audio	559,829	-	-	-	559,829
Improvement of instruction	208,589	669,082	-	9,132	886,803
Professional development	84,865	-	-	-	84,865
Media services	163,323	522,053	-	20,823	706,199
Board of education services	238,930	-	-	-	238,930
Executive administration	1,943,301	652,246	-	718,429	3,313,976
Building level administration	1,071,999	1,951,678	-	33,192	3,056,869
Business central services	1,032,484	168,697	-	28,916	1,230,097
Operation of plant	6,716,306	-	-	315,596	7,031,902
Security services	216,658	-	-	-	216,658
Pupil transportation	1,749,981	-	-	-	1,749,981
Food service	2,267,403	-	-	2,934	2,270,337
Central office support services	160,492	-	-	-	160,492
Community services	2,925,877	-	-	8,849	2,934,726
Facilities acquisition and construction	-	-	-	841,615	841,615
Debt service:					
Principal	-	-	2,945,000	80,000	3,025,000
Interest and other charges	-	-	2,241,881	114,560	2,356,441
Total expenditures	23,757,185	35,492,524	5,186,881	2,463,858	66,900,448
Revenues over (under) expenditures	6,267,311	(2,342,834)	870,782	(1,085,534)	3,709,725
Other financing sources (uses)					
Transfers	(2,342,834)	2,342,834	-	-	-
Proceeds from sale of other property	-	-	-	23,068	23,068
Proceeds from sale of refunding bonds	-	-	32,060,000	-	32,060,000
Premium on issuance of refunding bonds	-	-	1,387,029	-	1,387,029
Payments to refunded bond escrow agent	-	-	(33,992,570)	-	(33,992,570)
Total other financing sources (uses)	(2,342,834)	2,342,834	(545,541)	23,068	(522,473)
NET CHANGE IN FUND BALANCES	3,924,477	-	325,241	(1,062,466)	3,187,252
Fund balance at July 1, 2013	19,211,481	-	6,121,259	4,319,530	29,652,270
Fund balance at June 30, 2014	$ 23,135,958	$ -	$ 6,446,500	$ 3,257,064	$ 32,839,522

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	$ 3,187,252
Internal service funds are used by the District to charge the cost of insurance activities	704,040
Change in net position of governmental activities	$ 3,891,292

See notes to financial statements.

LINDBERGH SCHOOLS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND
June 30, 2014

	Governmental Activities - Internal Service Fund
ASSETS	
Cash	$ 3,431,553
NET POSITION	
Unrestricted	$ 3,431,553

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, 2014

	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	$ 5,975,536
Interest income	547
Total revenues	5,976,083
Operating expenditures	
Medical claims	5,272,043
CHANGE IN NET POSITION	704,040
Net position at July 1, 2013	2,727,513
Net position at June 30, 2014	$ 3,431,553

See notes to 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.

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 benefits). Expenses consist of claims paid.

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.

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 or committed fund balances.

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

Basis of Accounting

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

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable and 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.

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 $2,342,834 from the General Fund to the Special Revenue Fund. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in this Fund.

Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2014 requires the payment of salaries over a twelve month period. Consequently, the July and August 2014 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE 2 – CASH AND INVESTMENTS

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

The District participates in the Missouri Security Investment Program (MoSIP). All funds of MoSIP 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 $39,221,363 invested through MoSIP at June 30, 2014.

The deposits and investments held at June 30, 2014 and reported at cost are as follows:

		Investment Maturities	
	Cost	0 to 1 year	1 to 5 years
Deposits			
Cash on hand	$ 2,750	N/A	N/A
Demand deposits	498,345	N/A	N/A
	501,095		
Investments - external investment pools			
Missouri Security Investment Program			
Money market funds	19,773,363	$19,773,363	$ -
Term investments	13,000,000	13,000,000	-
Certificates of deposit	6,448,000	6,448,000	-
	39,221,363	$39,221,363	$ -
Total deposits and investments	$39,722,458		

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. The credit ratings of the District's investments at June 30, 2014 are summarized in the schedule below.

	Cost	Credit Rating
Missouri Security Investment Program		
Money market funds	$ 19,773,363	AAAm
Term investments	13,000,000	Unrated
Certificates of deposit	6,448,000	Unrated
	$39,221,363	

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 weighted average attendance.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2013 for the purposes of local taxation was:

Real estate	
Residential	$ 725,712,890
Agricultural	290,160
Commercial	320,696,640
Personal property	143,626,920
Total	$ 1,190,326,610

The tax levy per $100 of the assessed valuation of tangible taxable property for the fiscal year 2014 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	$ 1.5000	$ 1.5000
Special Revenue Fund	2.2579	2.2579
Debt Service Fund	0.4730	0.4730
Capital Projects Fund	0.0000	0.0000
Total	$ 4.2309	$ 4.2309

The receipts of current property taxes during the fiscal year ended June 30, 2014, aggregated approximately 96.70 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, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Bonds payable	$86,341,756	$32,060,000	$ (34,945,000)	$83,456,756	$ 3,370,000
Obligation under capital leases	3,445,000	-	(80,000)	3,365,000	80,000
	$89,786,756	$32,060,000	$ (35,025,000)	$86,821,756	$ 3,450,000

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

Bonds payable consists of the following at June 30, 2014,:

	Original Issue Amount	Maturity Date	Interest Rates	Balance at June 30, 2014
Series 2000	$ 9,499,874	2018	5.72% - 5.90%	$ 2,252,802
Series 2008	8,410,000	2015	3.00%	1,310,000
Series 2009A	10,000,000	2029	3.50% - 4.60%	10,000,000
Series 2009B	7,165,000	2024	1.00%	7,165,000
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%	5,995,000
Series 2012	9,070,000	2023	1.00% - 2.00%	8,045,000
Series 2013	3,585,000	2016	1.00% - 2.00%	2,795,000
Series 2014	32,060,000	2027	2.00% - 3.00%	32,060,000
	$99,678,828			$83,456,756

The annual requirements to amortize general obligation bonds are as follows at June 30, 2014:

Year ending June 30,	Principal	Interest	Total
2015	$ 3,370,000	$ 2,478,808	$ 5,848,808
2016	3,438,640	2,394,928	5,833,568
2017	2,394,299	2,337,765	4,732,064
2018	2,494,863	2,318,878	4,813,741
2019	4,740,000	2,294,390	7,034,390
2020-2024	28,720,000	9,471,098	38,191,098
2025-2029	30,373,954	5,128,650	35,502,604
2030	7,925,000	443,800	8,368,800
Total	$83,456,756	$26,868,317	$110,325,073

Advanced Refunding

On February 26, 2014, the District issued $32,060,000 in Series 2014 general obligation refunding bonds to advance refund and defease $32,000,000 of outstanding Series 2007 general obligation bonds and pay certain costs of issuance. A deposit of $33,992,570, which includes net proceeds of $33,447,029 and a District deposit of $545,541, was placed in an irrevocable trust fund to purchase government obligations. The initial debt and the interest to be earned on the government obligations was an amount sufficient for the payment of the principal and interest on the call date on March 1, 2015. The refunding was undertaken to reduce total debt service payments by $2,827,173 which resulted in an economic gain of $3,536,918 (the difference between the present value of the debt service payments on the Series 2007 general obligation bonds and the refunding issue after the refunding date through March 1, 2015). As of June 30, 2014, the total debt outstanding from current and prior years that is considered to be defeased is $33,035,000.

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, 2014, was:

Constitutional debt limit	$ 179,354,954
General obligation bonds payable	(83,456,756)
Amount available in Debt Service Fund	6,446,500
Legal debt margin	$ 102,344,698

Capital Lease

The District has separate lease agreements with Cooperating School Districts of Greater St. Louis, Inc. (CSD). CSD issued $1,355,000 and $2,090,000 of Lease Participation Certificates Series 2013 and Series 2011, respectively. The proceeds were used to acquire two pieces of real estate. CSD is leasing the real estate to the District for the required amount of principal and interest due on the Lease Participation Certificates.

The following is a summary of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments as of June 30, 2014:

Year ending June 30,	
2015	$ 189,051
2016	187,526
2017	190,926
2018	279,164
2019	274,973
2020-2024	1,377,444
2025-2029	1,383,563
2030-2033	732,967
Total future minimum lease payments	4,615,614
Less amount representing interest	(1,250,614)
Present value of future minimum lease payments	$ 3,365,000

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, 2014, 2013 and 2012 were $4,335,365, $4,226,069 and $4,103,862 respectively, equal to the required contributions.

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

PEERS members are required to contribute 6.86% of their annual covered salary and the Lindbergh Schools are required to contribute a matching amount. The contribution requirements of members and the Lindbergh Schools are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ending June 30, 2014, 2013 and 2012 were $583,371, $566,814 and $566,157, respectively, equal to the required contributions.

NOTE 6 – RESTRICTED FUND BALANCE

The District has a restricted balance in the General Fund for scholarships in the amount of $50,653.

NOTE 7 – CONTINGENCIES

Grant Audits

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

Litigation

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

NOTE 8 – 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, 2014 was $495,827.

NOTE 9 – POST EMPLOYMENT BENEFITS

The District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year ended June 30, 2014, 214 retirees participated in the District's insurance plans and paid premiums totaling $922,537.

NOTE 10 – SELF-INSURANCE PLAN

The District has a self-insurance plan which covers participating employees' and retirees' medical coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an Internal Service Fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected and unusual claims. The District purchases stop loss insurance coverage to limit its exposure to catastrophic claims in excess of $150,000 per individual.

NOTE 11 – EARLY RETIREMENT PLAN

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

On May 15, 2013, the District approved a Classified Cost Reduction Plan. Eligible classified employees qualify if they retire by June 30, 2013, have completed at least twenty years of service to the District by June 30, 2013, 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 two years of District-paid insurance after retirement or a one-time payment of $8,000 in lieu of insurance.

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, 2014, the District paid approximately $870,000 under the plans. Based upon participants at June 30, 2014, the District will be liable for approximately $1,694,000 in additional benefits through the year ending June 30, 2017. Of this amount, approximately $835,000 will be payable by the year ending June 30, 2015.

NOTE 12 – SUBSEQUENT EVENTS

On September 9, 2014, the Board of Education approved $34 million in General Obligation Bonds, Series 2014 with a closing date of September 22, 2014. The bond issue will pay off existing lease purchases and the remainder will be used to construct a new elementary school and for high school enhancements.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED

Year ended June 30, 2014

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 25,735,170	$ 26,742,445	$ 26,858,673	$ 1,007,275	$ 116,228
County sources	220,500	220,500	296,951	-	76,451
State sources	346,450	1,480,635	1,559,092	1,134,185	78,457
Federal sources	1,099,247	1,193,504	1,309,780	94,257	116,276
Total revenues	27,401,367	29,637,084	30,024,496	2,235,717	387,412
Expenditures					
Current:					
Instruction	4,287,594	4,319,780	3,992,649	(32,186)	327,131
Attendance	120,231	124,179	122,512	(3,948)	1,667
Guidance	305,444	311,918	301,987	(6,474)	9,931
Health, psych, speech and audio	657,409	595,864	559,829	61,545	36,035
Improvement of instruction	518,832	274,378	208,589	244,454	65,789
Professional development	91,673	91,408	84,865	265	6,543
Media services	263,142	188,829	163,323	74,313	25,506
Board of education services	305,192	281,592	238,930	23,600	42,662
Executive administration	841,514	1,901,613	1,943,301	(1,060,099)	(41,688)
Building level administration	1,011,233	1,010,527	1,071,999	706	(61,472)
Business central services	1,229,045	1,090,470	1,032,484	138,575	57,986
Operation of plant	6,739,398	6,584,541	6,716,306	154,857	(131,765)
Security services	217,705	218,110	216,658	(405)	1,452
Pupil transportation	1,874,387	1,874,387	1,749,981	-	124,406
Food service	2,025,469	2,080,481	2,267,403	(55,012)	(186,922)
Central office support services	935,554	169,173	160,492	766,381	8,681
Community services	2,827,729	2,947,911	2,925,877	(120,182)	22,034
Total expenditures	24,251,551	24,065,161	23,757,185	186,390	307,976
Revenues over expenditures	3,149,816	5,571,923	6,267,311	2,422,107	695,388
Other financing uses					
Transfers	(3,033,613)	(2,613,107)	(2,342,834)	(420,506)	270,273
NET CHANGE IN FUND BALANCE	$ 116,203	$ 2,958,816	3,924,477	$ 2,842,613	$ 965,661
Fund balance at July 1, 2013			19,211,481		
Fund balance at June 30, 2014			$ 23,135,958		

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, 2014

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 30,131,119	$ 31,381,688	$ 31,296,824	$ 1,250,569	$ (84,864)
County sources	449,800	449,800	566,712	-	116,912
State sources	2,267,550	1,177,665	1,154,435	(1,089,885)	(23,230)
Other sources	-	64,750	131,719	64,750	66,969
Total revenues	32,848,469	33,073,903	33,149,690	225,434	75,787
Expenditures					
Current:					
Instruction	30,783,482	30,663,577	30,536,983	119,905	126,594
Attendance	1,733	-	-	1,733	-
Guidance	997,057	991,902	991,785	5,155	117
Improvement of instruction	576,066	717,432	669,082	(141,366)	48,350
Media services	749,890	522,138	522,053	227,752	85
Executive administration	659,975	658,323	652,246	1,652	6,077
Building level administration	1,944,639	1,964,698	1,951,678	(20,059)	13,020
Business central services	169,240	168,940	168,697	300	243
Total expenditures	35,882,082	35,687,010	35,492,524	195,072	194,486
Revenues over (under) expenditures	(3,033,613)	(2,613,107)	(2,342,834)	420,506	270,273
Other financing sources					
Transfers	3,033,613	2,613,107	2,342,834	420,506	(270,273)
NET CHANGE IN FUND BALANCE	$ -	$ -	-	$ -	$ -
Fund balance at July 1, 2013			-		
Fund balance at June 30, 2014			$ -		

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, 2014

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 6,077,400	$ 7,309,229	$ 5,917,938	$ 1,231,829	$ (1,391,291)
County sources	125,000	125,000	139,725	-	14,725
Total revenues	6,202,400	7,434,229	6,057,663	1,231,829	(1,376,566)
Expenditures					
Debt service:					
Principal	2,945,000	2,945,000	2,945,000	-	-
Interest and other charges	2,668,750	4,235,700	2,241,881	(1,566,950)	1,993,819
Total expenditures	5,613,750	7,180,700	5,186,881	(1,566,950)	1,993,819
Revenues over expenditures	588,650	253,529	870,782	(335,121)	617,253
Other financing sources (uses)					
Proceeds from sale of refunding bonds	-	32,060,000	32,060,000	(32,060,000)	-
Premium on issuance of refunding bonds	-	-	1,387,029	-	1,387,029
Payments to refunded bond escrow agent	-	(32,000,000)	(33,992,570)	32,000,000	(1,992,570)
Total financing sources (uses)	-	60,000	(545,541)	(60,000)	(605,541)
NET CHANGE IN FUND BALANCE	$ 588,650	$ 313,529	325,241	$ (275,121)	$ 11,712
Fund balance at July 1, 2013			6,121,259		
Fund balance at June 30, 2014			$ 6,446,500		

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, 2014

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 2,625	$ 2,575	$ 18,538	$ (50)	$ 15,963
County sources	-	-	13	-	13
State sources	1,313,750	1,313,750	1,330,254	-	16,504
Federal sources	-	-	29,519	-	29,519
Total revenues	1,316,375	1,316,325	1,378,324	(50)	61,999
Expenditures					
Instruction	63,269	309,623	288,605	(246,354)	21,018
Guidance	-	-	1,207	-	(1,207)
Improvement of instruction	1,228	11,228	9,132	(10,000)	2,096
Media services	-	14,825	20,823	(14,825)	(5,998)
Executive administration	-	776,749	718,429	(776,749)	58,320
Building level administration	15,724	25,387	33,192	(9,663)	(7,805)
Business central services	104,650	29,426	28,916	75,224	510
Operation of plant	283,094	362,500	315,596	(79,406)	46,904
Food service	6,700	6,700	2,934	-	3,766
Central office support services	736,434	-	-	736,434	-
Community services	-	12,000	8,849	(12,000)	3,151
Facilities acquisition and construction	35,000	897,700	841,615	(862,700)	56,085
Debt service:					
Principal	-	80,000	80,000	(80,000)	-
Interest and other charges	196,800	116,800	114,560	80,000	2,240
Total expenditures	1,442,899	2,642,938	2,463,858	(1,200,039)	179,080
Revenues over (under) expenditures	(126,524)	(1,326,613)	(1,085,534)	(1,200,089)	241,079
Other financing sources					
Proceeds from sale of other property	15,000	15,000	23,068	-	8,068
NET CHANGE IN FUND BALANCE	$ (111,524)	$ (1,311,613)	(1,062,466)	$ (1,200,089)	$ 249,147
Fund balance at July 1, 2013			4,319,530		
Fund balance at June 30, 2014			$ 3,257,064		

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, 2014

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 61,946,314	$ 65,435,937	$ 64,091,973	$ 3,489,623	$ (1,343,964)
County sources	795,300	795,300	1,003,401	-	208,101
State sources	3,927,750	3,972,050	4,043,781	44,300	71,731
Federal sources	1,099,247	1,193,504	1,339,299	94,257	145,795
Other sources	-	64,750	131,719	64,750	66,969
Total revenues	67,768,611	71,461,541	70,610,173	3,692,930	(851,368)
Expenditures					
Instruction	35,134,345	35,292,980	34,818,237	(158,635)	474,743
Attendance	121,964	124,179	122,512	(2,215)	1,667
Guidance	1,302,501	1,303,820	1,294,979	(1,319)	8,841
Health, psych, speech and audio	657,409	595,864	559,829	61,545	36,035
Improvement of instruction	1,096,126	1,003,038	886,803	93,088	116,235
Professional development	91,673	91,408	84,865	265	6,543
Media services	1,013,032	725,792	706,199	287,240	19,593
Board of education services	305,192	281,592	238,930	23,600	42,662
Executive administration	1,501,489	3,336,685	3,313,976	(1,835,196)	22,709
Building level administration	2,971,596	3,000,612	3,056,869	(29,016)	(56,257)
Business central services	1,502,935	1,288,836	1,230,097	214,099	58,739
Operation of plant	7,022,492	6,947,041	7,031,902	75,451	(84,861)
Security services	217,705	218,110	216,658	(405)	1,452
Pupil transportation	1,874,387	1,874,387	1,749,981	-	124,406
Food service	2,032,169	2,087,181	2,270,337	(55,012)	(183,156)
Central office support services	1,671,988	169,173	160,492	1,502,815	8,681
Community services	2,827,729	2,959,911	2,934,726	(132,182)	25,185
Facilities acquisition and construction	35,000	897,700	841,615	(862,700)	56,085
Debt service:					
Principal	2,945,000	3,025,000	3,025,000	(80,000)	-
Interest and other charges	2,865,550	4,352,500	2,356,441	(1,486,950)	1,996,059
Total expenditures	67,190,282	69,575,809	66,900,448	(2,385,527)	2,675,361
Revenues over expenditures	578,329	1,885,732	3,709,725	1,307,403	1,823,993
Other financing sources (uses)					
Proceeds from sale of other property	15,000	15,000	23,068	-	8,068
Proceeds from sale of refunding bonds	-	32,060,000	32,060,000	(32,060,000)	-
Premium on issuance of refunding bonds	-	-	1,387,029	-	1,387,029
Payments to refunded bond escrow agent	-	(32,000,000)	(33,992,570)	32,000,000	(1,992,570)
Total financing sources (uses)	15,000	75,000	(522,473)	(60,000)	(597,473)
NET CHANGE IN FUND BALANCE	$ 593,329	$ 1,960,732	3,187,252	$ 1,367,403	$ 1,226,520
Fund balance at July 1, 2013			29,652,270		
Fund balance at June 30, 2014			$32,839,522		

See notes to supplementary information.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.

2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.

3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.

4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.

5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board.

6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.

7. Capital outlay acquired through capital lease obligations are not reported as an expenditure and the proceeds are not reported as an other financing source for budgetary purposes.

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES COLLECTED BY SOURCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
Year ended June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Local					
Current taxes	$17,305,370	$26,049,578	$ 5,457,198	$ -	$ 48,812,146
Delinquent taxes	197,079	268,045	64,589	14,024	543,737
School district trust fund (Prop C)	2,388,394	2,388,393	-	-	4,776,787
Financial institution tax	43,772	65,889	13,803	-	123,464
M&M surtax	685,922	1,031,649	216,377	423	1,934,371
Tuition from individuals (K-12)	-	966,191	-	-	966,191
Earnings on investments	39,809	4,942	165,971	4,091	214,813
Food service program	703,324	-	-	-	703,324
Food service non-program	833,236	-	-	-	833,236
Student activities	1,366,783	-	-	-	1,366,783
Community services	2,884,546	-	-	-	2,884,546
Other local sources	410,438	522,137	-	-	932,575
	26,858,673	31,296,824	5,917,938	18,538	64,091,973
County					
Fines, escheat, etc.	-	115,452	-	-	115,452
State assessed utilities	296,951	446,894	139,725	13	883,583
County stock insurance fund	-	4,366	-	-	4,366
	296,951	566,712	139,725	13	1,003,401
State					
Basic formula	-	1,077,128	-	-	1,077,128
Transportation	341,823	-	-	-	341,823
Early childhood special education	-	-	-	265,667	265,667
Classroom Trust Fund	1,144,559	-	-	1,064,587	2,209,146
Educational Screening Prog/PAT	60,284	73,681	-	-	133,965
Vocational/Technical Aid	-	3,626	-	-	3,626
Food Service - State	12,426	-	-	-	12,426
	1,559,092	1,154,435	-	1,330,254	4,043,781
Federal					
Medicaid	39,518	-	-	-	39,518
Early childhood special education	-	-	-	29,519	29,519
School lunch program	485,191	-	-	-	485,191
School breakfast program	124,612	-	-	-	124,612
Title I -ESEA	432,465	-	-	-	432,465
Title III, ESEA-English language acquisition	38,571	-	-	-	38,571
Title II, Part A, ESEA-teacher & principal quality	189,423	-	-	-	189,423
	1,309,780	-	-	29,519	1,339,299
Other financing sources					
Proceeds from sale of refunding bonds	-	-	32,060,000	-	32,060,000
Premium on issuance of refunding bonds	-	-	1,387,029	-	1,387,029
Contracted Educational Services	-	131,719	-	-	131,719
Sale of other property	-	-	-	23,068	23,068
	-	131,719	33,447,029	23,068	33,601,816
	$ 30,024,496	$ 33,149,690	$ 39,504,692	$ 1,401,392	$ 104,080,270
Total revenues					$ 104,080,270
Less Debt Service revenue					(39,504,692)
Total operating revenue					$ 64,575,578

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES PAID BY OBJECT
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED
Year ended June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Salaries	$ 8,818,928	$ 27,243,323	$ -	$ -	$ 36,062,251
Employee benefits	2,786,014	8,249,201	-	-	11,035,215
Purchased services	7,884,092	-	-	-	7,884,092
Supplies	4,268,151	-	-	-	4,268,151
Capital outlay	-	-	-	2,269,298	2,269,298
Other objects	-	-	39,179,451	194,560	39,374,011
	$ 23,757,185	$ 35,492,524	$ 39,179,451	$ 2,463,858	$ 100,893,018

Total expenditures	$ 100,893,018
Less Debt Service expenditures	(39,179,451)
Total operating expenditures	$ 61,713,567

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - UNAUDITED

Year ended June 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues Collected	$ 30,024,496	$ 33,149,690	$ 6,057,663	$ 1,378,324	$ 70,610,173
Expenditures Paid	23,757,185	35,492,524	5,186,881	2,463,858	66,900,448
Revenues over (under) expenditures	6,267,311	(2,342,834)	870,782	(1,085,534)	3,709,725
Other financing sources (uses)	(2,342,834)	2,342,834	(545,541)	23,068	(522,473)
NET CHANGE IN FUND BALANCE	3,924,477	-	325,241	(1,062,466)	3,187,252
Fund balance at July 1, 2013	19,211,481	-	6,121,259	4,319,530	29,652,270
Fund balance at June 30, 2014	$ 23,135,958	$ -	$ 6,446,500	$ 3,257,064	$ 32,839,522

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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

We have examined management's assertions included in its representation letter dated September 16, 2014 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, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

Our examination was made in accordance with 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 opinion does not provide a legal determination on the Lindbergh Schools' compliance with specified requirements.

In our opinion, management's assertions that the Lindbergh Schools complied with the aforementioned requirements for the year ended June 30, 2014 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 16, 2014

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:

	Hours	Days
Kindergarten - A.M.	527.50	172
Kindergarten - P.M.	527.50	172
Kindergarten - Full Day	1041.25	173
Grades 1 through 5	1041.25	173
Grades 6 through 8	1102.78	173
Grades 9 through 12	1065.76	173

2. Average Daily Attendance (ADA)

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
Regular term						
Kindergarten - A.M.	135.680	-	-	-	135.680	-
Kindergarten - P.M.	42.204	-	-	-	42.204	-
Kindergarten - Full Day	33.009	-	-	-	33.009	-
Grades 1 through 5	2,199.146	-	-	-	2,199.146	-
Grades 6 through 8	1,333.817	-	0.992	-	1,334.809	-
Grades 9 through 12	1,763.128	-	50.955	-	1,814.083	-
Subtotal regular term	5,506.984	-	51.947	-	5,558.931	-
Summer School subtotal	42.400	-	2.192	-	44.592	-
Total regular term plus summer school ADA					5,603.523	

3. September Membership

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
September resident membership	5,896.63	-	56.81	-	5,953.44	14.00

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	Full-Time & Part-Time	Deseg In	Total
Free	860.030	34.440	894.470
Reduced	211.240	7.570	218.810
Total	1,071.270	42.010	1,113.280

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 approve 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.	N/A
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:	$84,865

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

Findings #: N/A

Management Letter Comment #: N/A

6. Transportation

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. — True

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. — True

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** — 2,891.50
- **Ineligible ADT** — 676.00

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. — True

E. Actual odometer records show the total district-operated and contracted mileage for the year was: — 354,625

Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:

- **Eligible Miles** — 319,876
- **Ineligible Miles (Non-Route/Disapproved)** — 34,749

F. Number of days the schools operated the school transportation system during the regular school year: — 173

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, 2014, which collectively comprise the Lindbergh Schools' basic financial statements, and have issued our report thereon dated September 16, 2014. 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 & Braeckel LLP

St. Louis, Missouri
September 16, 2014

Kerber, Eck & Braeckel LLP

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
September 16, 2014

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program 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	$ 405,269
Title II Part A, Improving Teacher Quality State Grants	84.367	096-093	152,948
Educational Language Acquisition Grants	84.365	096-093	42,427
Special Education - Grants to States	84.027	096-093	29,519
Total U.S. Department of Education			630,163
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
National School Breakfast Program	10.553	096-093	124,612
National School Lunch Program	10.555	096-093	485,191
Food Distribution	10.550	096-093	93,810
Total U.S. Department of Agriculture			703,613
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,333,776

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 is a summary of cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District if prepared on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

NOTE 2 – NONCASH PROGRAMS

The District received the following noncash assistance during the year ended June 30, 2014:

Food Distribution Program (Commodities)	CFDA # 10.550	$ 93,810

The commodities received are also included in the federal expenditures presented in the schedule and are valued using prices provided by the United States Department of Agriculture.

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 section .510(a) of OMB Circular A-133? No

The programs tested as a major program are as follows:

CFDA Number(s)	Name of Program or Cluster
10.550, 10.553 and 10.555	Child Nutrition Cluster

The dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as a low-risk auditee? Yes

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.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs related to Federal Awards.