FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

LINDBERGH SCHOOLS

June 30, 2011

Lindbergh Schools

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LINDBERGH SCHOOLS

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Independent Auditors' Report

Board of Education
Lindbergh Schools

We have audited the accompanying financial statements of the governmental activities and each major fund of Lindbergh Schools (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note A, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and each major fund of the District as of June 30, 2011, and the respective changes in financial position – modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16 and budgetary comparison information on pages 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The additional supplementary information on pages 43 through 48 and the schedule of selected statistics on pages 51 through 53 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 also not a required part of the financial statements. The budgetary comparison information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting records and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements take as a whole. The schedule of selected statistics, which is of a nonaccounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
October 21, 2011

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, 2011. 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 financial statements.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 issued in 1999 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year, 2010-11 (FY11), and the prior year, 2009-10 (FY10), is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2011, include the following:

- The governmental activities net assets (modified cash basis) were $32,721,699 as compared to $53,825,467 the previous year. The governmental funds ending fund balances (modified cash basis) were $31,605,900 as compared to $53,496,724 the previous year.
- Program revenues collected made up 11.3% of the total revenues collected for the year ended June 30, 2011 as compared to 9.6% the previous year. These program revenues collected covered 8.5% of the program expenditures paid leaving 91.5%, to be covered by general revenues collected and fund balances, as compared to 10.7% of the program expenditures paid leaving 89.3%, to be covered by general revenues collected and fund balances the previous year.
- Prop R 2008 authorizing the sale of $31 million in bonds was passed in 2008. During FY10, net assets increased as a direct result of the sale of these bonds. Now in FY11, the decrease in net assets is a result of these bond proceeds being spent for the intended capital improvements.

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 Assets (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 2010-11 fiscal year?" These statements include all cash and investments using the modified cash basis of accounting.

By showing the change in net assets (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 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" under GASB Statement No. 34. 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 statement.

Government-Wide Financial Analysis

Net Assets of the District at June 30, 2011, of $32,721,699 reflect the District's total assets of cash and investments compared to net assets at June 30, 2010, of $53,825,467. Net assets of the District consist of the following as of June 30,:

	2011	2010
Restricted	$13,094,141	$33,809,150
Unrestricted	19,627,558	20,016,317
	$32,721,699	$53,825,467

The restricted net assets are restricted for payment of principal and interest on general obligation bonds, student scholarships, capital projects and Prop R 2008 projects.

Governmental Activities

Net assets at June 30, 2011, reflect a decrease of $21,103,768 from the net asset balance of $53,825,467 at June 30, 2010. Key elements of this decrease consist of the following:

	2011	2010
Program revenue		
Charges for services	$ 6,182,486	$ 6,163,083
Operating grants and contributions	1,103,599	1,411,279
General revenue		
Taxes	44,634,543	44,053,723
Federal, state and county aid not restricted to specific purposes	4,633,373	4,512,053
Interest and investment earnings	704,198	604,266
Bond refunding and proceeds from sale of bonds	6,055,000	20,998,954
Other	1,135,588	1,296,750
Total revenues	64,448,787	79,040,108
Functional/Program expenses		
Instruction	29,186,707	32,093,721
Capital outlay	19,841,814	7,923,838
Debt service		
Principal retirement	8,470,000	2,390,000
Interest and fiscal charges	3,510,620	3,257,652
Other	24,543,414	25,407,846
Total functional/program expenses	85,552,555	71,073,057
Change in net assets	(21,103,768)	7,967,051
Net assets at beginning of year	53,825,467	45,858,416
Net assets at end of year	$ 32,721,699	$ 53,825,467

Governmental Activities - Continued

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2011 and 2010, of $85,552,555 and $71,073,057 respectively, are not all borne by the taxpayers of the District. Of these amounts $6,182,486 and $6,163,083 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and $1,103,599 and $1,411,279 were paid through federal and state operating grants and contributions for the years ending June 30, 2011 and 2010, respectively.

Consequently, for the years ending June 30, 2011 and 2010, respectively, the net costs of $78,266,470 and $63,498,695, 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 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, 2011 and 2010). 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.

Governmental Activities - Continued

	2011		2010	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	$ 29,186,707	$ 26,777,435	$ 32,093,721	$ 29,843,031
Guidance/Attendance	1,763,917	1,763,917	2,056,291	2,056,291
Health, psych, speech and audio	557,910	557,910	596,893	596,893
Improvement of instruction	1,296,780	1,236,610	1,363,312	1,285,402
Professional development	79,294	79,294	95,381	95,381
Media services (library)	1,050,209	1,050,209	852,817	852,817
Board of education services	135,004	135,004	138,906	138,906
Executive administration	1,480,164	1,475,006	1,398,181	1,398,181
Building administration	2,866,523	2,790,291	2,927,300	2,843,217
Central services	12,948,991	10,493,797	13,258,029	10,485,345
Community services	2,364,622	84,563	2,720,736	331,741
Capital outlay	19,841,814	19,841,814	7,923,838	7,923,838
Debt service				
Principal retirement	8,470,000	8,470,000	2,390,000	2,390,000
Interest and fiscal charges	3,510,620	3,510,620	3,257,652	3,257,652
Total	$ 85,552,555	$ 78,266,470	$ 71,073,057	$ 63,498,695

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, 2011 with a combined modified cash basis fund balance for Governmental funds (Balance Sheet - modified cash basis) of $31,605,900, as compared to a combined fund balance of $53,496,724 at June 30, 2010 for a decrease of $21,890,824.

Governmental Funds Financial Analysis - Continued

The fund balance of the operating funds (General and Special Revenue) decreased by $2,815,748 as compared to a decrease of $4,912,530 the previous year. The decrease this year was the result of the planned spend down of fund balances of $3,000,000 coupled with a decline in property taxes as a result of declining assessed valuation of real estate in the District.

The fund balance of the Debt Service Fund decreased by $774,771 as a result of the decline in assessed valuation of the District and reduced taxes received. The prior year fund balance decreased $462,637. The $5,306,962 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 $18,300,305. This is primarily the result of the capital expenditures for Prop R approved by voters in November 2008.

The major source of revenue for operations and debt service is current local property taxes amounting to $38,564,615. This is derived from the District's operating levy of $2.833 (blended rate) and the debt service levy of $.38 for a total levy of $3.2130. Other significant local revenues are $3,909,195 from sales tax, $704,198 from earnings on investments, $2,089,580 from merchants and manufacturer's surtax, $1,377,833 from food service locally and $1,343,533 from student activities.

County revenues of $610,810 are derived from state assessed utility property of $542,101 and county fines of $68,709.

State funding which makes up 6% of total revenues collected increased $172,567 from the previous year for a total of $3,521,244.

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

	2011	2010
Basic formula and classroom trust	$ 2,772,125	$ 2,700,233
Transportation	345,547	457,949
Early childhood education	112,333	178,262
Other	291,239	12,233
Total state revenue	$ 3,521,244	$ 3,348,677

Governmental Funds Financial Analysis - Continued

Federal funding which makes up 2.5% of total revenues collected decreased to $1,447,768 from $1,734,507 the previous year. Significant federal revenues collected are as follows for the year ended June 30,:

	2011	2010
Federal stabilization ARRA funds	$ 198,960	$ 518,721
Medicaid	23,803	40,855
School lunch and breakfast	479,842	567,742
Title I	308,044	434,339
Title II A and D	159,948	122,031
Other	277,171	50,819
Total federal revenue	$ 1,447,768	$ 1,734,507

Less state formula and transportation funds were received from Federal stabilization ARRA funds which accounts for the shift from federal to state funds. Overall, the combination of state and federal funds decreased from the previous year by approximately $114,000.

Total governmental funds expenditures paid were $86,339,470 for the year compared to $71,401,756 the previous year. The General Fund accounts for $20,796,083 or 24.1% of the total expenditures. The Special Revenue (Teachers) Fund accounts for $32,288,724 or 37.4% of total expenditures and consists of certificated teachers' salaries and benefits. Debt Service Fund expenditures of $11,936,398 or 13.8% of total expenditures are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of $21,318,265 or 24.7% of total expenditures are for construction projects, facility repairs and capital equipment.

Governmental Funds Financial Analysis - Continued

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,

	2011	%	2010	%
Local	$ 58,868,824	91.3%	$ 73,263,506	92.7%
County	610,810	0.9%	693,374	0.9%
State	3,521,244	5.5%	3,348,677	4.2%
Federal	1,447,768	2.3%	1,734,507	2.2%
Total revenues collected	$ 64,448,646	100.0%	$ 79,040,064	100.0%

EXPENDITURES
Years ended June 30,

	2011	%	2010	%
Instruction	$ 29,973,623	34.7%	$ 32,422,420	45.4%
Support services	22,178,792	25.7%	22,687,110	31.8%
Debt services	11,939,399	13.8%	5,526,938	7.7%
Capital outlay	19,841,814	23.0%	7,923,838	11.1%
Community services and other	2,408,843	2.8%	2,841,450	4.0%
Total expenditures	$ 86,342,471	100.0%	$ 71,401,756	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 8, 2010, and the final budget amendment was adopted on June 14, 2011.

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 Debt

At June 30, 2011, the District had outstanding general obligation bonds of $91,706,756 reflecting principal payments of $8,470,000 made during the year (including payments of $5,985,000 in refunded bonds) and issuance of $6,055,000 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 $191,991,321 at June 30, 2011, based on the December 31, 2010 assessed values.

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

Economic Factors

In the last quarter of 2008 the U.S. economy entered the largest recession since the Great Depression. Interest rates continued to decline causing a significant decrease in revenues for the 2008-09 and 2009-10 fiscal years. The housing and commercial property market has also declined substantially with the District experiencing a substantial decrease in property assessed valuations for the 2009 reassessment year and continued assessed valuation decline in 2010. However, in November 2010, the community approved a $.65 operating levy, which will generate an estimated $8.4 million in additional property tax revenue for FY12 and beyond.

The fiscal year 2010-11 is the fifth year of the gradual implementation of the new state funding formula over seven years. Lindbergh is a hold harmless district and we do not receive any additional state revenue per child under the new formula. Our state formula revenue is $646 per weighted average daily attendance (WADA). However, during the 09-10 fiscal year, the state withheld approximately 2% of the state funding formula owed to Lindbergh Schools for the fiscal year as a result of state revenue shortfalls making this per WADA amount only $633. In 2010-11, the state withheld approximately 4% of the state funding formula making the per WADA amount $626. It is anticipated that for the 11-12 fiscal year that the state withholding will be between 8 and 12%. The state funding for transportation aid has also continued to decline with that trend continuing in the 2011-12 fiscal year.

The District has been in an exit strategy from 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 is projected to steadily increase over the next five years.

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 Patrick Lanane, Assistant Superintendent-Finance.

LINDBERGH SCHOOLS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
June 30, 2011

	Governmental activities
ASSETS	
Cash and investments	$ 20,139,403
Restricted cash and investments	13,874,414
TOTAL ASSETS	**$ 34,013,817**
LIABILITIES	
Accrued payroll taxes	$ 1,292,118
NET ASSETS	
Restricted for:	
Scholarships	46,020
Debt service	5,306,962
Prop R	7,741,160
Unrestricted	19,627,557
Total net assets	**32,721,699**
TOTAL LIABILITIES AND NET ASSETS	**$ 34,013,817**

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended June 30, 2011

Function/Program	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Net (expense) revenue and changes in net assets: Total governmental activities
Governmental activities				
Instruction	$ 29,186,707	$ 2,366,442	$ 42,830	$ (26,777,435)
Attendance	589,059	-	-	(589,059)
Guidance	1,174,858	-	-	(1,174,858)
Health, psych, speech and audio	557,910	-	-	(557,910)
Improvement of instruction	1,296,780	-	60,170	(1,236,610)
Professional development	79,294	-	-	(79,294)
Media services	1,050,209	-	-	(1,050,209)
Board of education services	135,004	-	-	(135,004)
Executive administration	1,480,164	-	5,158	(1,475,006)
Building level administration	2,866,523	68,138	8,094	(2,790,291)
Business central service	1,455,071	22,567	24,031	(1,408,473)
Operation of plant	6,593,989	188,330	5,224	(6,400,435)
Security services	226,929	-	-	(226,929)
Pupil transportation	1,891,121	-	346,179	(1,544,942)
Food services	1,985,386	1,377,833	487,937	(119,616)
Central office support services	796,495	3,093	-	(793,402)
Community services	2,364,622	2,156,083	123,976	(84,563)
Capital outlay	19,841,814	-	-	(19,841,814)
Debt service:				
Principal	8,470,000	-	-	(8,470,000)
Interest and other charges	3,510,620	-	-	(3,510,620)
Total governmental activities	**$ 85,552,555**	**$ 6,182,486**	**$ 1,103,599**	**(78,266,470)**

General revenues	
Taxes	
Property taxes, levied for general purposes	35,845,502
Property taxes, levied for debt service	4,808,693
Other taxes	71,153
Prop C - sales tax	3,909,195
Federal, state and county aid not restricted to specific purposes	4,633,373
Interest and investment earnings	704,198
Refunding bond proceeds	6,055,000
Miscellaneous	1,135,588
Total general revenues	**57,162,702**
Decrease in net assets	**(21,103,768)**
Net assets at July 1, 2010	53,825,467
Net assets at June 30, 2011	**$ 32,721,699**

The accompanying notes are an integral part of this statement.

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
June 30, 2011

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	$ 17,170,044	$ -	$ -	$ 1,853,560	$ 19,023,604
Restricted cash and investments	46,020	-	5,306,962	8,521,432	13,874,414
TOTAL ASSETS	**$ 17,216,064**	**$ -**	**$ 5,306,962**	**$ 10,374,992**	**$ 32,898,018**
LIABILITIES					
Accrued payroll taxes	$ 1,292,118	$ -	$ -	$ -	$ 1,292,118
FUND BALANCES					
Restricted for:					
Scholarships	46,020	-	-	-	46,020
Debt service	-	-	5,306,962	-	5,306,962
Prop R	-	-	-	7,741,160	7,741,160
Assigned:					
Other capital projects	-	-	-	2,633,832	2,633,832
Unassigned	15,877,926	-	-	-	15,877,926
Total fund balances	**15,923,946**	**-**	**5,306,962**	**10,374,992**	**31,605,900**
TOTAL LIABILITIES AND FUND BALANCES	**$ 17,216,064**	**$ -**	**$ 5,306,962**	**$ 10,374,992**	**$ 32,898,018**

Reconciliation to Statement of Net Assets

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

Fund balances of governmental funds	$ 31,605,900
Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The net assets of the internal service fund are included in governmental activities in the statement of net assets.	1,115,799
Net assets of governmental activities	$ 32,721,699

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
Year ended June 30, 2011

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	$ 20,394,338	$ 26,093,533	$ 5,031,365	$ 1,266,246	$ 52,785,482
County sources	165,510	358,398	75,262	11,640	610,810
State sources	1,326,676	505,559	-	1,689,009	3,521,244
Federal sources	1,083,529	329,378	-	34,861	1,447,768
Other sources	12,138	-	-	-	12,138
Total revenues	**22,982,191**	**27,286,868**	**5,106,627**	**3,001,756**	**58,377,442**
Expenditures					
Current:					
Instruction	2,963,808	26,883,032	-	126,783	29,973,623
Attendance	124,902	464,157	-	-	589,059
Guidance	213,288	961,570	-	-	1,174,858
Health, psych speech and audio	557,910	-	-	-	557,910
Improvement of instruction	671,834	517,560	-	107,386	1,296,780
Professional development	79,294	-	-	-	79,294
Media services	296,732	751,978	-	1,499	1,050,209
Board of education services	135,004	-	-	-	135,004
Executive administration	842,331	637,833	-	-	1,480,164
Building level administration	964,978	1,873,322	-	28,223	2,866,523
Business central services	1,191,006	199,272	-	64,793	1,455,071
Operation of plant	6,136,881	-	-	457,108	6,593,989
Security services	226,929	-	-	-	226,929
Pupil transportation	1,891,121	-	-	-	1,891,121
Food service	1,980,323	-	-	5,063	1,985,386
Central office support services	110,899	-	-	685,596	796,495
Community services	2,364,622	-	-	-	2,364,622
Capital outlay	-	-	-	19,841,814	19,841,814
Debt service:					
Principal	-	-	2,485,000	-	2,485,000
Interest and other charges	44,221	-	3,295,151	-	3,339,372
Total expenditures	**20,796,083**	**32,288,724**	**5,780,151**	**21,318,265**	**80,183,223**
Revenues over (under) expenditures	**2,186,108**	**(5,001,856)**	**(673,524)**	**(18,316,509)**	**(21,805,781)**
Other financing sources (uses)					
Transfers	(5,001,856)	5,001,856	-	-	-
Proceeds from sale of other property	-	-	-	16,204	16,204
Proceeds from sale of refunding bonds	-	-	6,055,000	-	6,055,000
Discount on issuance of refunding bonds	-	-	(27,247)	-	(27,247)
Payments to refunded bond escrow agent	-	-	(6,129,000)	-	(6,129,000)
Total other financing sources (uses)	(5,001,856)	5,001,856	(101,247)	16,204	(85,043)
NET CHANGE IN FUND BALANCE	**(2,815,748)**	-	**(774,771)**	**(18,300,305)**	**(21,890,824)**
Fund balance at July 1, 2010	18,739,694	-	6,081,733	28,675,297	53,496,724
Fund balance at June 30, 2011	**$ 15,923,946**	**$ -**	**$ 5,306,962**	**$ 10,374,992**	**$ 31,605,900**

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	$ (21,890,824)
Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The change in net assets of the internal service fund are included in governmental activities in the statement of activities.	787,056
Net assets of governmental activities	$ (21,103,768)

The accompanying notes are an integral part of this statement.

LINDBERGH SCHOOLS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS - PROPRIETARY FUND
June 30, 2011

	Governmental Activities - Internal Service Fund
ASSETS	
Cash	$ 1,115,799
NET ASSETS	
Unrestricted	$ 1,115,799

The accompanying notes are an integral part of this statement.

LINDBERGH SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS - PROPRIETARY FUND
Year ended June 30, 2011

		Governmental Activities - Internal Service Fund
Revenues		
Insurance premiums	$	5,670,133
Interest income		141
Total revenues		**5,670,274**
Operating expenditures		
Medical claims		4,883,218
CHANGE IN NET ASSETS		**787,056**
Net assets at July 1, 2010		328,743
Net assets at June 30, 2011	**$**	**1,115,799**

The accompanying notes are an integral part of this statement.

NOTE A – 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989 have been applied to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1. 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 GASB Statement No. 14, as amended by No. 39, 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.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Continued

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Continued

Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures 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 to expenditures 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.

3. Fund Balances – Governmental Funds

The District elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. 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 legislations.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Fund Balances - Governmental Funds - Continued

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.

4. 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 assets/fund equity, revenues and expenditures 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. 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 and time certificates of deposit.

6. Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The restricted assets consist of unexpended bond proceeds included in the Missouri Security Investment Program and deposits escrowed under the Missouri School District Direct Deposit Program.

7. Net Assets

In the government-wide and proprietary fund financial statements, equity is classified as net assets. Net assets are reported as restricted when there are limitations imposed on their 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. All other net assets are reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

8. Interfund Activity

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred $5,001,856 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2011 requires the payment of salaries over a twelve month period. Consequently, the July and August 2011 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 B – CASH AND INVESTMENTS

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

The District participates in the Missouri School Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. The direct deposits occur 10 out of 12 months of the year and the balance is withdrawn every six months to pay the debt service requirement of the related bond issues. At June 30, 2011, the District had $412,748 in this program, which has been classified as investments.

The District also 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 $33,711,776 invested through MoSIP at June 30, 2011.

NOTE B – CASH AND INVESTMENTS - Continued

The deposits and investments held at June 30, 2011 and reported at cost are as follows:

	Cost	Investment Maturities 0 to 1 year	Investment Maturities 1 to 5 years
Deposits			
Cash on hand	$ 2,050	N/A	N/A
Demand deposits	(254,450)	N/A	N/A
	(252,400)		
Investments - external investment pools			
Missouri Security Investment Program			
Money market funds	21,587,701	$ 21,587,701	$ -
U.S. Government investments	8,032,200	4,684,814	3,347,386
Commercial paper	2,497,568	2,497,568	-
Certificates of deposit	1,736,000	1,736,000	-
Missouri Direct Deposit Program	412,748	412,748	-
	34,266,217	$ 30,918,831	$ 3,347,386
Total deposits and investments	$ 34,013,817		

1. 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.

2. 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.

NOTE B – CASH AND INVESTMENTS - Continued

3. 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 does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. 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, 2011 are summarized in the schedule below.

	Cost	Credit Rating
Missouri Security Investment Program		
Money market funds	$ 21,587,701	AAAm
U.S. Treasury Bonds	1,763,572	AAA
Federal Agency Bonds	1,720,941	AAA
Federal Agency Discount Notes	4,547,687	AAA
Commercial paper	2,497,568	A-1, A-1+
Certificates of deposit	1,736,000	N/A
Missouri Direct Deposit Program	412,748	Unrated
	$ 34,266,217	

5. 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 C – 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 District is required to reduce its property tax levy by one half the amount of sales tax estimated to be received in the subsequent calendar year.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2010 for the purposes of local taxation was:

	12/31/2010
Real estate	
Residential	$ 786,037,560
Agricultural	236,390
Commercial	354,088,670
Personal property	139,579,520
Total	$ 1,279,942,140

The tax levy per $100 of the assessed valuation of tangible taxable property for the fiscal year 2011 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	$ 1.0000	$ 1.0000
Special Revenue Fund	1.7500	1.7500
Debt Service Fund	0.3800	0.3800
Capital Projects Fund	0.0830	0.0830
Total	$ 3.2130	$ 3.2130

The receipts of current property taxes during the fiscal year ended June 30, 2011, aggregated approximately 96.88 percent of the current assessment computed on the basis of the levy as shown above.

NOTE D – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

Balance at July 1, 2010	$ 94,121,756
Bonds issued	6,055,000
Principal payments	(8,470,000)
Balance at June 30, 2011	$ 91,706,756

Bonds payable consists of the following at June 30, 2011,:

	Original Issue Amount	Maturity Date	Interest Rates	Balance at June 30, 2011
Series 2000	$ 9,499,874	2018	5.72% - 5.90%	$ 2,252,802
Series 2003	14,100,000	2023	1.05% - 4.15%	10,240,000
Series 2004	8,925,000	2016	1.00% - 3.45%	5,140,000
Series 2007	32,000,000	2027	4.00% - 4.375%	32,000,000
Series 2008	8,410,000	2015	3%	5,020,000
Series 2009A	10,000,000	2029	3.50% - 4.60%	10,000,000
Series 2009B	7,165,000	2024	1%	7,165,000
Series 2010A	4,833,954	2029	4.10% - 4.50%	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%	6,055,000
	$ 109,988,828			$ 91,706,756

NOTE D – LONG-TERM DEBT - Continued

The annual requirements to amortize general obligation bonds are as follows at June 30, 2011:

Year ending June 30,	Principal	Interest	Total
2012	$ 2,605,000	$ 3,229,630	$ 5,834,630
2013	2,695,000	3,154,043	5,849,043
2014	2,800,000	3,073,663	5,873,663
2015	3,030,000	2,986,773	6,016,773
2016	3,138,640	2,894,033	6,032,673
2017 - 2021	19,019,162	13,379,000	32,398,162
2022 - 2026	32,333,903	9,211,865	41,545,768
2027 - 2030	26,085,051	3,079,425	29,164,476
Total	$ 91,706,756	$ 41,008,432	$ 132,715,188

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. Repayment of the District's bond issues are made through the Missouri School District Direct Deposit Program.

Advanced Refunding

On November 16, 2010, the District issued $6,055,000 in Series 2010C general obligation refunding bonds to advance refund and defease $5,985,000 of outstanding Series 2001 general obligation bonds and pay certain costs of issuance. A deposit of $6,129,100, which includes net proceeds of $5,907,112 and a District deposit of $221,988 was placed in an irrevocable trust fund to purchase government obligations. The principal of and interest to be earned on the government obligations will be in an amount sufficient for the payment of the principal of and interest on the call date on March 1, 2011. The refunding was undertaken to reduce total debt service payments by $1,116,976 which resulted in an economic gain of $278,345 (the difference between the present value of the debt service payments on the Series 2001 general obligation bonds and the refunding issue after the refunding date through March 1, 2011). As of June 30, 2011, the total debt outstanding from prior years that is considered to be defeased is $6,675,000.

NOTE D – LONG-TERM DEBT - Continued

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, 2011, was:

Constitutional debt limit	$ 191,991,321
General obligation bonds payable	(91,706,756)
Amount available in Debt Service Fund	5,306,962
Legal debt margin	$ 105,591,527

NOTE E – PENSION PLANS

The Lindbergh Schools contribute 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% 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, 2011, 2010 and 2009 were $3,827,983, $3,965,022 and $3,835,569 respectively, equal to the required contributions.

NOTE E – PENSION PLANS - Continued

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 17 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 6.63% 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, 2011, 2010 and 2009 were $495,176, $502,896 and $496,611, respectively, equal to the required contributions.

NOTE F – RESERVED FUND BALANCE

The District has elected to restrict a portion of the fund balance in the Capital Projects Fund for use in capital projects and Prop R 2008. The amount reserved is $780,272 and $7,741,160, respectively.

The District also has a restricted balance in the General Fund for scholarships in the amount of $46,020.

NOTE G – CONTINGENCIES

1. 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.

NOTE H – 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, 2011 was $1,106,615.

NOTE I – 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, 2011, 214 retirees participated in the District's insurance plans and paid premiums totaling $1,078,461.

NOTE J – 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 $125,000 per individual.

NOTE K – EARLY RETIREMENT PLAN

On June 30, 1982, the District approved an early retirement incentive program. Eligible teachers and administrators are those with 10 years experience with the District that meets one of the PSRS retirement criteria. A teacher who retires when first eligible is entitled to 55 percent of their prior year's salary per the District salary schedule, payable in equal annual installments over the following three years. Eligible participants are also provided District paid medical, dental, vision and life insurance over the three year period. In the fiscal year ended June 30, 2011, the District paid approximately $430,000 under the plan.

Based upon participants at June 30, 2011, the District will be liable for approximately $1,309,000 in additional benefits through the year ending June 30, 2014. Of this amount, approximately $618,000 will be payable by the year ending June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED
Year ended June 30, 2011

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 21,567,487	$ 20,794,125	$ 20,394,338	$ (773,362)	$ (399,787)
County sources	180,351	180,351	165,510	-	(14,841)
State sources	1,177,706	1,204,014	1,326,676	26,308	122,662
Federal sources	1,082,457	1,060,977	1,083,529	(21,480)	22,552
Other sources	-	12,100	12,138	12,100	38
Total revenues	**24,008,001**	**23,251,567**	**22,982,191**	**(756,434)**	**(269,376)**
Expenditures					
Current:					
Instruction	3,260,679	3,074,562	2,963,808	186,117	(110,754)
Attendance	222,334	140,340	124,902	81,994	(15,438)
Guidance	308,288	229,076	213,288	79,212	(15,788)
Health, psych, speech and audio	505,242	560,191	557,910	(54,949)	(2,281)
Improvement of instruction	564,904	642,862	671,834	(77,958)	28,972
Professional development	95,205	98,205	79,294	(3,000)	(18,911)
Media services	257,540	357,551	296,732	(100,011)	(60,819)
Board of education services	185,147	185,147	135,004	-	(50,143)
Executive administration	809,567	928,885	842,331	(119,318)	(86,554)
Building level administration	1,005,907	1,066,349	964,978	(60,442)	(101,371)
Business central services	1,485,270	1,495,863	1,191,006	(10,593)	(304,857)
Operation of plant	7,224,816	7,123,685	6,136,881	101,131	(986,804)
Security services	263,255	226,422	226,929	36,833	507
Pupil transportation	1,761,615	1,762,247	1,891,121	(632)	128,874
Food service	2,126,325	2,126,325	1,980,323	-	(146,002)
Central office support services	151,689	170,549	110,899	(18,860)	(59,650)
Community services	3,042,413	2,474,395	2,364,622	568,018	(109,773)
Debt service:					
Other charges	-	-	44,221	-	44,221
Total expenditures	**23,270,196**	**22,662,654**	**20,796,083**	**607,542**	**(1,866,571)**
Revenues over (under) expenditures	**737,805**	**588,913**	**2,186,108**	**(148,892)**	**1,597,195**
Other financing uses					
Transfers	-	-	(5,001,856)	-	(5,001,856)
NET CHANGE IN FUND BALANCE	**$ 737,805**	**$ 588,913**	**(2,815,748)**	**$ (148,892)**	**$ (3,404,661)**
Fund balance at July 1, 2010			18,739,694		
Fund balance at June 30, 2011			**$ 15,923,946**		

The accompanying notes to required supplementary information is an integral part of this schedule.

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, 2011

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 26,610,133	$ 26,065,244	$ 26,093,533	$ (544,889)	$ 28,289
County sources	359,417	338,358	358,398	(21,059)	20,040
State sources	747,730	718,861	505,559	(28,869)	(213,302)
Federal sources	373,688	200,699	329,378	(172,989)	128,679
Total revenues	**28,090,968**	**27,323,162**	**27,286,868**	**(767,806)**	**(36,294)**
Expenditures					
Current:					
Instruction	27,775,865	27,688,703	26,883,032	87,162	(805,671)
Attendance	465,763	461,537	464,157	4,226	2,620
Guidance	1,046,911	970,180	961,570	76,731	(8,610)
Improvement of instruction	574,462	570,989	517,560	3,473	(53,429)
Media services	535,696	754,073	751,978	(218,377)	(2,095)
Executive administration	620,588	627,885	637,833	(7,297)	9,948
Building level administration	1,877,927	1,877,837	1,873,322	90	(4,515)
Business central services	201,035	201,487	199,272	(452)	(2,215)
Total expenditures	**33,098,247**	**33,152,691**	**32,288,724**	**(54,444)**	**(863,967)**
Revenues over (under) expenditures	(5,007,279)	(5,829,529)	(5,001,856)	(822,250)	827,673
Other financing sources					
Transfers	-	-	5,001,856	-	5,001,856
NET CHANGE IN FUND BALANCE	**$ (5,007,279)**	**$ (5,829,529)**	-	**$ (822,250)**	**$ 5,829,529**
Fund balance at July 1, 2010			-		
Fund balance at June 30, 2011			**$ -**		

The accompanying notes to required supplementary information is an integral part of this schedule.

NOTE A – 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.

ADDITIONAL SUPPLEMENTARY INFORMATION

Lindbergh Schools

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET TO ACTUAL - DEBT SERVICE FUND
Year ended June 30, 2011

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 5,043,950	$ 4,999,895	$ 5,031,365	$ (44,055)	$ 31,470
County sources	90,000	75,000	75,262	(15,000)	262
Total revenues	**5,133,950**	**5,074,895**	**5,106,627**	**(59,055)**	**31,732**
Expenditures					
Debt service:					
Principal	2,485,000	2,485,000	2,485,000	-	-
Interest and other charges	3,234,500	3,295,151	3,295,151	(60,651)	-
Total expenditures	**5,719,500**	**5,780,151**	**5,780,151**	**(60,651)**	**-**
Revenues over (under) expenditures	**(585,550)**	**(705,256)**	**(673,524)**	**(119,706)**	**31,732**
Other financing sources (uses)					
Proceeds from sale of refunding bonds	-	6,055,000	6,055,000	(6,055,000)	-
Discount on issuance of refunding bonds	-	(27,924)	(27,247)	27,924	677
Payments to refunded bond escrow agent	-	(6,129,000)	(6,129,000)	6,129,000	-
Total financing sources (uses)	-	(101,924)	(101,247)	101,924	677
NET CHANGE IN FUND BALANCE	**$ (585,550)**	**$ (807,180)**	**(774,771)**	**$ (221,630)**	**$ 32,409**
Fund balance at July 1, 2010			6,081,733		
Fund balance at June 30, 2011			**$ 5,306,962**		

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
Year ended June 30, 2011

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 493,306	$ 1,024,050	$ 1,266,246	$ 530,744	$ 242,196
County sources	-	-	11,640	-	11,640
State sources	1,300,000	1,650,658	1,689,009	350,658	38,351
Federal sources	-	-	34,861	-	34,861
Total revenues	**1,793,306**	**2,674,708**	**3,001,756**	**881,402**	**327,048**
Expenditures					
Current:					
Instruction	41,970	48,212	126,783	(6,242)	78,571
Health, psych, speech and audio	264	64	-	200	(64)
Improvement of instruction	4,900	52,000	107,386	(47,100)	55,386
Media services	2,200	-	1,499	2,200	1,499
Building level administration	15,809	15,484	28,223	325	12,739
Business central services	65,000	64,667	64,793	333	126
Operation of plant	546,572	544,195	457,108	2,377	(87,087)
Food service	6,700	6,700	5,063	-	(1,637)
Central office support services	741,553	741,553	685,596	-	(55,957)
Capital outlay	21,035,000	20,935,000	19,841,814	100,000	(1,093,186)
Debt service:					
Other charges	215,000	-	-	215,000	-
Total expenditures	**22,674,968**	**22,407,875**	**21,318,265**	**267,093**	**(1,089,610)**
Revenues over (under) expenditures	**(20,881,662)**	**(19,733,167)**	**(18,316,509)**	**1,148,495**	**1,416,658**
Other financing sources					
Proceeds from sale of other property	15,000	15,000	16,204	-	1,204
NET CHANGE IN FUND BALANCE	**$ (20,866,662)**	**$ (19,718,167)**	**(18,300,305)**	**$ 1,148,495**	**$ 1,417,862**
Fund balance at July 1, 2010			28,675,297		
Fund balance at June 30, 2011			**$ 10,374,992**		

LINDBERGH SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS
Year ended June 30, 2011

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local sources	$ 53,714,876	$ 52,883,314	$ 52,785,482	$ (831,562)	$ (97,832)
County sources	629,768	593,709	610,810	(36,059)	17,101
State sources	3,225,436	3,573,533	3,521,244	348,097	(52,289)
Federal sources	1,456,145	1,261,676	1,447,768	(194,469)	186,092
Other sources	-	12,100	12,138	12,100	38
Total revenues	**59,026,225**	**58,324,332**	**58,377,442**	**(701,893)**	**53,110**
Expenditures					
Current:					
Instruction	31,078,514	30,811,477	29,973,623	267,037	(837,854)
Attendance	688,097	601,877	589,059	86,220	(12,818)
Guidance	1,355,199	1,199,256	1,174,858	155,943	(24,398)
Health, psych, speech and audio	505,506	560,255	557,910	(54,749)	(2,345)
Improvement of instruction	1,144,266	1,265,851	1,296,780	(121,585)	30,929
Professional development	95,205	98,205	79,294	(3,000)	(18,911)
Media services	795,436	1,111,624	1,050,209	(316,188)	(61,415)
Board of education services	185,147	185,147	135,004	-	(50,143)
Executive administration	1,430,155	1,556,770	1,480,164	(126,615)	(76,606)
Building level administration	2,899,643	2,959,670	2,866,523	(60,027)	(93,147)
Business central services	1,751,305	1,762,017	1,455,071	(10,712)	(306,946)
Operation of plant	7,771,388	7,667,880	6,593,989	103,508	(1,073,891)
Security services	263,255	226,422	226,929	36,833	507
Pupil transportation	1,761,615	1,762,247	1,891,121	(632)	128,874
Food service	2,133,025	2,133,025	1,985,386	-	(147,639)
Central office support services	893,242	912,102	796,495	(18,860)	(115,607)
Community services	3,042,413	2,474,395	2,364,622	568,018	(109,773)
Capital outlay	21,035,000	20,935,000	19,841,814	100,000	(1,093,186)
Debt service:					
Principal	2,485,000	2,485,000	2,485,000	-	-
Interest and other charges	3,449,500	3,295,151	3,339,372	154,349	44,221
Total expenditures	84,762,911	84,003,371	80,183,223	759,540	(3,820,148)
Revenues over (under) expenditures	**(25,736,686)**	**(25,679,039)**	**(21,805,781)**	**57,647**	**3,873,258**
Other financing sources (uses)					
Proceeds from sale of other property	15,000	15,000	16,204	-	1,204
Proceeds from sale of refunding bonds	-	6,055,000	6,055,000	(6,055,000)	-
Discount on issuance of refunding bonds	-	(27,924)	(27,247)	27,924	677
Payments to refunded bond escrow agent	-	(6,129,000)	(6,129,000)	6,129,000	-
Total financing sources (uses)	15,000	(86,924)	(85,043)	101,924	1,881
NET CHANGE IN FUND BALANCE	**$ (25,721,686)**	**$ (25,765,963)**	**(21,890,824)**	**$ (44,277)**	**$ 3,875,139**
Fund balance at July 1, 2010			53,496,724		
Fund balance at June 30, 2011			**$ 31,605,900**		

SCHEDULE OF REVENUES COLLECTED BY SOURCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Year ended June 30, 2011

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Local					
Current taxes	$ 11,785,116	$ 20,623,982	$ 4,478,371	$ 978,183	$ 37,865,652
Delinquent taxes	218,776	382,788	83,120	14,279	698,963
School district trust fund (Prop C)	1,954,598	1,954,597	-	-	3,909,195
Financial institution tax	12,976	22,708	4,931	1,077	41,692
M&M surtax	650,487	1,138,424	247,202	53,467	2,089,580
In lieu of tax	9,175	16,056	3,486	744	29,461
Tuition from individuals (K-12)	-	1,022,909	-	-	1,022,909
Earnings on investments	241,313	29,993	214,255	218,496	704,057
Food service program	444,250	-	-	-	444,250
Food service non-program	933,583	-	-	-	933,583
Student activities	1,343,533	-	-	-	1,343,533
Community services	2,135,109	-	-	-	2,135,109
Other local sources	665,422	902,076	-	-	1,567,498
	20,394,338	**26,093,533**	**5,031,365**	**1,266,246**	**52,785,482**
County					
Fines, escheat, etc.	-	68,709	-	-	68,709
State assessed utilities	165,510	289,689	75,262	11,640	542,101
	165,510	**358,398**	**75,262**	**11,640**	**610,810**
State					
Basic formula	147,664	442,993	-	-	590,657
Transportation	345,547	-	-	-	345,547
Early childhood special education	29,674	-	-	249,217	278,891
Classroom Trust Fund	744,559	-	-	1,436,908	2,181,467
Educational Screening Prog/PAT	50,550	61,783	-	-	112,333
Vocational/Technical Aid	567	783	-	2,884	4,234
Food Service - State	8,095	-	-	-	8,095
Disabilitiy Determination	20	-		-	20
	1,326,676	**505,559**	**-**	**1,689,009**	**3,521,244**
Federal					
Medicaid	23,803	-	-	-	23,803
Basic formula Federal stabilization ARRA	30,868	92,604	-	-	123,472
Transportation ARRA	18,872	56,616	-	-	75,488
Classroom Trust - Jobs Bill	25,851	-	-	-	25,851
Basic Formula Jobs Bill State School Money	-	109,668	-	-	109,668
Basic Formula - Jobs Bill Budget Stabilization	-	70,490	-	-	70,490
Early Childhood Special Education	-	-	-	34,861	34,861
School lunch program	359,345	-	-	-	359,345
School breakfast program	120,497	-	-	-	120,497
Title I -ESEA	308,044	-	-	-	308,044
Title IV, drug free schools	598	-	-	-	598
Title III, ESEA-English language acquisition	34,057	-	-	-	34,057
Title II, Part A, ESEA-teacher & principal quality	159,286	-	-	-	159,286
Title II, Part D	662	-	-	-	662
Title VII	1,646	-	-	-	1,646
	1,083,529	**329,378**	**-**	**34,861**	**1,447,768**
Other financing sources					
Proceeds from sale of refunding bonds	-	-	6,055,000	-	6,055,000
Sale of other property	-	-	-	16,204	16,204
	-	-	6,055,000	16,204	6,071,204
Receipts from other districts					
Contracted educational services	12,138	-	-	-	12,138
	$ 22,982,191	$ 27,286,868	$ 11,161,627	$ 3,017,960	$ 64,448,646

Total revenues	$ 64,448,646
Less Prop R revenue	(162,147)
Less Debt Service revenue	(11,161,627)
Total operating revenue	$ 53,124,872

LINDBERGH SCHOOLS

SCHEDULE OF EXPENDITURES PAID BY OBJECT
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Year ended June 30, 2011

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Salaries	$ 7,769,347	$ 24,935,739	$ -	$ -	$ 32,705,086
Employee benefits	2,656,200	7,261,785	-	-	9,917,985
Purchased services	6,641,228	91,200	-	-	6,732,428
Supplies	3,685,086	-	-	-	3,685,086
Capital outlay	-	-	-	21,318,265	21,318,265
Other objects	44,221	-	11,936,399	-	11,980,620
	$ 20,796,082	**$ 32,288,724**	**$ 11,936,399**	**$ 21,318,265**	**$ 86,339,470**

Total expenditures	$ 86,339,470
Less Prop R expenditures	(19,321,230)
Less Debt Service expenditures	(11,936,399)
Total operating expenditures	**$ 55,081,841**

Lindbergh Schools

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Year ended June 30, 2011

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues Collected	$ 22,982,191	$ 27,286,868	$ 5,106,627	$ 3,001,756	$ 58,377,442
Expenditures Paid	20,796,083	32,288,724	5,780,151	21,318,265	80,183,223
Revenues over (under) expenditures	**2,186,108**	**(5,001,856)**	**(673,524)**	**(18,316,509)**	**(21,805,781)**
Other financing sources (uses)	(5,001,856)	5,001,856	(101,247)	16,204	(85,043)
NET CHANGE IN FUND BALANCE	**(2,815,748)**	**-**	**(774,771)**	**(18,300,305)**	**(21,890,824)**
Fund balance at July 1, 2010	18,739,694	-	6,081,733	28,675,297	53,496,724
Fund balance at June 30, 2011	**$ 15,923,946**	**$ -**	**$ 5,306,962**	**$ 10,374,992**	**$ 31,605,900**

STATE COMPLIANCE SECTION

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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 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, 2011. 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, 2011 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
October 21, 2011

LINDBERGH SCHOOLS

SCHEDULE OF SELECTED STATISTICS – UNAUDITED
Year ended June 30, 2011

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.	530.46	174
Kindergarten - P.M.	532.08	174
Kindergarten - Full Day	1050.76	174
Grades 1 through 5	1050.76	174
Grades 6 through 8	1079.94	174
Grades 9 through 12	1081.65	174

2. Average Daily Attendance (ADA)

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
Regular term						
Kindergarten - A.M.	214.526	-	-	-	214.526	-
Kindergarten - P.M.	34.546	-	-	-	34.546	-
Kindergarten - Full Day	1.189	-	-	-	1.189	-
Grades 1 through 5	1,976.049	-	0.986	-	1,977.035	-
Grades 6 through 8	1,215.970	-	50.703	-	1,266.673	-
Grades 9 through 12	1,644.802	-	92.902	-	1,737.704	-
Subtotal regular term	5,087.082	-	144.591	-	5,231.673	-
Summer School subtotal	46.110	-	6.657	-	52.767	-
Total regular term plus summer school ADA					5,284.440	

3. September Membership

	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands Deseg In	Total	Deseg Out
September resident membership	5,381.77	-	160.33	-	5,542.10	5.00

SCHEDULE OF SELECTED STATISTICS – UNAUDITED
Year ended June 30, 2011

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	Full-Time & Part-Time	Deseg In	Total
Free	636.930	108.570	745.500
Reduced	200.170	10.710	210.880
Total	837.100	119.280	956.380

5. Finance

A.	As required by Section 162.401, RSMo, a bond was purchased for the schools' treasurer in the total amount of:	$ 25,000
B.	The schools' deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
C.	The schools 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 schools 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

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 schools' school 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** 2,852.50
- **Ineligible ADT** 399.00

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: 336,635

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** 303,947
- **Ineligible Miles (Non-Route/Disapproved)** 32,688

F. Number of days the schools operated the school transportation system during the regular school year: 174

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

Findings #: N/A

Management Letter Comment #: N/A

FEDERAL COMPLIANCE SECTION

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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 the financial statements of the governmental activities and each major fund of the Lindbergh Schools as of and for the year ended June 30, 2011, which collectively comprise the Lindbergh Schools' basic financial statements and have issued our report thereon dated October 21, 2011. Our report on the basic financial statements disclosed that, as described in Note A 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, we considered the Lindbergh Schools' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lindbergh Schools' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to indentify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 that are required to be reported under *Government Auditing Standards.*

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 federal awarding agencies and pass-through entities 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
October 21, 2011

KEB
Kerber, Eck & Braeckel LLP

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

Board of Education
Lindbergh Schools

Compliance

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, 2011. The Lindbergh Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Lindbergh Schools' management. Our responsibility is to express an opinion on the Lindbergh Schools' compliance based on our audit.

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. Our audit does not provide a legal determination on the Lindbergh Schools' compliance with those requirements.

In our opinion, the Lindbergh Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Lindbergh Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Lindbergh Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 federal awarding agencies and pass-through entities 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
October 21, 2011

Lindbergh Schools

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying 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	$ 303,319
Title II Part A, Improving Teacher Quality State Grants	84.367	096-093	164,226
Title IV Part A, Safe and Drug-Free Schools and Communities - State Grants	84.186	096-093	375
Educational Technology State Grants	84.318	096-093	70
English Language Acquisition Grants	84.365	096-093	35,614
Education for Homeless Children 7 Youth-ARRA	84.387	096-093	1,646
Special Education - Grants to States	84.027	096-093	34,861
Federal Education Jobs Fund	84.410	096-093	206,009
State Fiscal Stabilization Fund			
Education State Grant Services, Recovery Act	84.394	096-093	123,472
Government Services, Recovery Act	84.397	096-093	75,488
Total U.S. Department of Education			**945,080**
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553	096-093	120,497
National School Lunch Program	10.555	096-093	359,345
Food distribution	10.550	096-093	70,668
Total U.S. Department of Agriculture			**550,510**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 1,495,590**

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

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, 2011:

Food Distribution Program (Commodities)	CFDA # 10.550	$ 70,668

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report issued on financial statements: Unqualified 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: Unqualified 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
84.410	Federal Education Jobs Fund
84.394, 84.397	State Fiscal Stabilization Fund

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

Auditee qualified as a low-risk auditee? Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2011

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.