

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 10, 2012

**New Issue – Bank Qualified
Book-Entry Only**

Moody’s Rating: Aa1

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri, and (3) the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” in this Official Statement.

**\$9,070,000
LINDBERGH SCHOOLS
(ST. LOUIS COUNTY, MISSOURI)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

Dated: Date of original issuance

Due: March 1, as shown below

The Bonds will be issued as fully registered bonds, without certificates, as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See “APPENDIX B - BOOK-ENTRY ONLY SYSTEM” herein.

Interest on the Bonds will be payable semiannually on March 1 and September 1, beginning on September 1, 2012. The Bonds are subject to optional redemption prior to maturity as described more fully herein under the caption “THE BONDS - Redemption.” So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by UMB Bank, N.A., Kansas City, Missouri, as paying agent and bond registrar (the “Paying Agent”), directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri and a resolution expected to be adopted by the Board of Education of the District on February 14, 2012. The Bonds will constitute valid and legally binding general obligations of the District payable both as to principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable, tangible property within the territorial limits of the District.

MATURITY SCHEDULE*

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>
2013	\$160,000	%	%	2019	\$ 975,000	%	%
2014	865,000			2020	1,010,000		
2015	880,000			2021	920,000		
2016	900,000			2022	915,000		
2017	920,000			2023	580,000		
2018	945,000						

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about February 28, 2012.

This Official Statement is dated _____.

* Subject to change as provided in the Notice of Bond Sale. See the caption “Adjustment of Principal.”

This Preliminary Official Statement and the information contained herein is subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman, or other person has been authorized by the District, the Financial Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the District and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Financial Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the District or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

This Official Statement is in a form deemed final by the District for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information to be omitted pursuant to Rule 15c2-12(B)(1).

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**LINDBERGH SCHOOLS
(ST. LOUIS COUNTY, MISSOURI)**

SUPERINTENDENT OF SCHOOLS

Dr. Jim Simpson

**ASSISTANT SUPERINTENDENT
OF FINANCE**

Patrick Lanane

BOARD OF EDUCATION

Dr. Vic Lenz, President and Director

Kathleen O. Kienstra, Vice President and Director

Kara Gotsch, Treasurer and Director

Donald L. Bee, Secretary and Director

Vicki Englund, Director

Kenneth A. Fey, Director

Mark Rudoff, Director

BOND COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

FINANCIAL ADVISOR

WM Financial Strategies
St. Louis, Missouri

SUMMARY STATEMENT

This Summary Statement is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

- Issuer:** Lindbergh Schools (St. Louis County, Missouri).
- Issue:** The Bonds consist of \$9,070,000 General Obligation Refunding Bonds, Series 2012.
- Dated Date:** The Bonds will be dated as of the date of original issuance.
- Interest Due:** Interest on the Bonds will be payable beginning on September 1, 2012, and semiannually thereafter on March 1 and September 1.
- Principal Due:** Principal will be due on March 1 in each of the years and in the amounts shown on the cover page of this Official Statement.
- Redemption:** The Bonds are subject to redemption and payment prior to maturity at the option of the District on March 1, 2020, and thereafter, in whole or in part on any date at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.
- Authorization:** The Bonds will be authorized by a resolution expected to be adopted by the Board of Education of the District on February 14, 2012.
- Security:** The Bonds will constitute valid and legally binding general obligations of the District payable both as to principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable, tangible property within the territorial limits of the District.
- Rating:** The Bonds are rated "Aa1" by Moody's Investors Service.
- Purpose:** Proceeds from the Bonds, together with certain other funds of the District, will be used to refund \$8,905,000 principal amount of the District's outstanding General Obligation Bonds, Series 2003, which comprise that portion of the Series 2003 Bonds that are subject to redemption on March 1, 2013. For further information regarding the refunding see "THE REFUNDING" herein.
- Tax Treatment:** Interest on the Bonds is exempt from income taxation by the State of Missouri and is excludable from gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.
- Paying Agent:** UMB Bank, N.A., Kansas City, Missouri.
- Delivery:** The Bonds are expected to be delivered on or about February 28, 2012.

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**OFFICIAL STATEMENT
OF
LINDBERGH SCHOOLS
(ST. LOUIS COUNTY, MISSOURI)
Relating to
\$9,070,000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

INTRODUCTION

This Official Statement including the cover page and the Appendices hereto, is provided by Lindbergh Schools (the "District") to furnish information in connection with its issuance of \$9,070,000 principal amount of General Obligation Refunding Bonds, Series 2012 (the "Bonds").

Proceeds from the Bonds, together with certain other funds of the District, will be used to refund \$8,905,000 principal amount of the District's outstanding General Obligation Bonds, Series 2003 (the "Series 2003 Bonds"), which comprise all of the Series 2003 Bonds that are subject to redemption on March 1, 2013 (the "Refunded Bonds"). The refunding is described in greater detail herein under the caption "THE REFUNDING."

The Bonds are general obligations of the District, and the full faith, credit and resources of the District have been irrevocably pledged to the payment of the principal of and interest on the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes which may be levied, without limitation as to rate or amount on all taxable, tangible property within the District. The District may pay for the principal of and interest on the Bonds, in any year, with surplus money legally available for such purpose.

Brief descriptions of the Bonds, the refunding and the District are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Resolution and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Resolution.

THE BONDS

Authority

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 28 of the Missouri Constitution and Sections 108.140 and 164.191 of the Revised Statutes of Missouri, as amended (the "Missouri Revised Statutes"), and a resolution expected to be adopted by the Board of Education of the District on February 14, 2012 (the "Bond Resolution").

Security for the Bonds

The Bonds are general obligations of the District, and the full faith, credit and resources of the District have been irrevocably pledged to the payment of the principal of and interest on the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes that may be levied, without limitation as to rate or amount on all taxable, tangible property within the District. Said levy shall be in addition to and exclusive of all other taxes authorized to be levied by the District.

Description

The Bonds will be issued as fully registered bonds, without certificates, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See the caption “APPENDIX B - BOOK-ENTRY ONLY SYSTEM.”

The Bonds are dated as of the date of issuance and will mature on March 1 in each of the years and in the amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable beginning on September 1, 2012 and semiannually thereafter on March 1 and September 1. The Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in “APPENDIX B – BOOK-ENTRY ONLY SYSTEM.”

Redemption

The Bonds are subject to redemption and payment prior to maturity at the option of the District on March 1, 2020 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the District, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or such other equitable manner as the Paying Agent may determine.

In the event the District elects to exercise its option to redeem Bonds pursuant to the Bond Resolution, written notice shall be given by first class mail to the State Auditor of Missouri, the Underwriter and the registered owners of the Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date.

THE DISTRICT

General

The District was established in 1949 when five elementary school districts were consolidated. The District encompasses approximately 28 square miles in the southwestern portion of St. Louis County, Missouri (hereinafter the “County” or “St. Louis County”). The District’s boundaries roughly extend from the Meramec River on the west to the Village of Lakeshire on the east and roughly follow Interstate 44 on the north to the border of Jefferson County and unincorporated portions of St. Louis County on the south. The District is within the St. Louis, MO-IL Metropolitan Statistical Area (“St. Louis MSA”) which, as of December 2009, was comprised of Crawford County, Franklin County, Jefferson County, Lincoln County, St. Charles County, St. Louis County, Warren County, Washington County and the City of St. Louis, in Missouri and Bond County, Calhoun County, Clinton County, Jersey County, Macoupin County, Madison County, Monroe County and St. Clair County in Illinois.

The District is currently ranked #1 among all Missouri school districts by SchoolDigger.com based on Missouri schools’ most recently reported test scores. SchoolDigger.com’s ranking system is based on school test scores for Math and English. The scores are averaged across all grades, and then added together to make a combined score, which is utilized to rank the school districts.

The District is intersected by Interstate 44 on its northern boundary, traversed by Interstate 270 and adjacent to Interstate 55 on its southeastern edge. Together, the interstate highways provide excellent access to all parts of the St. Louis metropolitan area.

Incorporated places that have the majority of their area within the District are the City of Sunset Hills, the Village of Lakeshire and the Village of Grantwood. In addition, portions of the cities of Crestwood, Fenton, Green Park and Kirkwood (less than 2%) overlap the District's boundaries. Approximately 75% of the District's area lies in unincorporated areas and includes the Concord and Sappington Census Designated Places ("CDPs" are unincorporated densely settled places).

According to estimates of the Missouri Census Data Center, in 2010 the population of the District was 46,429. The District's 2012 Fiscal Year student enrollment is approximately 5,746.

The District is an attractive suburban residential community with a diverse economic base represented by a mixture of several large retailers, industries, numerous strip malls, numerous specialty shops and support services.

The District is governed by a seven member board of education and administered by the Superintendent. The District operates schools with grades K through 12 and an Early Childhood Center serving ages 2 to Pre-K. Programs offered by the District are comprehensive with an academic curriculum encompassing several foreign languages, math, science, literature, composition and social studies. The District operates under the oversight of the State of Missouri Department of Elementary and Secondary Education ("DESE"). The District has the highest rating available in the State of Missouri and its high school is accredited by the North Central Association of Schools and Colleges, a voluntary organization.

Board of Education and Administration

The District is governed by the Board of Education (the "Board"). The Board is composed of seven members elected at large. Pursuant to state statutes, Board members serve three-year terms. Subsequent to each election, the Board elects a president, vice president, secretary and treasurer. While the president and vice president are required to be members of the Board, the secretary and treasurer are not required to be members of the Board.

The Board has the responsibility of determining the policy of the District within the legal framework established by the Missouri Revised Statutes. The Board makes all final decisions concerning employment, termination of services, expenditures of funds, contracts, establishment of new programs, student fees, tax levies and construction of facilities.

The chief executive officer is the Superintendent of the District, who is selected by the Board. The day-to-day affairs of the District are managed by the Superintendent under the direction of the Board. In addition to day-to-day management, the Superintendent's responsibilities include, among others, making policy recommendations to the Board, recommending all additions or changes in personnel and personnel policies, and directing school construction or new programs.

Reporting to the Superintendent are the Assistant Superintendent for Curriculum and Instruction, Assistant Superintendent for Personnel Services, Assistant Superintendent of Finance, and Director of Buildings and Grounds.

Employees

General

The District currently has approximately 666 employees, including 23 administrative personnel, 390 teachers or certified personnel and 253 other employees. Full-time teachers of the District are represented by the Missouri National Education Association. The District has an agreement with the Missouri National Education Association which expires on June 30, 2013 with respect to matters related to working conditions and compensation.

Summary of Staff

The District's entire staff of administrators, teachers/classroom support and support staff is dedicated to the same goal, working to provide students with the atmosphere, comfort, instruction and support they need to achieve their highest potential.

Approximately 65% of the District's teachers hold master's degrees or higher and many are accomplished experts in fields such as writing, history, music, art, science, athletics and many more. Of the District's employees, approximately 70% are tenured.

The District has a planned professional development program designed to stimulate and encourage the professional growth of both new and experienced teachers and administrators. All staff members are provided many opportunities for growth and development. Training for employees to make their performance more effective is necessary in order for staff to stay abreast of trends and technical and conceptual skills. The District also brings experts to the campuses to assist in professional development.

Staffing History

The following table sets forth the District's staffing at the beginning of each of the Fiscal Years 2008 through 2011:

<u>Staff⁽¹⁾</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Administrators	32	31	31	23
Teachers/Classroom Support	423	414	415	390
Support Staff	<u>279</u>	<u>285</u>	<u>280</u>	<u>253</u>
Total	<u>734</u>	<u>730</u>	<u>726</u>	<u>666</u>

- (1) Administrators include superintendents, principals, area directors, etc. Teachers/Classroom Support includes teachers/librarians and counselors. Support Staff includes maintenance, custodial, secretaries, clerks, nurses, teachers aids, etc.

Pension Funds

The District participates in the Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri (the "Systems") which are multi-employer defined benefit plans created by and operating under Chapter 169 of the Missouri Revised Statutes.

Membership in and contribution to The Public School Retirement System of Missouri (the "Certificated System") are mandatory for all full-time employees of the public schools of Missouri who are certificated by the Missouri Department of Elementary and Secondary Education, except employees of the school districts of Kansas City and St. Louis. The Certificated System provides a monthly defined service retirement benefit with full benefits at age 60 or with 30 years of service at any age, and actuarially reduced benefits with 25 years of service. The Certificated System also

provides disability and death benefits, as well as a right of withdrawal of contributions upon termination of covered employment. Vesting is established after five years of service. The benefit calculations are set forth in the law and in publications of the Certificated System.

Membership in and contribution to the Non-Teacher School Employee Retirement System of Missouri (the “Non-Teacher System”) are mandatory for substantially all public school employees who work more than 19.75 hours per week on a regular basis and who are not members of the Certificated System. Retirement benefits are based on years of service and salary. Members are eligible for retirement at age 60 if sixty or more months of creditable service have been established. Vesting is established after five years of service. The benefit calculations are set forth in the law and publications of the Non-Teacher System.

Employers are required to withhold contributions from the employee’s salary at the rate set by each System’s Board of Trustees within statutory limits. The employer must then match those funds and remit the total funds to the applicable System.

All employees covered by a System contribute at the same rate and employers match that rate. The contribution rate for the 2011 Fiscal Year was 14.0% for the Certificated System and 6.63% for the Non-Teacher System.

Additional information regarding the Pension Funds, including funding during the 2011 Fiscal Year, is included in Note E to the Financial Statements included as APPENDIX A to this Official Statement.

Education Programs

The District operates schools with grades K through 12 and an Early Childhood Center. The District operates under the oversight of the State of Missouri Department of Elementary and Secondary Education. Programs offered by the District are comprehensive with an academic curriculum encompassing several foreign languages, math, science, literature, composition and social studies.

The District is known throughout Missouri for its excellent educational and instructional programs. The District’s educational instruction program is designed, and constantly reviewed, to provide students with a sound educational background and to meet the needs of all students served by the District. The “basics” have always been emphasized; however, new methods are implemented when proven worthwhile. Programs for gifted students, individualized instruction, team teaching and more are offered, in varying degrees, within the District. As a result of its commitment to education, the District offers numerous specialized educational programs.

A summary of these programs is set forth below:

<u>Program</u>	<u>Recipient Grades</u>	<u>Description</u>
PEGS	1-8	Exceptionally gifted, high IQ students
L.E.A.P.	1-12	Gifted and talented education
Renaissance	9-12	Education & business partnership
Int’l Baccalaureate	11-12	Rigorous curriculum; traditional courses of study, achievement based on international norms
Advanced Placement Program	11-12	College credit for advanced approved courses
Early Childhood Education	Various	Various early childhood education programs
Special	Various	Community education, senior citizens, OASIS volunteer, voluntary desegregation

Information and automated systems are used extensively for instruction. The District has a mobile computer lab at each school. At the elementary level students are introduced to computers through computer awareness and computer literacy programs. The computer lab at the middle school allows whole class instruction utilizing computers while individual classroom teachers have made the computer an integral part of their curricular program. At the high school, use of computers is expanded to include instruction in computer programming.

Extracurricular Activities

Clubs and extracurricular activities are offered for students at the middle and high school levels. At the middle school an intramural sports program is available and clubs include the Builders and Spirit Clubs, DUDE, newspaper, yearbook and Student Council.

High school clubs include S.A.D.D., foreign language, science, literature, chess, debate, drama and speech. Students interested in writing can join the staff of the school newspaper or yearbook. A number of organizations also exist for students interested in various career fields and service clubs. The high school sports program includes intramural and interscholastic sports, including 19 varsity teams and 20 lower level teams.

Facilities

The District operates five elementary schools, a middle school and a senior high school with a total 2012 Fiscal Year enrollment of approximately 5,746 students. In addition, the District operates an Early Childhood Center. The following table contains descriptive information on the various schools operated by the District:

<u>School</u>	<u>Grades Served</u>	<u>Student Capacity</u>	<u>Student Enrollment</u> ⁽¹⁾	<u>Percentage Capacity</u>	<u>Year Constructed</u> ⁽²⁾
Crestwood	K-5	450	342	76.00%	1958
Kennerly	K-5	450	441	98.00	1960
Long	K-5	475	392	82.53	1959
Sappington	K-5	550	452	82.18	1928, 1968
Truman	K-5	900	815	90.56	1963
Sperreng Middle School	6-8	1,350	1,348	99.85	1968
Lindbergh High School	9-12	2,500	1,956	78.24	1950, 1965

(1) As of January 2011.

(2) Periods shown for Sappington and Lindbergh include original construction and any additions.

Desegregation

The District participates in a voluntary desegregation program in which black students from the St. Louis City School District may choose to attend predominantly white public schools in the County and white students from the County may choose to attend City Magnet Schools. The State of Missouri pays for the cost of educating the transfer students. The program, intended to improve the racial balance, came about as part of the settlement of a desegregation lawsuit. This program is being gradually phased out. The exit plan allows all current students to continue participating in the program through graduation but eliminates new enrollment. For the 2011-12 school year there will be students participating in the program in grades 8 through 12. The gradual loss of students provides a planned loss of revenue received from the State for these students.

Enrollment

The following table sets forth the District’s resident student and desegregation enrollment for the past five Fiscal Years.

Fiscal Year	Grades K-5		Grades 6-8		Grades 9-12		Total		Total ⁽¹⁾	% Change
	Res	Deseg	Res	Deseg	Res	Deseg	Res	Deseg		
2007	2,259	118	1,199	148	1,816	108	5,274	374	5,648	–
2008	2,263	68	1,172	115	1,781	123	5,216	306	5,650	.87%
2009	2,327	42	1,196	85	1,793	125	5,316	252	5,696	.81
2010	2,319	3	1,232	84	1,814	126	5,365	213	5,709	.23
2011	2,362	1	1,248	55	1,797	116	5,407	172	5,746	.65

(1) Includes tuition students who are not counted as either resident students or desegregation students for enrollment purposes.

School Rating and Accreditation

Missouri law requires DESE to regularly evaluate each public school district. The process of accrediting school districts is mandated by state law, and the specific responsibilities are outlined both by rules of the State Board of Education and in Section 161.092 of the Missouri Revised Statutes, as amended. Under DESE’s current accreditation system, school districts are evaluated every five years based on DESE standards in three areas: resource standards, educational process standards and performance standards. Districts receive an evaluation judgment for each of the three sets of standards and an overall evaluation, which evaluations are in one of three categories: “accredited,” “provisionally accredited” or “unaccredited.” The District received a Missouri School Improvement Program (“MSIP”) rating review during the 2010 Fiscal Year and was accredited.

Each year, DESE releases an Annual Performance Report for each district in the state, which shows the district’s status on the MSIP performance standards using current data that DESE has on file. The District recently received its eighth consecutive “Distinction in Performance” award from the state of Missouri. To qualify for the award, the District must meet 13 of 14 performance standards through the Missouri Assessment Program test scores, ACT scores, students taking advanced courses and vocational courses, college placement, vocational placement, dropout rate and attendance.

Academic Achievement

The District’s students surpass standards of achievement. A variety of standardized tests are given to the District’s students throughout their school careers. For grades three through ten, an average of 76.7% of Lindbergh students are proficient or advanced on state achievement tests in communication arts, math and science. This is 24.1 percentage points higher than the state average.

High School students take a variety of self-selected tests including the PSAT, SAT and ACT. On the ACT, an achievement test which approximately 70% of the graduating class takes, the District’s students out-perform other students as they have for the past decade both nationally and at the state level.

2009-2010 Mean ACT Test Results

	ACT		
	<u>English</u>	<u>Math</u>	<u>Composite</u>
The District	24.0	23.1	23.7
Missouri	21.5	21.0	21.6
Nationally	20.5	21.0	21.0

Ninety percent of the District's 2010-2011 graduating class went on to attend college. The following is a summary of honors and recognition achieved by graduates for the Fiscal Years 2008 through 2011:

Student Achievements

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of Graduates	511	471	444	468
% Attending College	91	90	94	90
Scholarships: Total	511	539	665	680
Scholarships: Academic	487	524	636	654
Scholarships: Athletic	21	15	29	26
National Merit Finalists	11	10	5	6
National Merit Semi-Finalists	11	10	5	7
National Merit Commended	5	9	7	7
George Washington Carver	51	51	45	47
Int'l Baccalaureate Diploma	15	9	11	12
Int'l Baccalaureate Certificates	108	66	102	96
Advanced Placement Exams	732	811	729	828

Teacher-Pupil Ratios

The following table sets forth the District's Teacher-Pupil Ratios for the Fiscal Years 2007 through 2011:

<u>Fiscal Year</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>
2007	19.3	24.8	22.9
2008	20.8	24.5	22.6
2009	20.1	24.3	21.9
2010	21.4	28.5	24.2
2011	21.0	23.0	24.4

Cost Per Pupil

The following table sets forth the District's instructional expenditures per pupil for the Fiscal Years 2007 through 2011:

<u>Fiscal Year</u>	<u>Cost</u>	<u>% Change</u>
2007	\$9,026	—
2008	9,389	4.02%
2009	9,777	4.13
2010	9,542	(2.40)
2011	9,393	(1.56)

Economic and Demographic Data

Transportation

The District is intersected by Interstate 44 on its northern boundary, traversed by Interstate 270 and adjacent to Interstate 55 on its southeastern edge. Both interstate 44 and 55 provide direct access to the City of St. Louis approximately 20 miles from the District. Interstate 270 is a hub surrounding much of the St. Louis metropolitan area. Together, the interstate highways provide excellent access to all parts of the St. Louis metropolitan area.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 20 miles north of the District. Bus service is provided by the Bi-State Development Agency, a body corporate and politic established by an act of Congress. Rail service is provided by Burlington Northern and Union Pacific. Amtrak Railroad has a station in the City of Kirkwood approximately 5 miles from the District.

Population

According to estimates of the Missouri Census Data Center, in 2010 the population of the District was 46,429 compared to a population of 45,843 in 2000.

The following table shows historical population statistics for the cities and the CDPs that overlap the District:

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Crestwood	11,234	11,720	11,912
City of Fenton	3,346	4,248	4,022
City of Kirkwood	28,318	27,270	27,540
City of Sunset Hills	4,915	8,148	8,496
Green Park	2,338	2,669	2,622
Concord CDP	19,859	16,676	16,421
Sappington CDP	<u>10,917</u>	<u>7,356</u>	<u>7,580</u>
Total	<u>80,927</u>	<u>78,087</u>	<u>78,593</u>

Source: United States Department of Commerce, Bureau of Census.

Economy

The District comprises a middle to upper-middle class residential area in south central St. Louis County. Most residents commute elsewhere in the St. Louis metropolitan area for employment. The largest employer within the District is St. Anthony's Medical Center. An office park is located in the District on Watson Road near I-270 and a large number of retail employers are located along Watson Road. Areas of commercial development within the District are generally of high quality. The area has recently seen the redevelopment of some older properties in prime retail locations.

Employment

According to the Bureau of Census' American Community Survey, the total civilian labor force of the District, based on data for the period from 2005 to 2009, was 23,755 and 956 people were unemployed. This represents a 4.0% unemployment rate compared to an unemployment rate of 6.3% for St. Louis County during the same period.

Major Employers

The following table sets forth information regarding the largest employers located within the District:

<u>Name</u>	<u>Product or Service</u>	<u>Employees</u>
St. Anthony's Medical Center	Health Care	3,850
St. Anthony's Hospice	Health Care	3,700
Lindbergh Schools	Public Education	765
Wal-Mart Supercenter & Bakery	Retail Merchandiser	520
Panera Bread Company	Headquarters	400
Bell's Bobcat Service	Excavating Contractor	300
St. John's Mercy Women's Center	Health Care	290
America's Incredible Pizza Co.	Restaurant & Entertainment	235
Friendship Village	Continuing Care Retirement Center	225
Schnucks	Grocery Store	225

Source: East-West Gateway Council of Governments, City of Sunset Hills, City of Fenton and other sources believed to be reliable.

Housing

The following table sets forth certain statistics relating to housing for the District and, for comparative purposes, the County, the State and the St. Louis MSA:

	<u>Median Value of Owner Occupied Housing</u>	<u>% Built in 2000 or Later</u>	<u>% Built Before 1940</u>
The District	\$199,900	5.6%	4.5%
Other Entities:			
St. Louis County	175,000	4.9	10.5
St. Louis MSA (MO Part)	155,200	9.6	18.3
State of Missouri	134,500	10.5	16.3

Source: U.S. Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.

Income

The following table sets forth certain statistics relating to income for the District and, for comparative purposes, the County, the State and the St. Louis MSA:

	<u>Per Capita Income In 2009 (dollars)</u>	<u>Median Family Income In 2009 (dollars)</u>	<u>% People Below Poverty Level</u>
The District	\$36,633	\$81,840	4.8%
Other Entities:			
St. Louis County	33,236	73,447	9.2
St. Louis MSA (MO Part)	27,812	66,128	11.5
State of Missouri	24,423	57,008	13.7

Source: U.S. Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.

Community Services

Utilities

Stormwater drainage and sewage collection and disposal within the District are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. Gas is provided by Laclede Gas Company and electricity is provided by Ameren Missouri (formerly AmerenUE). Water is provided by the Missouri American Water Company.

Communications and Media

Telecommunication services are provided by AT&T. The District receives all St. Louis radio stations and television channels. Local newspapers include The St. Louis Post Dispatch, The South County Journal, a weekly paper, and the St. Louis Countian, a legal newspaper published daily. Cable television is provided by Charter Cable. The large Tesson Ferry Branch of the St. Louis County Library is located within the District.

Recreation Activities

The District's residents enjoy the cultural and recreational opportunities available from the entire metropolitan St. Louis Area as well as several cultural and recreational attractions within the District's boundaries.

There are seven major municipal and county parks ranging in size from 28 to 124 acres within the District. Activities offered at the parks include hiking, picnicking, outdoor tennis, seasonal ice skating and swimming. Within the District are the South County YMCA, Crestwood Community Center and Swimming Pool, Sunset Hills Community Center and Aquatics Center, and several indoor tennis courts, racquetball courts and soccer clubs. Additionally, there are two 27-hole and two 18-hole golf courses in the District.

A major attraction within the District is Grant's Farm. This 281-acre area includes a cabin built by U.S. President Ulysses S. Grant, a children's zoo, a carriage house, a Clydesdale stallion barn, a beer garden, and animal shows.

Medical

There are numerous hospitals located in the St. Louis metropolitan area including the highly regarded Barnes Jewish Hospital complex of Washington University, and the St. Louis University Hospital, both of which are located in the City of St. Louis and are known for their fine medical schools and quality of research.

St. Anthony's Medical Center is located within the District. The hospital is an acute care facility with approximately 800 beds.

In addition, numerous dentists, chiropractors and doctors provide medical services from offices and clinics located in the District.

Higher Education

The St. Louis Community College (the "College") operates four campuses. The nearest campus is the Meramec campus, located in the City of Kirkwood approximately one mile from the District. The Meramec campus consists of 78 acres with over 440,000 square feet of space. Enrollment in the

College, including both full-time and part-time college credit students, is approximately 15,000 and another 8,000 people are enrolled in adult education.

In addition to the College, numerous other institutions of higher education are located in the St. Louis metropolitan area and are easily accessible to District residents including Saint Louis University, Washington University and the University of Missouri-St. Louis.

Public Safety

Police protection is provided by police departments of each of the incorporated places in the District and by the County Sheriff's Department in unincorporated areas.

Fire protection is provided by the Crestwood Fire Department within the City of Crestwood, the Kirkwood Fire Department within the City of Kirkwood, and the Fenton Fire Protection District within the City of Fenton and the City of Sunset Hills. The remaining area of the District is served by the Affton Fire Protection District and the Mehlville Fire Protection District.

FINANCIAL MATTERS

Accounting and Reporting Practices

The District uses the modified cash basis of accounting which is a comprehensive method of accounting other than generally accepted accounting principles. The differences between the modified cash basis and the accrual basis (a method of accounting that is in accordance with generally accepted accounting principles) are that revenues are recorded when received in cash rather than when susceptible to accrual (GAAP) and expenditures are recorded when paid rather than when incurred (GAAP).

Pursuant to state statutes, the District is required to maintain funds or account groups according to the purpose for which they are spent and the means by which spending activities are to be controlled. These funds are described below:

General (Incidental) Fund: Accounts for transactions relating to the general operation of the District which are not provided for in other funds.

Special Revenue (Teachers') Fund: Accounts for transactions relating to salaries and associated benefits of the District's certificated personnel included in administration and instruction.

Debt Service Fund: Accounts for the repayment of bonded indebtedness and the related interest and trustee's fees.

Capital Projects Fund: Accounts for the proceeds of long term debt, taxes, and other revenues designated for acquisition or construction or major capital assets.

The Board annually engages an independent certified public accountant for the purpose of performing an annual audit of the books of account, financial records and transactions of the District.

Budget Process

The budget is prepared by the Assistant Superintendent of Finance under the direction of the Superintendent. The budget is based upon information provided by each of the school's principals. The procedures used in establishing the budget are set forth below:

1. In accordance with Chapter 67, of the Missouri Revised Statutes, the District adopts a budget for each fund.
2. Prior to July, the administration submits to the Board 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, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board.
5. Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Investments

The District generally invests in demand deposits, savings accounts, repurchase agreements, certificates of deposit, obligations of the United States Treasury, obligations of certain agencies and instrumentalities of the United States and in the Missouri Securities Investment Program ("MOSIP"). MOSIP is a cooperative investment program owned and operated by Missouri school districts. It was established by an intergovernmental cooperation agreement for the investment of funds and is governed by a nine-member board comprised of eight members from participating districts and one member is selected by the Missouri School Boards Association. Public Financial Management is engaged as the investment manager and administrator and a bank serves as the third party custodian. Members of the program own a beneficial interest in the pool of securities. In addition, the District may invest up to 50% of its reserves in commercial paper and bankers acceptances with ratings of A-1+ or higher from Standard & Poor's or P-1 or higher from Moody's Investors Service.

The District has an overnight repurchase agreement with its depository institution for investing excess funds. These securities are secured, registered and held by the depository institution in the District's name.

Summary of Funds

In accordance with established accounting procedures for governmental units, the District records its financial transactions under various funds. The following tables indicate the District's audited revenues, expenditures and changes in fund balance for the Fiscal Years 2007 through 2011 for the General (Incidental) Fund and the Special Revenue (Teachers') Fund:

**GENERAL FUND
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
(Cash Basis of Accounting)⁽¹⁾**

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES					
Local	\$24,462,095	\$23,550,611	\$22,118,451	\$20,549,687	\$20,394,338
County	223,314	168,780	171,404	191,782	165,510
State	2,667,058	2,800,376	1,445,949	1,118,740	1,326,676
Federal	1,023,620	867,114	1,075,641	1,386,050	1,083,529
Other Sources	—	—	—	—	12,138
Total Revenues	<u>28,376,087</u>	<u>27,386,881</u>	<u>24,811,445</u>	<u>23,246,259</u>	<u>22,982,191</u>
EXPENDITURES	<u>21,108,046</u>	<u>22,224,201</u>	<u>22,504,029</u>	<u>21,731,921</u>	<u>20,796,083</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	7,268,041	5,162,680	2,307,416	1,514,338	2,186,108
OTHER FINANCING SOURCES (USES)					
Transfers ⁽²⁾	(6,214,347)	(1,252,453)	(4,234,757)	(6,426,868)	(5,001,856)
Contracted Services	<u>2,278</u>	<u>—</u>	<u>6,025</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources (Uses)	(6,212,069)	(1,252,453)	(4,228,732)	(6,426,868)	(5,001,856)
NET CHANGE IN FUND BALANCE	1,055,972	3,910,227	(1,921,316)	(4,912,530)	(2,815,748)
FUND BALANCE, BEGINNING	<u>20,607,340</u>	<u>21,663,312</u>	<u>25,573,539</u>	<u>23,652,223</u>	<u>18,739,693</u>
FUND BALANCE, ENDING	<u>\$21,663,312</u>	<u>\$25,573,539</u>	<u>\$23,652,223</u>	<u>\$18,739,693</u>	<u>\$15,923,946</u>

(1) Any variations from the District's Audited Financial Statements are due to rounding.

(2) Primarily represents budgeted transfers to the Teachers' Fund.

Source: Audited Financial Statements of the District.

**SPECIAL REVENUE (TEACHERS' FUND)
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
(Cash Basis of Accounting)**

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES					
Local	\$23,153,480	\$29,936,976	\$28,639,708	\$26,246,556	\$26,093,533
County	343,520	386,403	366,191	403,494	358,398
State	1,066,255	1,166,479	1,289,545	790,968	505,559
Federal	—	—	—	348,457	329,378
Total Revenues	<u>24,563,255</u>	<u>31,489,858</u>	<u>30,295,444</u>	<u>27,789,475</u>	<u>27,286,868</u>
EXPENDITURES	<u>30,780,387</u>	<u>32,742,311</u>	<u>34,530,201</u>	<u>34,216,343</u>	<u>32,288,724</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(6,217,131)	(1,252,453)	(4,234,757)	(6,426,868)	(5,001,856)
OTHER FINANCING SOURCES ⁽¹⁾					
Transfers	6,214,347	1,252,453	4,234,757	6,426,868	5,001,856
Contracted Services	<u>2,784</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources (Uses)	6,217,131	1,252,453	4,234,757	6,426,868	5,001,856
NET CHANGE IN FUND BALANCE	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCE, BEGINNING	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCE, ENDING	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Primarily represents transfers from the General Fund to the Teachers' Fund.
Source: Audited Financial Statements of the District.

Projected 2012 Results

The District's 2012 Fiscal Year ends on June 30, 2012. For the 2012 Fiscal Year, the District implemented approximately a 3.9% salary increase. On November 2, 2010 voters approved an increase in the District's operating tax levy equal to 65¢ per \$100 of assessed value. The tax rate increase was included in the tax levy for the District's 2012 Fiscal Year and is included in the District's 2012 Fiscal Year budget. Based on the budget and year to date results, the District's General Fund balance is expected to equal approximately \$14,841,746 compared to \$15,923,946 for the 2011 Fiscal Year.

Revenue Sources

The District derives its revenues from a variety of sources. The following table sets forth the amount and percentage of all revenues derived from various sources for the 2011 Fiscal Year, other than revenues attributable to the Debt Service Fund:

<u>Source</u>	<u>Revenues</u>	<u>% of Total Revenues</u>
Local:		
Property taxes	\$33,387,281	62.66%
Proposition C - sales taxes	3,909,195	7.34
Other	<u>10,457,641</u>	<u>19.62</u>
Total Local	<u>47,754,117</u>	<u>89.62</u>
County	535,548	1.00
State Funds	3,521,244	6.61
Federal	1,447,768	2.72
Other	<u>28,342</u>	<u>.05</u>
Total	<u>\$53,287,019</u>	<u>100.00%</u>

Property Taxes

As noted above during the 2011 Fiscal Year property taxes were the largest source of District revenues representing approximately 62.66% of the District’s total revenues, excluding funds for the Debt Service Fund. A description of taxation procedures is included under the caption “TAXATION.”

Proposition C - Sales Taxes

Under the provisions of an initiative petition adopted by the voters of Missouri on November 2, 1982 (“Proposition C”), revenues generated by a 1% state sales tax are credited to a special trust fund for school districts and are deemed to be “local” revenues. Proposition C sales taxes are distributed on the basis of eligible pupils. School districts are required to reduce their property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. A school district is not required to reduce its total operating levy below \$2.75 per \$100 of assessed value. Accordingly the District is not subject to the rate roll back.

In November 2009, voters of the District approved a referendum to disregard Proposition C sales taxes in the computation of the District’s property tax rate (or stated differently, to waive the roll-back of property taxes as a result Proposition C sales tax).

State Funds

The following table sets forth the District's State Aid for the past three Fiscal Years:

	Fiscal Year Ended June 30		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
State Formula	\$3,302,635	\$2,700,233	\$2,772,125
Other	<u>864,819</u>	<u>648,444</u>	<u>749,120</u>
	<u>\$4,167,454</u>	<u>\$3,348,677</u>	<u>\$3,521,245</u>

Additional information regarding State Funds is set forth in the subcaption below "State Funds and Missouri School Finance Law."

State Funds and Missouri School Finance Law

State Formula

The primary source of state revenue is provided under a formula enacted under Sections 163.011 through 163.071, Revised Statutes of Missouri, as amended. In its 2005 regular session, the Missouri General Assembly approved significant changes to the formula by adoption of Senate Bill 287 ("SB 287"), which became effective July 1, 2006 (other than certain changes to special education policies, which became effective August 28, 2005). SB 287 is intended to transition the State away from a prior local tax rate based formula, to a formula that is primarily student-needs based. The new formula is being phased in over a seven-year period, starting with the 2006-07 fiscal year.

Beginning with the 2006-07 school year, the basic formula for distribution of state aid to Missouri school districts is calculated pursuant to a formula that is primarily affected by a district's weighted average daily attendance ("ADA"). Weighted ADA, under the new formula, is based upon regular term ADA plus summer school ADA, with additional weight assigned for students who qualify for free and reduced lunch, receive special education services, or possess limited English language proficiency. The amount of a school district's basic state aid is determined under the new formula by multiplying a school district's ADA (presently \$5,014.18) by the "state adequacy target," (presently \$6,214) which is an amount calculated by DESE every two years as the minimum amount of funds a school district needs in order to educate each student, and then reducing that figure by the school district's "local effort," further described in the next paragraph.

For the 2007-08 fiscal year, the "local effort" figure utilized in a school district's state aid calculation was the amount of locally generated revenue that the district would have received in the 2004-05 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the "performance levy." Beginning with the 2007-08 fiscal year, a school district's "local effort" amount will be frozen at the 2006-2007 fiscal year amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Future growth in assessed valuation and operating levy increases above \$3.43 will result in additional local revenue to the district, without affecting state aid payments. Similarly, a district's inability or failure to impose an operating levy of at least \$3.43 will result in lower amounts of local revenue, but will not impact future state aid payments.

A "hold harmless" provision in SB 287 provides that no school district will receive less state aid, calculated on a per weighted ADA basis than it received in the 2005-2006 fiscal year; however the State has distributed a smaller amount to all hold harmless districts when the total State Aid has been reduced. To receive increases of state aid above this level requires that the total of a district's local property tax levies in its Incidental and Teachers' Funds must be at least \$2.75 per \$100

assessed valuation. Levy reductions required as a result of a “Hancock rollback” will not affect a district’s eligibility for state aid increases.

In addition to state aid distributed pursuant to the basic formula described above, SB 287 provides for distribution of certain categorical sources of state aid to school districts. These include (1) a percentage of allowable transportation costs, (2) the vocational education entitlement, and (3) educational and screening program entitlements. SB 267 also provides for a separate distribution of that portion of the State’s gambling revenues, which state law requires to be distributed to school districts on the basis of average daily attendance (versus weighted ADA, which applies to the basic formula distribution). These categorical sources of state aid and gambling revenue distributions had historically been included in the basic formula state aid.

Mandatory Deposit and Expenditures of Certain Amounts in the Teachers’ Fund

The following state and local revenues must be deposited in the Teachers’ Fund: (1) 75% of basic formula State Aid, excluding State Aid distributed from the Classroom Trust Fund (gambling revenues); (2) 75% of one-half of the district’s local share of Proposition C revenues; (3) 100% of the career ladder state matching payments; and (4) 100% of local revenue from fines and escheats based on violations or abandoned property within the district’s boundaries.

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Beginning in the 2007-08 fiscal year, school districts were further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year’s weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers’ Fund, plus the amount of any transfers from the Incidental Fund to the Teachers’ Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund.

Failure to satisfy the deposit and expenditure requirements applicable to the Teachers’ Fund will result in a deduction of the amount of the expenditure shortfall from a district’s basic formula State Aid for the following year, unless the district receives an exemption from the State Board of Education.

The Formula also provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. Commencing with the 2006-07 fiscal year, such costs are paid from the Teachers’ Fund rather than the Incidental Fund.

A school board may transfer any portion of the unrestricted balance remaining in the Incidental Fund to the Teachers’ Fund. Any district that uses a transfer from the Incidental Fund to pay for more than 25% of the annual certificated compensation obligation of the district, and has an Incidental Fund balance on June 30 in any year in excess of 50% of the combined Incidental and Teachers’ Fund expenditures for the fiscal year just ended, will be required to transfer the excess from the Incidental Fund to the Teachers’ Fund.

Limited Sources of Funds for Capital Expenditures

School districts may only pay for capital outlays from the Capital Projects Fund. Sources of revenues in the Capital Projects Fund are limited to: (i) proceeds of general obligation bonds (which are repaid from a Debt Service Fund levy), (ii) revenue from the school district’s local property tax levy for the Capital Projects Fund; (iii) certain permitted transfers from the Incidental Fund, and (iv) funds distributed to school districts from the Classroom Trust Fund.

Capital Projects Fund Levy

Prior to setting tax rates for the Teachers' and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers and Incidental Funds to an amount below \$2.75.

Transfers from Incidental Fund to Capital Projects Fund

In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund under the following limited circumstances:

- (1) The amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year;
- (2) Current year obligations for lease-purchase obligations entered into prior to January 1, 1997;
- (3) The amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and
- (4) To satisfy current year capital project expenditures, an amount not to exceed the greater of:
 - a. \$162,326; or
 - b. The product of: (i) seven percent (7%) of the state adequacy target (presently \$6,131), which equals approximately \$429, times (ii) the district's weighted ADA (presently 5,014.1756), which equates to a total available transfer amount of \$2,151,934.

Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund

If a school district is not using the seven percent (7%) or the \$162,326 transfer (as discussed above) and is not making payments on lease purchases pursuant to Section 177.088, Revised Statutes of Missouri, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of:

- (1) The State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the debt service and capital projects levy used in the foundation formula and placed in the Capital Projects or Debt Service fund; or
- (2) Five percent (5%) of the state adequacy target (presently \$6,131) times the district's weighted ADA.

TAXATION

Assessed Valuation

Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value.

Personal property is generally assessed at 33-1/3% of book value; however subclasses of tangible personal property are assessed at different percentages. These percentages are as follows: 1/2% for grain and other agricultural crops in an unmanufactured condition, 12% for livestock, farm machinery and poultry, and 5% for historic motor vehicles.

The State Tax Commission is responsible for the assessment of the distributable property of railroads, railroad cars, rolling stock, street railroads, bridges, telegraph, telephone, electric power and light companies, electric transmission lines, pipeline companies, express companies and other similar public utility corporations, companies and firms, and of the aircraft of airline companies ("Distributable Property"). All other real property within the District is assessed by the County Assessor.

In 1986, the Missouri General Assembly passed a bill requiring reassessment of all real properties every two years, beginning in 1985. A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted the maintenance law in 1986. On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

The following table indicates the taxable equalized assessed valuation for the District for the years 2007 through 2010 and the preliminary assessed valuation for 2011 excluding the assessed valuation of property within tax increment financing areas (see "Tax Increment Financing" hereinafter):

<u>Year</u>	<u>Assessed Valuation</u>
2007	\$1,334,582,130
2008	1,327,630,210 ⁽¹⁾
2009	1,237,565,840
2010	1,216,576,320
2011	1,168,761,870

(1) The decline in assessed valuation was principally attributable to a decline in assessed valuation of approximately \$16,260,000 at Crestwood Plaza, a shopping mall. The mall, which currently has many vacancies, was sold to Centrum Properties of Chicago and Angelo, Gordon & Co. of New York in 2008. The owners have expressed their intent to redevelop the mall in the next two to five years.

Source: Office of the St. Louis County Collector.

The following table shows the assessed valuation for the District for the 2010 tax year based on the assessment categories described above:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$ 787,382,080	19.0%	\$4,144,116,211
Commercial Property	289,605,680	32.0	905,017,750
Personal Property ⁽¹⁾	139,366,710	33.3	418,100,130
Agricultural Property	<u>221,850</u>	12.0	<u>1,848,750</u>
Total Taxable AV	<u>1,216,576,320</u>		<u>5,469,082,841</u>
Incremental Value from TIFs ⁽²⁾	<u>63,507,090</u>	32.0	<u>198,459,656</u>
Total	<u>\$1,280,083,410</u>		<u>\$5,667,542,497</u>

(1) Assumes all personal property is assessed at 33-1/3% which is a slight understatement of the market value of such property.

(2) Market value assumes that all TIF properties are commercial.

Source: Assessed valuations were provided by the office of the St. Louis County Collector.

Tax Increment Financing

Pursuant to the Real Property Tax Increment Allocation Act (the “Act”), cities and counties in Missouri may implement Tax Increment Financing in order to induce the development of an area which has been lacking growth and development and to eliminate conditions which have caused an area to become a conservation or blighted area as such terms are defined in the Act. There are presently four Tax Increment Redevelopment Areas that overlap the District. The Redevelopment Areas were formed by two of the cities that overlap the District. All taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the Redevelopment Areas upon the increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in the respective city’s Special Allocation Fund and used to pay redevelopment project costs or debt service on bonds issued to finance such costs. Accordingly, while Tax Increment Financing is in effect, the District will not realize any increase in taxes attributable to the Redevelopment Areas. The initial assessed valuation of the Redevelopment Areas is \$8,976,900. The 2010 incremental value of all Tax Increment Redevelopment Areas overlapping the District was \$63,507,090. All Tax Increment Redevelopment Areas must be terminated within 23 years from the date they were created.

Tax Limitations

Article X, Section 22(a) of the Missouri Constitution (popularly known as the “Hancock Amendment”), approved in 1980, places limitations on total state revenues and the levying or increasing of taxes without voter approval. The Missouri Supreme Court has interpreted the definition of “total state revenues” to exclude voter-approved tax increases. The Hancock Amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the Consumer Price Index from the previous year (or 5%, if greater), the maximum authorized current levy must be reduced to yield the same gross revenue from existing property, adjusted for changes in the Consumer Price Index, as could have been collected at the existing authorized levy on the prior assessed value. This reduction is often referred to as a “Hancock rollback.” The limitation on local governmental units does not apply to taxes levied in the Debt Service Fund for the payment of principal and interest on general obligation bonds.

Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as

adjusted pursuant to the provisions of the Hancock Amendment). Furthermore, under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to \$2.75 per \$100 assessed valuation without voter approval. Any increase above \$2.75, however, must be approved by a majority of the voters voting on the proposition. Further, pursuant to Article X, Section 11 (c) of the Missouri Constitution, any increase above \$6.00 must be approved by two-thirds of the voters voting on the proposition. The tax levy for debt service on a school district's general obligation bonds is exempt from these limitations upon the tax rate ceiling.

The District's Tax Rates

In 2002 the Missouri General Assembly passed HB1150 which requires that beginning in the 2003 tax year, political subdivisions in St. Louis County must establish separate tax rates for residential, commercial, agricultural and personal property, except for the tax rate for payment of general obligation bonds. The purpose of the law is to help reduce the property tax burden on homeowners in areas where residential assessments were increasing at a faster rate than commercial assessments.

The following table sets forth the tax rates for 2011 based on the assessment categories:

<u>Subclass</u>	<u>Rate</u>
Residential Property	\$4.0619
Commercial Property	4.3756
Personal Property	4.3946
Agricultural Property	5.2828

Source: Office of the District's Superintendent.

The following table sets forth estimates of the District's tax rates (per \$100 of assessed valuation) for each of the last five tax years, based on dollars levied and not the actual tax rates imposed:

<u>Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
General (Incidental)	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.5000
Special Revenue (Teachers)	1.7685	1.7687	1.7500	1.7500	2.0000
Capital Projects (Building)	.0000	.0000	.0377	.0830	.1888
Debt Service	<u>.3800</u>	<u>.3800</u>	<u>.3800</u>	<u>.3800</u>	<u>.4850</u>
	<u>\$3.1485</u>	<u>\$3.1487</u>	<u>\$3.1677</u>	<u>\$3.2130</u>	<u>\$4.1738</u>

(1) The tax increase for 2011 included a 65¢ per \$100 assessed valuation operating levy increase that was approved by voters on November 3, 2010.

Property Assessed by County

Not later than August 31 of each year, the Board sets the rate of tax for the District and files the tax rate with the County by September 1. Taxes are levied at the District's tax rate per \$100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the Board of Equalization can affect the date on which bills are actually mailed.

Taxes for real and personal property are due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County Collector of Revenue deducts a commission equal to 1.5% of the taxes collected for his services. After such collections and deductions of commission, taxes are distributed according to the taxing body’s pro-rata share.

The County Collector is required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in December and in January and February of the subsequent year.

Property Assessed by State

The State is responsible for the assessment of the distributable property of railroads, railroad cars, rolling stock, street railroads, bridges, telegraph, telephone, electric power and light companies, electric transmission lines, pipeline companies, express companies and other similar public utility corporations, companies and firms, and of the aircraft of airline companies (“Distributable Property”). Presently for school taxation purposes, Distributable Property is assessed and taxed uniformly on a countywide basis. The state is responsible for apportioning the aggregate value of all Distributable Property. No determination is made of the assessed value of such property that is located within the bounds of a school district. Valuation apportioned for taxation on behalf of school districts is the same as that apportioned for each county and the valuation is taxed by averaging the tax rate of all school districts in the county. Taxes collected against Distributable Property are distributed to the school districts within the county according to a formula based in part on total district student enrollment and in part on taxes levied by each school district.

Tax Collections

The following table sets forth tax collection information for the District for the 2007 through 2011 tax years:

Levy Year	Total Taxes Levied	Current Taxes		Current & Back Taxes	
		Collected	Percent Collected	Collected ⁽¹⁾	Percent Collected
2007	\$41,962,508	\$35,928,811	85.62%	\$42,334,057	100.89%
2008	41,841,338	36,917,568	88.23	42,457,171	101.47
2009	38,988,807	33,850,300	86.82	41,876,466	107.41
2010	41,250,238	34,206,574	82.92	39,152,405	94.91
2011	48,790,903	na	na	na	na

(1) Includes penalty charges, taxes paid in protest and reflects collections through December 31 of each year.

Source: *Office of the St. Louis County Collector.*

The following table sets forth information regarding the top ten taxpayers in the District based on 2010 locally assessed real and personal property:

<u>Taxpayer</u> ⁽¹⁾	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Town Center Plaza	\$10,857,320	.89%
Duke Realty Limited Partnership	8,736,000	.72
Ronnie's Plaza, Inc.	7,405,440	.61
NHP McShane SAMC LLC	6,947,140	.57
Wal-Mart Stores, Inc.	5,814,430	.48
Missouri American Water Company	5,751,720	.47
BR STL Office Portfolio 5 LLC	5,713,600	.47
Friendship Village South County	5,629,090	.46
DDR Realty Company	5,492,670	.45
PACE Properties	5,381,270	.44

(1) In addition to the foregoing, Gravois Bluffs LLC, which is located in a tax increment financing district, has a 2010 assessed valuation within the District equal to \$37,434,980.

Source: Office of the St. Louis County Collector.

DEBT OF THE DISTRICT

General

Refunding bonds and obligations payable from annual appropriations do not require voter approval. Any general obligation bonds, other than refunding bonds, require voter approval for issuance. Pursuant to the Missouri Constitution the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes is four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

Outstanding Debt

The following is a list of the outstanding general obligation bonds of the District excluding the Refunded Bonds:

<u>Issue</u>	<u>Principal Outstanding</u>
General Obligation Bonds, Series 2000 ⁽¹⁾	\$ 2,252,802
General Obligation Bonds, Series 2003	1,335,000
General Obligation Refunding Bonds, Series 2004	5,140,000
General Obligation Bonds, Series 2007	32,000,000
General Obligation Refunding Bonds, Series 2008	3,815,000
General Obligation Bonds, Series 2009	10,000,000
General Obligation Qualified School Construction Bonds, Series 2009B	7,165,000
General Obligation Capital Appreciation Bonds, Series 2010A ⁽¹⁾	4,833,954
General Obligation Build America Bonds, Series 2010B	9,000,000
General Obligation Refunding Bonds, Series 2010C	6,055,000
General Obligation Refunding Bonds, Series 2012	<u>9,070,000</u>
	<u>\$90,666,756</u>

(1) Represents the original principal amount of outstanding capital appreciation bonds.

Lease Obligations

Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body and neither taxes nor a specific source of revenues can be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations are subject to voter approval. The District's only outstanding lease obligations are \$2,090,000 principal amount of Lease Participation Certificates, Series 2011 (the "Series 2011 Certificates").

Legal Debt Limit and Debt Margin

The following table sets forth the District's debt limit and debt margin:

2010 Assessed Value	<u>\$1,280,083,410</u>
Debt Limit - 15% of Assessed Value	\$192,012,512
Less: General Obligation Bonds	<u>90,666,756</u>
Legal Debt Margin	<u>\$101,345,756⁽¹⁾</u>

(1) Excludes Distributable Property which can be used in calculating the District's debt limit. Accordingly, the District's legal debt margin is larger than the amount indicated above.

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the District:

	Outstanding Bonds ⁽¹⁾	Percent Applicable to The District ⁽²⁾	District's Direct and Overlapping Debt
The District	\$ 90,666,756	100.00%	\$ 90,666,756
St. Louis County	13,425,000	5.47	734,348
City of Kirkwood	4,140,000	1.06	43,884
	<u>\$108,231,756</u>		<u>\$91,444,988</u>

(1) Excludes lease obligations of overlapping taxing districts and \$440,000 of St. Louis County's Neighborhood Improvement District Bonds that are a general obligation of St. Louis County but are expected to be paid from special assessments and for which St. Louis County may not levy a general property tax.

(2) Estimate based on 2010 real and personal property assessed valuation.

Source: Bond amounts were provided by the respective taxing districts. Assessments were provided by the respective taxing districts or the St. Louis County Collector.

General Obligation Bonds

The following table sets forth the debt service requirements on the District's outstanding general obligation bonds excluding the Refunded Bonds:

Calendar Year	Outstanding Debt Service		The Bonds		Total Debt Service ⁽³⁾
	Principal ⁽¹⁾	Interest ⁽²⁾	Principal ⁽³⁾	Interest ⁽³⁾	
2012	\$ 1,400,000	\$ 2,602,373		\$ 89,961	\$ 4,092,334
2013	2,695,000	2,599,689	\$ 160,000	176,453	5,631,142
2014	2,085,000	2,527,494	865,000	172,473	5,649,967
2015	2,285,000	2,461,597	880,000	164,393	5,790,990
2016	2,620,000	2,392,395	900,000	153,473	6,065,868
2017	2,925,000	2,356,790	920,000	139,353	6,341,143
2018	3,195,000	2,356,203	945,000	122,083	6,618,286
2019	3,540,000	2,312,647	975,000	101,664	6,929,311
2020	3,935,000	2,217,900	1,010,000	78,070	7,240,970
2021	4,485,000	2,093,876	920,000	53,485	7,552,361
2022	4,975,000	1,945,101	915,000	29,173	7,864,274
2023	5,625,000	1,788,145	580,000	8,410	8,001,555
2024	6,990,000	1,561,989	-	-	8,551,989
2025	6,765,000	1,299,676	-	-	8,064,676
2026	7,005,000	1,058,489	-	-	8,063,489
2027	7,265,000	801,776	-	-	8,066,776
2028	7,480,000	586,689	-	-	8,066,689
2029	7,670,000	396,236	-	-	8,066,236
2030	7,925,000	144,235	-	-	8,069,235
Total	<u>\$90,865,000</u>	<u>\$33,503,300</u>	<u>\$9,070,000</u>	<u>\$1,288,991</u>	<u>\$134,727,291</u>

Footnotes to Prior Page

- (1) Principal amounts include the maturing principal amounts on the General Obligation Capital Appreciation Bonds, Series 2000 and the General Obligation Capital Appreciation Bonds, Series 2010A. Principal amounts also include the mandatory Principal Account Deposits made by the District on its General Obligation Qualified School Construction Bonds, Series 2009B. All of the Principal Account Deposits will be used to pay the principal coming due on such bonds on March 1, 2024.
- (2) Interest is net of a 35% U.S. Treasury Interest Subsidy expected to be received in conjunction with the District's General Obligation Bonds, Series 2010B.
- (3) Subject to change. Interest amounts are based upon estimated interest rates.

Lease Obligations

The following table sets forth the debt service requirements on the District's outstanding lease obligations, which are comprised solely of the Series 2011 Certificates:

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2013		\$ 103,672	\$ 103,672
2014	\$ 25,000	75,858	100,858
2015	25,000	75,520	100,520
2016	25,000	75,095	100,095
2017	25,000	74,595	99,595
2018	115,000	74,033	189,033
2019	115,000	71,043	186,043
2020	120,000	67,708	187,708
2021	125,000	63,928	188,928
2022	130,000	59,803	189,803
2023	130,000	55,383	185,383
2024	135,000	50,768	185,768
2025	140,000	45,773	185,773
2026	145,000	40,523	185,523
2027	155,000	34,868	189,868
2028	160,000	28,668	188,668
2029	165,000	22,108	187,108
2030	175,000	15,178	190,178
2031	<u>180,000</u>	<u>7,740</u>	<u>187,740</u>
Total	<u>\$2,090,000</u>	<u>\$1,042,264</u>	<u>\$3,132,264</u>

Future Debt

The District has no current plans for the issuance of additional bonds or lease obligations.

Debt Ratios and Related Information

2010 Estimated Population	46,429
Assessed Value, 2010	\$1,280,083,410
Estimated Market Value, 2010.....	\$5,667,542,497
Direct Bonded Debt	\$90,666,756
Direct and Overlapping Bonded Debt	\$91,444,988
Per Capita 2010 Assessed Valuation	\$27,571
Per Capita 2010 Estimated Market Value	\$122,069
Per Capita Direct Bonded Debt	\$1,953
Per Capita Combined Net Direct and Overlapping Debt	\$1,970
Direct Bonded Debt as a Percentage of 2010 Assessed Valuation	7.08%
Direct and Overlapping Bonded Debt as a Percentage of 2010 Assessed Valuation	7.14%
Direct Bonded Debt as a Percentage of 2010 Estimated Market Value	1.60%
Direct and Overlapping Bonded Debt as a Percentage of 2010 Estimated Market Value	1.61%

THE REFUNDING

Description

The Bonds are being issued for the purpose of refunding the Refunded Bonds. Proceeds from the Bonds, together with certain other funds of the District, shall be used to purchase direct obligations of the United States (the “Government Obligations”) and fund a cash deposit. The Government Obligations shall be held in trust exclusively for payment of the Refunded Bonds by UMB Bank, N.A., Kansas City, Missouri (the “Escrow Agent”). The Government Obligations together with the interest to be earned thereon, and a beginning cash deposit will be used to provide for the payment of the principal of and interest on the Refunded Bonds up to and including March 1, 2013, the date of redemption.

Estimated Sources and Uses of Funds*

The estimated sources and uses of funds are set forth below.

Sources of Funds	
The Bonds	\$9,070,000
Cash on Hand ⁽¹⁾	<u>477,370</u>
Total	<u>\$9,547,370</u>
Uses of Funds	
For Purchase of Government Obligations	\$9,403,070
Costs of Issuance including Underwriter’s Discount ⁽²⁾	<u>144,300</u>
Total	<u>\$9,547,370</u>

(1) Represents a portion of the funds held in the District’s debt service fund.

(2) Includes the underwriter’s discount computed at the maximum permissible discount as provided in the Notice of Bond Sale.

MATHEMATICAL VERIFICATION

Robert Thomas CPA, Shawnee Mission, Kansas (“Robert Thomas”), independent certified public accountants, will deliver to the District a report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in its scope of examination, Robert Thomas will verify the mathematical accuracy of the computations with respect to the adequacy of the initial cash deposit together with the maturing principal of and interest on the Government Obligations, to pay the principal of and interest on the Refunded Bonds up to and including the date of redemption.

RATING

Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007, has assigned the Bonds the rating of “Aa1.” The rating reflects only the view of the rating agency. Any explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that such rating will continue for any period of time or that it will not be revised, either upward or downward, or withdrawn. A revision or withdrawal of a rating may adversely affect the market price of the Bonds.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned “THE BONDS” (excluding the information under the caption “Book-Entry Only System”), “CONTINUING DISCLOSURE UNDERTAKING,” “LEGAL MATTERS,” and “TAX MATTERS.” Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal and Missouri Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Bond counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

FINANCIAL ADVISOR

WM Financial Strategies, St. Louis, Missouri, a registered Municipal Advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, is employed as Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and assisting in preparing the Official Statement for the sale of the Bonds.

UNDERWRITING

_____ (the "Underwriter") has agreed to purchase the Bonds from the District at a price of \$_____. The initial offering price may be changed from time to time.

NO LITIGATION CERTIFICATE

The District represents that there is no controversy, suit or other proceeding of any kind pending or to its knowledge, threatened in any court (either state or federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceeding under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of the moneys under the Bond Resolution, or (iv) the legal existence of the District or the title to office of the present officials of the District.

CERTIFICATION OF OFFICIAL STATEMENT

Simultaneously with the delivery of the Bonds, the District will furnish to the Underwriter a certificate which shall state, among other things, that to the best of its knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date

of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

CONTINUING DISCLOSURE UNDERTAKING

Description of Undertaking

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the District has agreed to file the following with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”):

(i) certain annual financial information and operating data, including audited financial statements, information generally consistent with the information contained in this Official Statement under the captions “THE DISTRICT,” “FINANCIAL MATTERS,” “TAXATION,” and “DEBT OF THE DISTRICT,” and information with respect to litigation if, in the judgment of the District, such litigation would have a material adverse affect on the financial condition of the District. Such information shall be made available beginning on or prior to January 1, 2013 and on or prior to January 1 of each year thereafter.

(ii) notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights of bondholders, if material;
- (4) bond calls, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 570-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security;
- (8) unscheduled draws on debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material.

(iii) notice of a failure (of which the District has knowledge) to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the District, such other event is material with respect to the Bonds, but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those indicated herein.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that, the District agrees that any such modification will be done in a manner consistent with the Rule as the same may be amended from time to time. The District reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the District no longer remains an "Obligated Person" with respect to the Bonds within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of the bonds provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the District's obligations hereunder and any failure by the District to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

Prior Compliance

The District has complied with its obligations for continuing disclosure.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

LINDBERGH SCHOOLS

BY: _____
President

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**APPENDIX A
LINDBERGH SCHOOLS
FINANCIAL STATEMENTS
JUNE 30, 2011**

The financial statements presented within this Appendix have been extracted from the District’s annual financial statements for the year ended June 30, 2011. The financial statements reflect the modified cash basis of accounting which is a comprehensive method of accounting other than generally accepted accounting principles. The District’s financial statements include supplemental information and the auditor’s report which are not included herein. Copies of the annual financial statements, in their entirety, are available from the District. Additionally, financial statements for prior years and the District’s budget for the fiscal year ending June 30, 2012 may be obtained from the District.

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LINDBERGH SCHOOLS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2011

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 20,139,403
Restricted cash and investments	<u>13,874,414</u>
TOTAL ASSETS	<u><u>\$ 34,013,817</u></u>
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	<u>19,627,557</u>
Total net assets	<u><u>32,721,699</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 34,013,817</u></u>

The accompanying notes are an integral part of this statement.

LINDBERGH SCHOOLS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2011

Function/Program	Expenses	Program revenues		Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	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				
				35,845,502
				4,808,693
				71,153
				3,909,195
				4,633,373
				704,198
				6,055,000
				1,135,588
				<u>57,162,702</u>
				(21,103,768)
Net assets at July 1, 2010				<u>53,825,467</u>
Net assets at June 30, 2011				<u>\$ 32,721,699</u>

The accompanying notes are an integral part of this statement.

LINDBERGH SCHOOLS

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.

LINDBERGH SCHOOLS

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	<u>\$ (21,103,768)</u>

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	<u>\$ 1,115,799</u>
NET ASSETS	
Unrestricted	<u>\$ 1,115,799</u>

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
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	1 to 5 years
Deposits			
Cash on hand	\$ 2,050	N/A	N/A
Demand deposits	(254,450)	N/A	N/A
	<u>(252,400)</u>		
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	-
	<u>34,266,217</u>	<u>\$ 30,918,831</u>	<u>\$ 3,347,386</u>
Total deposits and investments	<u>\$ 34,013,817</u>		

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

	<u>Cost</u>	<u>Credit Rating</u>
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	<u>412,748</u>	Unrated
	<u><u>\$ 34,266,217</u></u>	

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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	<u>139,579,520</u>
Total	<u>\$ 1,279,942,140</u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.0000	\$ 1.0000
Special Revenue Fund	1.7500	1.7500
Debt Service Fund	0.3800	0.3800
Capital Projects Fund	<u>0.0830</u>	<u>0.0830</u>
Total	<u>\$ 3.2130</u>	<u>\$ 3.2130</u>

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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	<u>(8,470,000)</u>
Balance at June 30, 2011	<u><u>\$ 91,706,756</u></u>

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
	<u><u>\$ 109,988,828</u></u>			<u><u>\$ 91,706,756</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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	<u>5,306,962</u>
Legal debt margin	<u>\$ 105,591,527</u>

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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.

LINDBERGH SCHOOLS

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		Actual	Variances - positive (negative)	
	Original	Final		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		

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		Actual	Variances - positive (negative)	
	Original	Final		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			\$ -		

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

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.

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		Actual	Variances - positive (negative)	
	Original	Final		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		

LINDBERGH SCHOOLS

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		Actual	Variances - positive (negative)	
	Original	Final		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		Actual	Variances - positive (negative)	
	Original	Final		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		

LINDBERGH SCHOOLS

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
	<u>20,394,338</u>	<u>26,093,533</u>	<u>5,031,365</u>	<u>1,266,246</u>	<u>52,785,482</u>
County					
Fines, escheat, etc.	-	68,709	-	-	68,709
State assessed utilities	165,510	289,689	75,262	11,640	542,101
	<u>165,510</u>	<u>358,398</u>	<u>75,262</u>	<u>11,640</u>	<u>610,810</u>
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
Disability Determination	20	-	-	-	20
	<u>1,326,676</u>	<u>505,559</u>	<u>-</u>	<u>1,689,009</u>	<u>3,521,244</u>
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
	<u>1,083,529</u>	<u>329,378</u>	<u>-</u>	<u>34,861</u>	<u>1,447,768</u>
Other financing sources					
Proceeds from sale of refunding bonds	-	-	6,055,000	-	6,055,000
Sale of other property	-	-	-	16,204	16,204
	<u>-</u>	<u>-</u>	<u>6,055,000</u>	<u>16,204</u>	<u>6,071,204</u>
Receipts from other districts					
Contracted educational services	12,138	-	-	-	12,138
	<u>\$ 22,982,191</u>	<u>\$ 27,286,868</u>	<u>\$ 11,161,627</u>	<u>\$ 3,017,960</u>	<u>\$ 64,448,646</u>
Total revenues					\$ 64,448,646
Less Prop R revenue					(162,147)
Less Debt Service revenue					(11,161,627)
Total operating revenue					<u>\$ 53,124,872</u>

LINDBERGH SCHOOLS

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
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
	<u>\$ 20,796,082</u>	<u>\$ 32,288,724</u>	<u>\$ 11,936,399</u>	<u>\$ 21,318,265</u>	<u>\$ 86,339,470</u>
Total expenditures					\$ 86,339,470
Less Prop R expenditures					(19,321,230)
Less Debt Service expenditures					<u>(11,936,399)</u>
Total operating expenditures					<u>\$ 55,081,841</u>

LINDBERGH SCHOOLS

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
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	<u>\$ 15,923,946</u>	<u>\$ -</u>	<u>\$ 5,306,962</u>	<u>\$ 10,374,992</u>	<u>\$ 31,605,900</u>

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APPENDIX B BOOK-ENTRY ONLY SYSTEM

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by The Depository Trust Company (“DTC”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The District (defined in this section as the “Issuer”) takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

1. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.