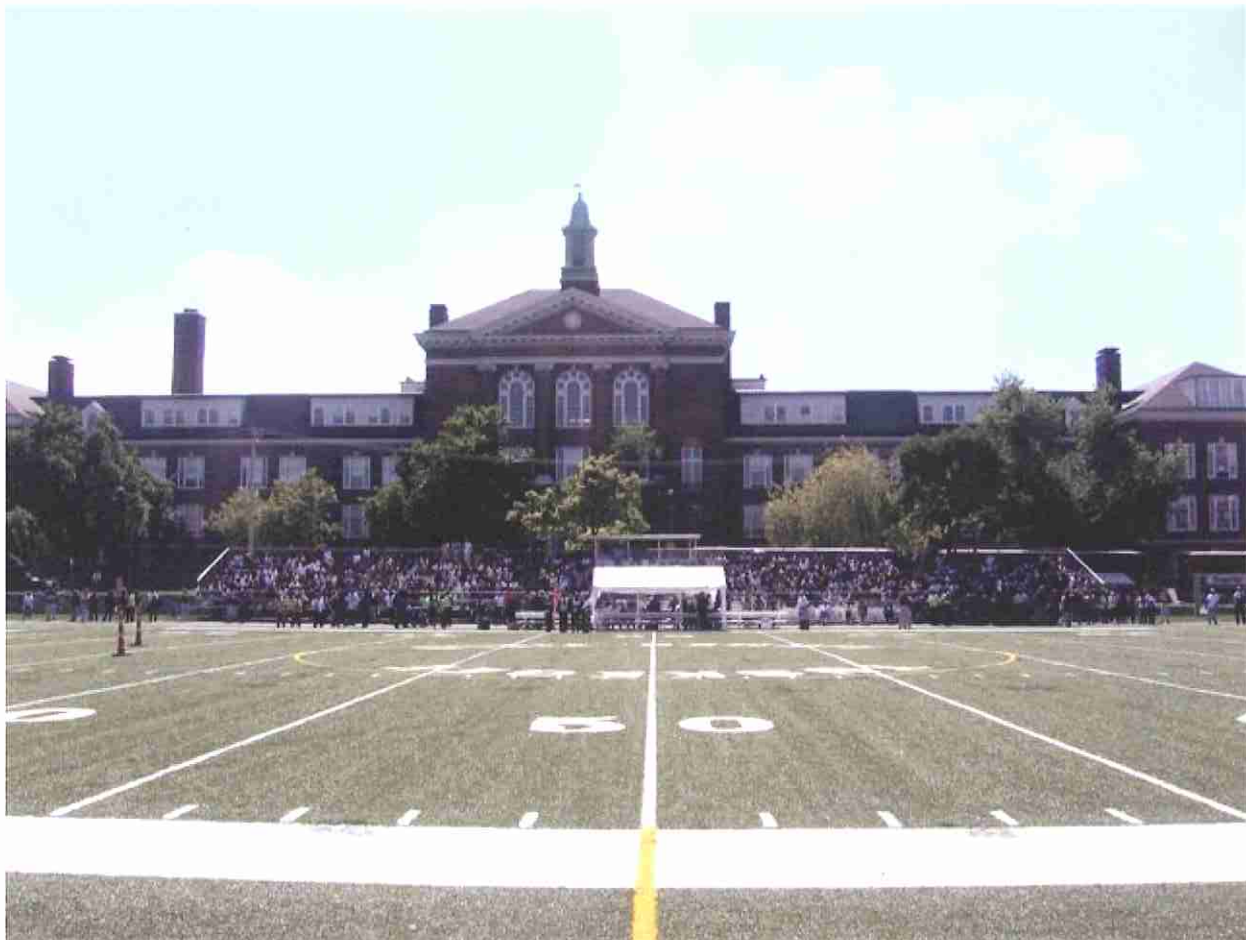


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the Fiscal Year Ended June 30, 2010*



Tuskegee Airmen Field  
Sumner High School  
St. Louis Public Schools  
St. Louis, Missouri

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***Special Administrative Board Of The Transitional  
School District Of The City Of St. Louis  
(St. Louis Public Schools)***

***Comprehensive Annual Financial Report***

***For The Year Ended June 30, 2010***

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**St. Louis, Missouri**

***Report Submitted by***

***Mr. Enos K. Moss  
Chief Financial Officer and Treasurer***

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**Part I - Introductory Section**

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**Kelvin R. Adams, Ph.D.**  
**Superintendent of Schools**

December 23, 2010

Members, Special Administrative Board (SAB) of the Transitional School District of the City of St. Louis  
St. Louis, Missouri

Dear Board Members:

In compliance with Section 162.641, Revised Statutes of Missouri, 2007, I am submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This report has been prepared to provide you, representatives of financial institutions, the public and other interested parties information concerning the financial performance of the St. Louis Public Schools ("SLPS, the District").

Responsibility for the accuracy, completeness and clarity of this report rests with me, and the Chief Financial Officer/Treasurer. The report was prepared by the Chief Financial Officer/Treasurer, the Fiscal Control Office and the Budget Office. We believe that the data, as presented, is accurate in all material aspects; that it fairly sets forth the financial position and results of operations of the District as measured by the financial activities on a government-wide basis and of its various funds; and that readers have all disclosures necessary to gain an understanding of the District's financial affairs.

This report has three sections – Introductory, Financial and Statistical

1. Introductory section: This transmittal letter, and the District's organizational chart, the 2009 ASBO Certificate of Excellence and the 2009 GFOA Certificate of Achievement.
2. Financial section: Government-wide financial statements; fund financial statements, supplemental information for combined and individual fund financial statements and schedules; the independent auditors' report on the financial statements; and Management's Discussion and Analysis. It is designed to be an objective and easily readable analysis of the District's financial activities.
3. Statistical section: Unaudited tables of both financial and demographic data. This information is for the purpose of presenting social and economic information, financial trends and fiscal capacity of the District presented on a multi-year basis.

The District is required to undergo an annual single audit to conform with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on internal control and compliance with applicable laws and regulations are included in a separate report.

This report includes all funds of the District. The District is a public school system offering pre-school and a full all-day kindergarten through grade 12 educational opportunities for all eligible residents within its geographic boundaries.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the financial section immediately following the report of the independent auditors.

#### Summary of Accomplishments and Significant Events in Fiscal Year 2009-2010

##### Academic

- **Five pilot independent schools** improve student and teacher performance in the classroom by providing more autonomy in Governance, Staffing, Budget, Curriculum & Instruction, and School Calendar/Schedule. Each school operates with an independent advisory board to develop a unique academic program specific to the school's individual "theme".
- **13 Full Service Schools** integrate a variety of activities to provide high quality education, positive youth development, family support, family and community engagement in decision making, and community development. Services include health, career, academic, housing, and more.
- **International Welcome School** serves English Speakers of Other Languages (ESOL) students in grades K- 9 with an introduction into the American Education system and into the district's curriculum practices. Enrolled students are taught at an accelerated rate and evaluated on their listening, speaking, reading, writing, math, science and social studies, understanding of the school system and school expectations, degree of self confidence and ability to adjust.
- **Innovative Concept School**, introduced by Judge Jimmie Edwards, supports a four-tiered approach to ensuring that students who would otherwise be out of school due to suspensions or Safe Schools Act violations are given the support necessary to achieve academically.
- **Pupil/Teacher Ratio** has been maintained at or below the State of Missouri Desired Levels to allow more individualized attention for students.

##### Enhanced Post Secondary Support

- Partnerships with **College Summit** and **College Bound** are offering SLPS seniors, and their families, supportive services including choosing a college, applying for college, and applying for financial aid.
- St. Louis Public Schools' Division of Career and Technical Education and Ranken Technical College have formed the **Dual Enrollment Program**, which allows SLPS seniors participating in the program to earn three hours of high school credit and 12-14 hours of college credit at no cost.



### Health and Wellness:

- Lead remediation has been completed in 25 elementary schools
- SLPS is replacing lead-paint framed windows with more energy efficient windows

### Highly Qualified Staff:

- **Summer Leadership Academy** provided building principals with the training necessary to have overall school improvement with increased student achievement. The Academy tailored the principal training to the needs of the school based on a school audit/environmental scan and leader assessment.
- **The St. Louis Plan**, implemented in partnership with AFT St. Louis, Local 420, provides a formula for professional development of beginning teachers and an evaluation system that detects and screens out those who show little aptitude for the classroom. Additionally, experienced teachers who are severely deficient in performance are given intensive peer assistance to bring their work to acceptable standards.

## Current Initiatives

### Academics

- A five-phase **Reading Improvement Plan** focusing on professional development, student reading assessments, and student health assessments will be implemented to boost student reading levels. Key components provide intervention in the classroom and parent resources to have all students in grades 3-9 reading at level within three years.
- **School Improvement Plans** at 16 district schools identified by the State of Missouri as being among the 52 lowest performing schools in the state. Funded by federal School Improvement Grants, the school improvement plans include curriculum, assessment and staffing overhauls, as well as significant staffing changes.
- **Gifted School Expansion** to accommodate the growing need for gifted elementary education in the City of St. Louis and surrounding areas. Current plans will grow Mallinckrodt Academy to include a gifted kindergarten class in 2010-2011, with an additional grade added each year until 2016. The school will be modeled after the gifted programs at Kennard Classical Leadership Academy, currently operating at 101.5% capacity.

### Enhanced Post-Secondary Support

- An **individualized four-year academic plan** will be developed for each high school student to align graduation requirements and state academic standards to academic interests and course selections.

### Highly Qualified Staff

- A **Principal Leadership Program**, similar to the St. Louis Plan for teachers, will be developed for principals leading schools with low academic achievement for three consecutive years or that have limited management and instructional systems in place. The PLP will provide intensive summer training and professional development throughout the school year as well as a mentoring coach for principals enrolled in the program.

### **Core Improvements**

- **Student data improvements** will be made in conjunction with the State of Missouri to track students' enrollment, attendance, and progress as well as after-graduation progress, including post-secondary education enrollment.
- **Facility improvements**, funded through a \$155 million bond issue known as Proposition S, will provide facility renovation and upgrades specifically designed to provide a safe and secure school environment, improve academic achievement, and promote a healthy lifestyle for students. Voting on Proposition S was held August 3<sup>rd</sup>, 2010 and passed 76% to 24%.

### Year End Audit and Financial Results

The final independent audit for the 2010 fiscal year was completed by RubinBrown, LLP in December 2010 and is the basis of the audited financials included in the Financial Section of this CAFR.

The District began the year with a \$46.4 million General Operating fund deficit and ended the year with a \$66.5 million deficit. Prior to fiscal year 2009 the District had not deficit spent for 4 consecutive years. However, this was not the situation for fiscal years 2009 and 2010, given the sharp drop in state revenues, significant increases in charter enrollments and the need to increase investments in the academic area. Since a deficit fund balance still exists, the District is designated as a financially stressed district for the eighth consecutive year by the Missouri Department of Elementary and Secondary Education (DESE) under the provisions of Section 161.520.

Additional comments can be found later in the Management's Discussion and Analysis (MD&A) section of this report and in Note 15.

### Profile of Government

The St. Louis Public School District (the "District") encompasses approximately 61 square miles and includes the entire corporate limits of the City of St. Louis, Missouri (the "City"). The present estimated population of the City and, therefore, of the District is 356,587. The District operates as the largest public school system in the State of Missouri. The District was initially organized in 1833. In 1838, the Board opened its first school, and in 1853, the Board opened the first coeducational high school west of the Mississippi River.

Under a March 22, 2007 decision, the Missouri State Board of Education declared St. Louis Public Schools as unaccredited. In accordance with the laws of the State of Missouri, the governance of the school district was transferred from the divested board, except for auditing and reporting matters, and placed with the Special Administrative Board (SAB) of the Transitional School District. The transitional school district is subject to all laws pertaining to "seven member districts," as defined in section 160.011, RSMO. The governing board of the transitional school district shall consist of three members: one shall be a chief executive officer nominated by the state board of education and appointed by the governor with the advice and consent of the senate, one shall be appointed by the mayor of the city not within a county and one shall be appointed by the president of the board of aldermen of the city not within a county. The SAB took full control of the operation of the St. Louis Public School District on June 15, 2007. Pursuant to Missouri Revised Statute §162.1100.4, the SAB is empowered to, among other things, (1) create an academic accountability plan, take corrective action in underperforming schools, and seek relief from state-mandated programs; (2) explore alternative forms of governance for the district; (3) contract with nonprofit corporations to provide for the operation of schools; (4) oversee facility planning, construction, improvement, repair, maintenance, and rehabilitation; (5) establish school site councils to facilitate site-based school management and improve the responsiveness of the schools to the needs of the local geographic attendance region of the school; and (6) submit a proposal to the district voters regarding establishment of neighborhood schools.

Prior to the transfer of governance to the SAB, the District existed as a metropolitan school district organized and governed pursuant to Sections 162.572 through 162.661 of the Revised Statutes of Missouri, 2007, as amended. The Board was responsible for the supervision and governance of the District. The Board also had final control over all school matters except as limited by state law, the courts, and the will of its citizenry as expressed in elections. The Board's responsibilities were generally: to set policy for the District, to ensure efficient operations, to select and evaluate the Superintendent of Schools, to adopt an annual budget and its supporting tax rate, and to foster good community relations and communications. In addition, the Board appointed the Superintendent of Schools to carry out the policies set by the Board.

With the loss of the District's accreditation, and the appointment of a chief executive officer, any powers granted to the existing school board on or before August 28, 1998, shall be vested with the Special Administrative Board of the Transitional School District so long as the Transitional School District exists, except as otherwise provided in section 162.621.

The District has a total of approximately 3,251 full-time and part-time employees, including approximately 2,095 certified employees, including teachers and principals and approximately 1,156 classified employees.

Presently there are 76 schools including 44 elementary schools, 14 middle schools and 13 high schools and 5 special or alternative schools in the District, with an average daily enrollment of approximately 26,449 students. Significant repairs, renovations, improvements and additions to the District's facilities have been and will continue to be an ongoing process.

Enrollment in the District has declined significantly over the past twenty years. Enrollment totaled 108,770 students and 111,233 students in 1960 and 1970, respectively. The average daily attendance in the District (including regular and vocational students) over the past six school years has been:

<b>School Year</b>	<b>Average Daily Attendance</b>
2010	22,754
2009	23,484
2008	24,813
2007	27,646
2006	30,739
2005	32,947

The District is in the process of a complete transformation to prepare for the next DESE review, anticipated in 2013, and to regain accreditation for the District. To satisfy one requirement of regaining accreditation, the District has developed an accountability plan (the "**Accountability Plan**"). The Accountability Plan has seven goals: student performance; highly qualified staff; improved facilities; instructional resources; support; parent and community involvement; and governance. To gain full accreditation, the District must meet criteria in a minimum of 14 categories in the DESE review, all related to student performance.

To address the student performance goal, the District has implemented a number of initiatives, processes and programs, including conducting a comprehensive curriculum management audit using external auditors and creating an instructional framework that addresses standards-based instruction, culturally responsive teaching, differentiation and response to intervention. In addition to these major initiatives, there is significant focus, including an almost daily review of District data, on various student performance indicators. Student performance is measured by DESE's Annual Performance Review, Missouri Assessment Program ("MAP") test scores, American College Test (ACT) scores, participation in Advanced Placement (AP) courses, attendance, graduation, college admissions, career education and career education placement.

The District provides educational programs to students of all ages through its preschool, kindergarten through 12<sup>th</sup> grades and adult education programs. In addition, the District operates 13 Community Education Full Service Schools that offer educational and recreational programs to enrollees of all ages. In addition, there is high quality after school programs, which offers tutoring sessions for students.

The grade configuration of the District was reorganized in 1980. Prior to that year, the elementary schools served grades K-8 and the secondary schools served grades 9-12. Under the reorganization, middle schools were established for grades 6-8 and elementary schools serve grades K-5. A "cluster" system was instituted in which elementary schools became feeders to middle schools. Clusters were formed based upon racial composition of pupil population, school location and number of classrooms needed in each building.

Elementary schools (grades PK-5) offer mathematics, communication arts (reading, writing, speaking and listening), science and social studies. Arts and physical education are also provided. Middle schools (grades 6-8) offer mathematics, communication arts, science and social studies. Additionally, the middle schools offer art, business education (in magnet schools), foreign language (in magnet schools), home economics, industrial arts, music (vocal and instrumental), physical education, career awareness and orientation, counseling, remedial reading and remedial mathematics.

High schools offer English (complete sequence), mathematics courses (basic mathematics through calculus), science (general science, chemistry and physics), social studies (complete sequence), foreign language (four years of French, German, or Spanish), career technical education courses, music (vocal and instrumental), physical education, and athletic programs (all sports).

At all grade levels there is a range of services for special education and guidance services. In addition, the District operates alternative programs for students with specialized needs. These initiatives include programs for adjudicated students and students with disciplinary problems; special schools for physically challenged students; and tutoring for students who are hospitalized.

Included within the District's elementary, middle and high schools are magnet schools. In addition to a basic curriculum, magnet schools offer a specific focus, which makes it possible to match a student's unique needs or interests with a compatible teaching method or program.

## **Economic Condition and Outlook**

There have been no relevant financial policies that have had a significant impact on the current year's financial statements. The fiscal condition of the St. Louis Public Schools, which serve the residents of the City of St. Louis, is closely linked to the economic health and population trends of the City of St. Louis and the State of Missouri budgetary constraints. The City's share of regional employment and population has declined since 1985. However, according to census bureau estimates for 2009, the city's population is showing signs of growth. In addition, the significant drops previously experienced by the District's in student enrollment has slowed recently. The St. Louis metro area's unemployment rate at June 2010 was 9.9% compared to 10.4% for June 2009. The U.S. Census estimates that the City's population posted a slight increase of just over 2,226 people to approximately 356,587 (latest Census update). It is important to note that significant investment continues in downtown St. Louis with the expansion of the loft district and the corresponding restaurants and other services. The District's revenue depends upon successful revitalization of the City, which in turn requires attracting new residents and growing the economic base. There were 40 development projects approved in the City of St. Louis for fiscal year 2010. These projects represent over \$9.1 billion in ongoing and proposed investments in the City of St. Louis and are projected to add 23,338 jobs when completed. It should be noted that the average age of the District's facilities are about 75 years. Capital renovation needs are further disclosed below.

## **Desegregation**

The St. Louis Public Schools had been involved in desegregation litigation since 1972, resulting in a court-ordered plan of desegregation originally implemented during the 1980-1981 school years, and a Metropolitan Voluntary Desegregation Settlement Plan involving the Board and 23 County School Districts developed and approved by the Court for implementation in 1983-1984.

In September 1987, as part of the desegregation litigation, the Court approved, ordered, and implemented a Capital Renovations Plan in the amount of \$110,306,671; the State of Missouri to pay half and the Board to pay half.

In August 1988, the Court approved a long-range Magnet School Plan. The Plan phased out several magnet schools, relocated and expanded others, and created new and additional magnet schools, bringing the number of magnet seats to 14,000. The Plan also created Unified Funding Formula for all magnet schools. Effective with the 1990-1991 school year, the cost of operating all magnet schools was shared equally by the Board and the State of Missouri.

In its orders, the Court authorized an additional \$56,043,801 in Capital Improvements for the magnet schools, including construction of three new facilities. The State of Missouri pays 72% of the cost and the Board pays the balance.

In March 1999, a settlement was reached and approved by the court in this case. This ended the courts supervision and monitoring of St. Louis Public Schools. The District is obligated to provide continuing remedial educational programs "to ensure that the enjoyment of full equality of opportunity by plaintiff school children is not impaired by the effects of past segregation." These obligations include maintaining current court-ordered all-day kindergarten, summer school, college prep and preschool programs; and maintaining the magnet school program, with some modifications for at least ten years. The District also agreed to comply with State standards in many areas such as class size, libraries and counselors, and to establish standards or improvement of student outcomes. There are provisions for school improvement and accountability, giving children in a failing school the right to transfer to a successful school.

The State agreed to pay the District a total of \$180 million for construction of new schools to accommodate any increase in enrollment due to any decrease in the number of transfer students. All county districts, with the exception of Ladue, agree to continue to accept new students unless written notice is provided prior to the 2008-2009 school year. To economize on transportation costs, attendance zones were established for the transfer students. In the event of any phase-out of the transfer program, all city students then enrolled in county schools will have the right to complete high school in the county.

A five-year extension was unanimously approved by the VICC Board in June, 2007. As a result, new students can continue to be enrolled by participating districts through the 2013-2014 school year. With this extension, in the year 2014-15, the program will cease accepting any new students, only allowing current students to remain until graduation. In 2026-27, the program will be terminated.

The Voluntary Interdistrict Choice Corporation (VICC) was established to operate the transfer program and State funding was provided to operate the continuing voluntary transfer plan. Subsequent State education funding cuts have reduced the funds available to VICC for the maintenance of the transfer program.

These same State funding cuts have reduced the State funding available to the St. Louis Public Schools below the levels agreed to in the 1999 settlement case. As a result both SLPS and VICC joined in a suit against the State for re-instatement of past due amounts. As of June 30, 2005 the District's claims amounted to approximately \$112 million.

In addition, one of the provisions called for in Senate Bill 781 was for the voters in the City of St. Louis to approve a city sales tax. On February 2, 1999 the city voters approved a 2/3<sup>rd</sup> cent sales tax.

As mentioned earlier, the District secured some flexibility in use of the desegregation funds for Clyde C. Miller and curriculum development. The District was also successful in renegotiating payments to assist with cash flow management.

### **Capital Renovation Status**

In the fall of 1987, the District started an extensive Capital Renovation project involving 100 school facilities as part of the Desegregation Case. The renovations include envelope work (roofs, masonry, and windows), interior modifications and renovation, 43 gym additions and 2 classroom additions; and construction of 4 new magnet schools and one regular elementary school. Prior to interior renovations, each school was scheduled for asbestos abatement to comply with the 1986 AHERA Regulations.

All of the originally scheduled renovations have been completed.

In order to lessen the impact of the St. Louis summer heat and humidity and improve learning conditions, the District undertook a program to air condition certain schools beginning in June 2001.

Schools to be air-conditioned were initially selected to improve conditions where children were performing below average and those offering "Extended Year" programs. This program was initially funded through an \$80 million bond issue approved by St. Louis voters November 7, 2000. Additional funding was provided by a Series 2002 \$120 million bond issue, \$95 million of which was designated for continuation of air conditioning. A \$55 million bond was issued in January of 2006 to continue these improvements. During the fiscal year ended June 30, 2009, the District issued additional bonds in the amount of \$39,295,000 to finance the cost of more air conditioning projects for school buildings and related facilities. To date 56 schools have been air-conditioned.

In June 2009, the District started working on a lead abatement/window replacement project at 25 schools. This project, with a budget of more than \$8 million, was substantially completed by August 2010. The goal of the project was to remove the risk of lead hazards in schools with children between 3 – 6 years of age.

The Board presently supervises the operation of 68 schools, including 44 elementary schools, 9 middle schools, 13 high schools and 2 special or alternative schools in the District, with an average daily enrollment of approximately 25,000 students. Significant repairs, renovations, improvements and additions to the District's facilities have been and will continue to be undertaken. In fiscal year 2009-2010, as part of an effort to reduce expenses, the District closed six schools. The District continues to review facilities and provide recommendations, if appropriate opportunities are available, to close additional buildings in fiscal year 2010-2011.

### **Long-Range Planning**

The District is reviewing options for realigning the budget, enhancing revenue and cost containment initiatives. The immediate plan is to eliminate the deficit fund balance during a period plagued with declining enrollment, increasing enrollment in charter schools and significant losses in State aid. Operating with a leaner budget and resources will require constant vigilance and the elimination of inessential costs. Monthly cash flow projections, budget to actual reports, developing a five-year comprehensive financial planning model, allocating resources to meet the instructional needs of students and forming cost cutting teams are just some of the measures employed by the District as we move toward the goal of financial solvency. Additional plans include efforts to increase the revenue stream through soliciting the support of the business leaders; soliciting support for a tax levy increase; allocating more funds to the classroom; and adding more innovative programs that provide for high quality education. St. Louis Public Schools is presently accelerating efforts to improve academic performance of all children in the care of the District.

In addition, the District faces the challenge of educating large concentrations of children and youth, many of whom come from economically depressed backgrounds. According to the 2009 Census, the median household income for the City was \$29,156 and more than 80% of students in the District qualify for free or reduced-price school lunches.

### **Internal and Budgetary Controls**

This report consists of management's representations concerning the finances of the District. Consequently, the administration of the District is responsible for establishing and maintaining internal controls, which are designed to ensure that the assets of the Board are protected from loss, theft, and misuse. There is also a responsibility to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Internal control is designed to provide reasonable, but not absolute, assurance that the above objectives are being met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

Annual budgets are prepared on a basis consistent with generally accepted accounting principles for the activities of the general fund and special revenue funds (operating funds), capital projects and debt service funds.

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the SAB.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Budgetary control is maintained at the sub-function level for management purposes; however, the legal level of budgetary control is at the fund level for all budgeted funds. Variances from the budget will be reported to the District's management on a monthly basis. Encumbrances outstanding in special revenue funds and capital projects and expendable trust funds do not lapse at year-end and are reported as reservations of fund balances.

### **Single Audit**

As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to provide compliance with applicable laws and regulations related to those programs. This internal control structure is subject to continuing periodic evaluation by management.

As a part of the District's single audit, described above, tests are made to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The result of the District's single audit for the fiscal year ended June 30, 2010 is presented in a separate report.

### **Fund Accounting**

The District maintains its records through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. The funds are accounted for on the modified accrual basis of accounting for all governmental funds types and similar fiduciary fund types. All of the District's funds are presented in this report.

### **Independent Audit**

The Revised Statutes of the State of Missouri require an independent annual audit of the books of accounts, financial records, and transactions of all funds of the District. This requirement has been complied with and the independent auditors' report has been included in this document.

### **Awards**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the 26<sup>th</sup> consecutive year for the ASBO and 22<sup>nd</sup> consecutive year for the GFOA that the District has received these awards. The Certificates indicate that the District published an easily readable and efficiently organized comprehensive annual financial report. Such a report satisfied both generally accepted accounting principles and applicable legal documents.

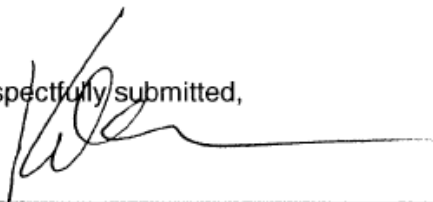
The Certificates are valid for a period of one year only. The District believes that this current CAFR continues to meet both the Certificate programs' requirements and will be submitted to ASBO and GFOA to determine its eligibility for another certificate.



## Acknowledgement

The preparation of this report could not have been accomplished without the cooperation and efficient and dedicated services of the entire administrative staff of the District. We would especially like to express our appreciation to the Board members for their interest and support in the financial affairs of the St. Louis Public Schools during the 2009-2010 fiscal year.

Respectfully submitted,



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Dr. Kelvin Adams  
Superintendent of Schools



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Enos K. Moss  
Chief Financial Officer / Treasurer

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Special Administrative Board

**Mr. Rick Sullivan, CEO**  
**Ms. Melanie Adams, Secretary**  
**Mr. Richard K. Gaines**

Senior Administration

**Kelvin R. Adams, Ph.D., Superintendent of Schools**  
**Mr. Enos K. Moss, Chief Financial Officer / Treasurer**

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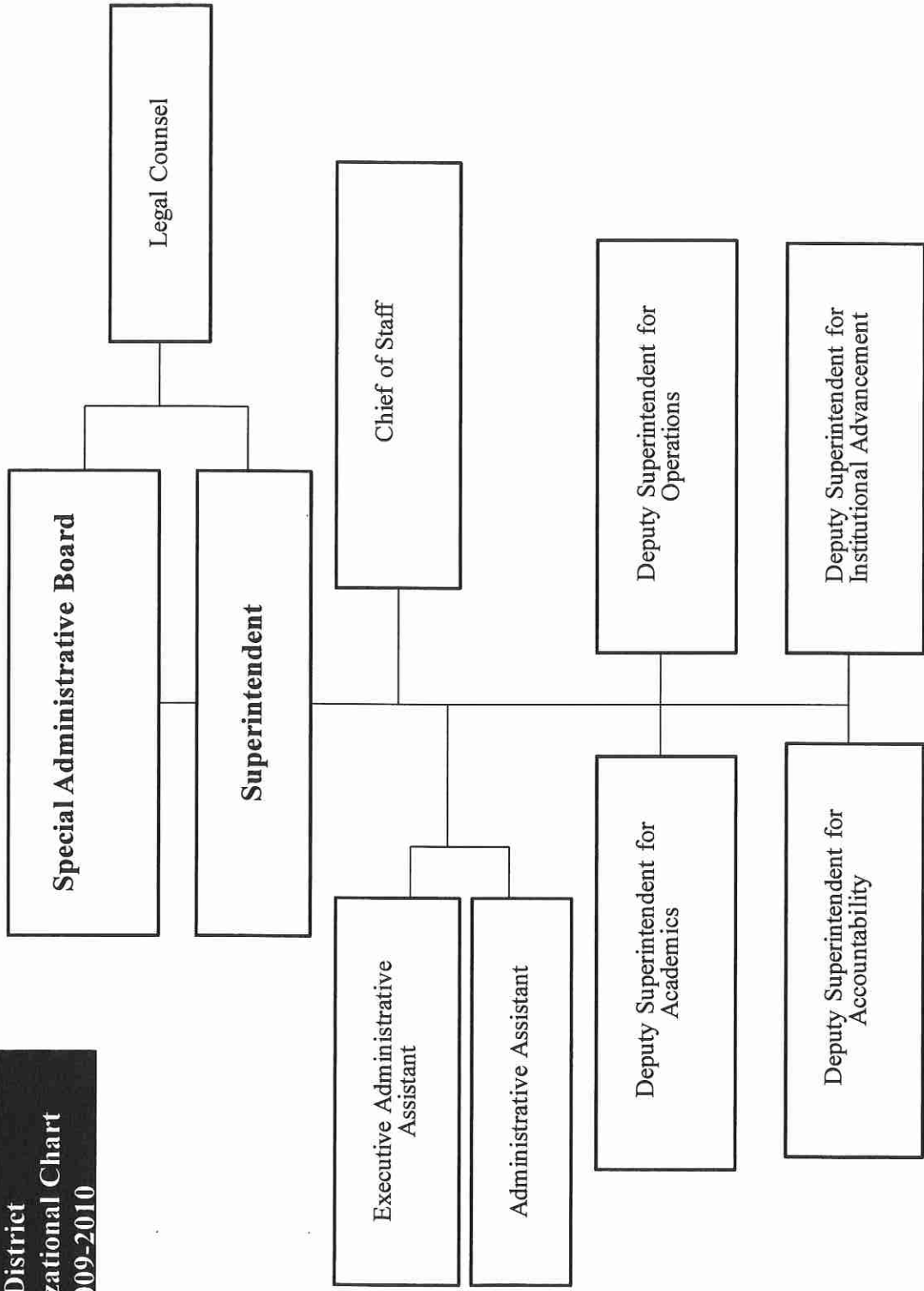
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Elected Board

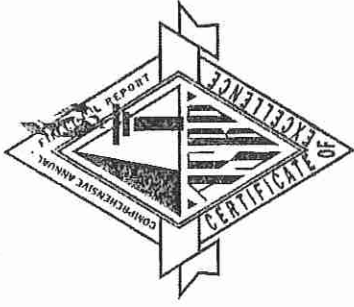
**Mr. Peter Downs, President**  
**Ms. Donna Jones, Vice President**  
**Ms. Katherine Wessling, Secretary**  
**Mr. Chad Beffa**  
**Ms. Emile Bradford-Taylor**  
**Mr. David L. Jackson, Jr.**  
**Ms. Rebecca Rogers**

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**District  
Organizational Chart  
2009-2010**



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting  
*is presented to*  
**Special Administrative Board of the  
Transitional School District of the City of St. Louis**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2009  
upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence

*Evin Green*

President

*John D. Messer*

Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Special Administrative Board of the  
Transitional School District of the  
City of St. Louis, Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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**Part II – Financial Section**

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## Independent Auditors' Report

To the Honorable Mayor, Members of the Board  
of Education and Members of the Special Administrative  
Board of the Transitional School District of the City of St. Louis

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Special Administrative Board of the Transitional School District of the City of St. Louis (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Special Administrative Board of the Transitional School District of the City of St. Louis as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 15 to the financial statements, the District incurred a significant operating loss in its general operating funds (General, Teachers, Building Capital and Student Health Funds) in 2010 and has increased its deficit in the government-wide unrestricted net assets and unreserved fund balances of the general operating funds that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

To the Honorable Mayor, Members of the Board  
of Education and Members of the Special Administrative  
Board of the Transitional School District of the City of St. Louis

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*RubinBrown LLP*

December 23, 2010



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
For The Fiscal Year Ended June 30, 2010**

**INTRODUCTION**

As management of the St. Louis Public Schools (the District), we are providing an overview of the District's financial position and results of operations for the fiscal year ended June 30, 2010. It should be read in conjunction with the District's financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

The Management's Discussion and Analysis (MD&A) is a required part of the reporting model compiled in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38. The MD&A provides you, the reader, with a brief discussion of the basic financial statements, a summary of the financial information in the statements, events concerning capital assets and long-term debt, and disclosures of known future events that may have a material impact on the future finances of the District. Comparative information between the current year and the prior year is required to be presented in the MD&A for the government-wide financial statements.

**FINANCIAL HIGHLIGHTS**

- The District has been designated by the Department of Elementary and Secondary Education (DESE) as financially stressed under the provisions of Section 161.520, RSMO for the eighth consecutive year. A school district has to have a combined unrestricted balance remaining in the incidental and teachers funds of less than 3% of the amount expended from those funds during the year to be designated as financially stressed. The District has depleted its unrestricted general operating fund balance.
- The District secured approval from the State of Missouri and certain plaintiffs from the original desegregation litigation case, to reduce the amount due on the settlement loan by \$10.6 million and to use these same funds to satisfy the District's share of the cost to build the Clyde C. Miller Career Academy. This leaves a balance due on this interest free loan of \$36.5 million. The original amount of \$47.1 million was approved by the plaintiffs to supplement the operating needs of the District. It was agreed that the original loan would be repaid over the next six years, in equal installment payments, beginning in fiscal year 2004-2005. However, an amended agreement was made between the District, the State of Missouri, and the plaintiffs to allow the District to 1) reschedule and delay the initial repayments of the Loan until June 30, 2008, 2) utilize the capital funds to pay for the District's portion of the Clyde C. Miller Career Academy, and 3) allow the District to borrow an additional \$10 million if required to fund the development and implementation of new curricula in the schools. (See Note 14 for additional comments.)
- Pooled cash reserves were sufficient enough to provide adequate funds for day-to-day operations. As a result, the District did not use Tax and Revenue Anticipation Notes (TRANS) for the 2009-10 fiscal year.

## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

- The deficit unreserved fund balance increased significantly during the 2009-10 fiscal year. This was due to the sharp drop in state revenues, significant increases in charter enrollments and the need to increase investments in the academic area. (See Note 15 for additional comments.) The unreserved fund deficit for the general operating funds began the year with an \$45.2 million deficit and ended the year with a \$65.6 million deficit. General Operating Funds consist of: General, Teachers, Building Capital and Student Health Funds.
- The assets for the District exceeded liabilities by \$300.9 million on the government-wide financial statements. Of this amount, there is a negative \$67.8 million in unrestricted net assets, compared to a negative \$44.0 million in 2009. This net change was primarily the result of an investment in academic indicatives, declining state revenue, and deficit spending. The District's total net assets, when compared to fiscal year 2009, decreased by \$39.1 million. Unrestricted net assets showed a decrease of \$23.8 million, when compared to fiscal year 2009.
- On the fund financial statements, the net change in fund balances was a negative \$21.6 million as compared to a negative \$25.3 million from fiscal year 2009.
- The total fund balance reported for the District's total governmental funds was \$97.1 million, a decrease of \$23.3 million from the prior year.
- The largest portion of the District's net assets reflects an investment of \$220.7 million or 73 percent in capital assets (i.e. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.
- As in prior years, the District continues to lose significant revenues as a result of declining enrollment and increasing charter school enrollments. The District's allocation from the Department of Elementary Secondary Education (DESE) was reduced by \$79.3 million to fund the charter schools.
- The voters of the City of St. Louis at the June 1993 election approved an indefinite waiver of a tax rollback. Assessed valuation of \$4.32 billion represents an increase from the preceding year. The increase was due mainly to increases in property valuations from new construction, improvements and abated properties being placed onto the tax roll. The tax levy, per \$100 assessed valuation of tangible taxable property, for each of the District's last two calendar years was as follows:

	<u>2009</u>	<u>2010</u>	<u>Change</u>
General fund	\$ 3.1817	\$ 3.2732	\$ .0915
Debt service fund	<u>.6211</u>	<u>.6211</u>	<u>.0000</u>
	<u>\$ 3.8028</u>	<u>\$ 3.8943</u>	<u>\$ .0915</u>

Our financial statements provide further insights into the results of this year's operations.

## **ST. LOUIS PUBLIC SCHOOLS**

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### Management's Discussion And Analysis (*Continued*)

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

##### Government-Wide Financial Statements

All of the District's activities, except the fiduciary activities, are reported in the government-wide financial statements, including instruction, building services, administration, instructional support, noninstructional support, transportation and food and community services. Property taxes, state aid, interest and investment earnings finance most of these activities. In addition, depreciation on all capital assets and interest expense on debt financing activities are reported here.

##### Fund Financial Statements

A fund is a grouping of related accounts that is considered a separate accounting entity with self-balancing accounts. It is used to maintain control over resources that have been segregated for specific objectives or activities. The District, similar to other state and local governments, uses fund accounting to ensure and demonstrate compliance with various finance related legal requirements. All of these funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

##### Governmental Funds

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Since the governmental fund financial statements are presented on a modified accrual basis, and the government-wide statements on an accrual basis of accounting, reconciliation information detailing the differences is provided.

The major funds required for presentation are the general fund, teachers' fund, debt service fund, and the capital project funds. Information on the nonmajor funds is combined under the caption Other Governmental Funds.

## **ST. LOUIS PUBLIC SCHOOLS**

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### Management's Discussion And Analysis (*Continued*)

#### Proprietary Funds

The District has one proprietary fund (Internal Service). Proprietary funds account for activities similar to the private sector. The proprietary fund financial statements provide information for the District's services established to accumulate and provide resources for the payment of health and welfare benefits primarily on behalf of and for the benefit of the District's employees, retirees and their dependents and to account for the costs of the District's self-insurance program. Provided are the Statement of Net Assets; Statement of Revenues, Expenses and Changes in Fund Net Assets; and a Statement of Cash Flows. These statements use the accrual basis of accounting, similar to the government-wide statement.

#### Fiduciary Funds

The District has one fund used to report activity in which the District acts in a fiduciary capacity for another party (agency fund). The resources from these funds are not available to support District operations. Therefore, fiduciary activities are not included in the government-wide statements.

#### Note to Financial Statements

The Notes to Financial Statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

#### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information (RSI) can be found following the Notes.

#### Supplementary Information

The combining and individual fund statements and schedules are presented immediately following the required supplementary information.

## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

#### GOVERNMENT-WIDE ANALYSIS

This is the ninth year for government-wide financial statements using the full accrual basis of accounting. A comparative analysis with the data from the prior year is being provided in this section.

##### Net Assets (In Millions)

	Governmental Activities		
	June 30,		
	2009	2010	Change
<b>Assets</b>			
Current and other assets	\$ 180.9	\$ 186.2	\$ 5.3
Capital assets, net	474.6	440.3	(34.3)
<b>Total Assets</b>	655.5	626.5	(29.0)
<b>Liabilities</b>			
Current liabilities	39.7	66.9	27.2
Long-term liabilities	275.8	258.7	(17.1)
<b>Total Liabilities</b>	315.5	325.6	10.1
<b>Net Assets</b>			
Invested in capital assets, net of related debt	241.5	220.7	(20.8)
Restricted for capital projects	109.1	116.5	7.4
Restricted for debt service	29.6	28.1	(1.5)
Restricted for endowments, nonexpendable	3.8	3.3	(0.5)
Unrestricted	(44.0)	(67.8)	(23.8)
<b>Total Net Assets</b>	\$ 340.0	\$ 300.9	\$ (39.1)

## ST. LOUIS PUBLIC SCHOOLS

### Management's Discussion And Analysis (Continued)

#### Changes in Net Assets from Operating Results (In Millions)

	For The Years Ended June 30,		
	2009	2010	Change
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 2.5	\$ 1.9	\$ (0.6)
Operating grants and contributions	97.1	106.8	9.7
Capital grants and contributions	10.9	10.2	(0.7)
<b>Total Program Revenues</b>	<b>110.5</b>	<b>118.9</b>	<b>8.4</b>
General Revenues:			
Taxes	229.2	225.3	(3.9)
Federal and state aid not restricted to specific purposes	71.8	61.3	(10.5)
Earnings on investments	1.3	0.8	(0.5)
Miscellaneous	4.7	6.1	1.4
<b>Total General Revenues</b>	<b>307.0</b>	<b>293.5</b>	<b>(13.5)</b>
<b>Total Revenues</b>	<b>417.5</b>	<b>412.4</b>	<b>(5.1)</b>
<b>Expenses</b>			
Instruction	229.7	224.1	(5.6)
Building services	48.2	61.9	13.7
School administration	48.0	41.7	(6.3)
Instructional support	38.3	34.5	(3.8)
Noninstructional support	19.0	26.3	7.3
Transportation	29.3	29.5	0.2
Food and community services	20.0	20.2	0.2
Interest expense	11.5	11.6	0.1
<b>Total Expenses</b>	<b>444.0</b>	<b>449.8</b>	<b>5.8</b>
<b>Change In Net Assets</b>	<b>(26.5)</b>	<b>(37.4)</b>	<b>(10.9)</b>
<b>Net Assets - Beginning Of Year, As Previously Stated</b>	<b>388.6</b>	<b>340.0</b>	<b>(48.6)</b>
<b>Prior Period Restatement</b>	<b>(22.1)</b>	<b>(1.7)</b>	<b>20.4</b>
<b>Net Assets - Beginning Of Year, As Restated</b>	<b>366.5</b>	<b>338.3</b>	<b>(28.2)</b>
<b>Net Assets - End Of Year</b>	<b>\$ 340.0</b>	<b>\$ 300.9</b>	<b>\$ (39.1)</b>

Total net assets for the District decreased \$39.1 million from the prior year due primarily to deficit spending. Current and other assets decreased by \$28.9 million. Capital assets decreased by \$34.4 million due to depreciation expense, as well as an impairment loss on buildings that were being sold. Current liabilities increased by \$27.2 million as a result of increases in accounts payable. Total long term liabilities decreased \$17.1 million, primarily due to refunding and principal payments on long-term debt.

## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

The District is able to report positive balances in two categories of net assets for the government as a whole: (1) *invested in capital assets, net of related debt*, and (2) *restricted net assets*. *Unrestricted net assets*, the third category of net assets, had a negative balance due to governmental activities. As discussed further in Note 15 of this report and in the transmittal letter, management has identified some specific plans to address the remaining deficit in unrestricted net assets.

Under general revenues, federal and state aid not restricted to specific purposes decreased by \$10.5 million due to declining enrollment, while local taxes decreased by \$3.9 million due to the depressed economy. Expenses increased by \$5.8 million from 2009 as a result of increased spending on building services and noninstructional support.

### FUND STATEMENTS

The following schedule represents a summary of the revenue and other financial sources for the governmental funds for the period ended June 30, 2010. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financial sources from fiscal year 2009.

Revenue Source (In Millions)	2009	2010	Increase	Percentage
	Amount	Amount	(Decrease) Over 2009	(Decrease) Over 2009
Local	\$ 239.2	\$ 235.5	\$ (3.7)	(1.5)
County	3.4	3.3	(0.1)	(2.9)
State	113.3	76.4	(36.9)	(32.6)
Federal	60.3	98.4	38.1	63.2
<b>Total</b>	<b>\$ 416.2</b>	<b>\$ 413.6</b>	<b>\$ (2.6)</b>	<b>(0.6)</b>

Local revenues decreased by \$3.7 million as a result of lower realization of property tax revenues. State revenues decreased by \$36.9 million or 32.6% due to declining enrollments and basic formula funding paid through federal stimulus funds. Federal revenues increased by \$38.1 million or 63.2% as a result of funding the American Recovery and Reinvestment Act of 2009.

## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

The following schedule represents a summary of the expenditures for the governmental funds by function for the period ended June 30, 2010. It also depicts the amount and percentage increases and decreases in relation to prior year amounts.

	Expenditures (In Millions)					
	2009 Amount	Percent Of Total	2010 Amount	Percent Of Total	Increase (Decrease) From 2009	Percentage Increase (Decrease) From 2009
Instruction	\$ 209.2	43.3	\$ 208.5	47.8	\$ (0.7)	(0.3)
Building service	42.2	8.8	45.5	11.0	5.7	7.8
School administration	47.4	9.8	40.2	9.2	(7.2)	(15.2)
Instructional support	42.5	8.8	36.5	8.3	(6.0)	(14.1)
Noninstructional support	21.2	4.4	19.2	4.4	(2.0)	(9.4)
Transportation	29.1	6.0	29.1	6.6	-	-
Food and community	20.0	4.2	20.1	4.6	0.1	0.5
Capital outlay	42.5	8.8	6.6	1.5	(35.9)	(84.5)
Debt service	23.7	4.9	24.5	5.6	0.8	3.4
Escrow agent	4.9	1.0	4.9	1.0	-	-
<b>Total</b>	<b>\$ 482.7</b>	<b>100.0</b>	<b>\$ 435.1</b>	<b>100.0</b>	<b>\$ (47.6)</b>	<b>(9.9)</b>

The District experienced an overall expenditure decrease of \$47.6 million from the prior year. This was primarily the result of decreased capital outlays for air conditioning projects at various schools. Individual fund information is as follows:

#### **General Fund**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund deficit of the General Fund was \$(65.6) million. This represents a \$19.2 million increase in the deficit when compared to the 2009 unreserved fund deficit of \$(46.4) million.

#### **Other Major Funds**

Changes in fund balances for other major governmental funds can be described as follows:

- The Debt Service Fund expenditures exceeded revenues by \$1.7 in 2010 while revenues exceeded expenditures by \$0.4 million in 2009.
- The Settlement Fund is a restricted capital project funds set up in connection with the Desegregation Settlement Agreement and increased restricted fund balances by \$7.3 million in 2010 as a result of state revenue received.



## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

- Other capital projects funds are used to account for proceeds of general obligation debt primarily for the purpose of providing air conditioning improvement in the schools. Approximately \$6.6 million in capital expenditures were incurred in 2010 which is a decrease in spending of \$33.9 million compared to 2009. The remaining fund balances to be spent are \$13.8 million.
- The Teachers' Fund is supplemented by the General Fund and therefore maintains a zero fund balance.

### CAPITAL ASSETS

At June 30, 2010, the District had \$440.4 million invested in a broad range of capital assets, including land, building and improvements, and equipment.

	Primary Government (In Thousands)			June 30, 2010 Balance
	June 30, 2009 Balance	Additions And Transfers In	Deletions And Transfers Out	
Land	\$ 26,100	\$ 72	\$ (1,553)	\$ 24,619
Construction in progress	39,677	1,611	(31,934)	9,354
Impaired Assets	24,463	9,443	(150)	33,756
Idle building and improvements	13,557	2,713	(4,016)	12,254
Building and improvements	670,413	40,877	(59,764)	651,526
Movable equipment	43,260	38	(2,596)	40,702
Total Capital Assets	817,470	54,754	(100,013)	772,211
Less: Accumulated depreciation	342,871	17,002	(28,022)	331,851
<b>Totals</b>	<b>\$ 474,599</b>	<b>\$ 37,752</b>	<b>\$ (71,991)</b>	<b>\$ 440,360</b>

Additional information on capital assets can be found in Note 4 to the Basic Financial Statements.

## ST. LOUIS PUBLIC SCHOOLS

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### Management's Discussion And Analysis (*Continued*)

#### LONG-TERM OBLIGATION

As of June 30, 2010, the District had \$258.7 million in long-term obligations compared to \$275.8 million last year. This represents a \$17.1 million decrease in long-term obligations was mainly attributable to bond principal payments.

	For The Years Ended June 30,		
	2009	2010	Change
<b>Changes In Long-Term Debt (In Thousands)</b>			
Compensated absences	\$ 3,319	\$ 2,925	\$ (394)
Other postemployment benefits	1,626	2,813	1,187
Termination benefits	2,357	9,372	7,015
Claims payable	5,253	5,508	255
Remediation liability	11,000	3,508	(7,492)
Arbitrage liability	702	620	(82)
General obligation school building and refunding bonds	256,810	238,180	(18,630)
Capital lease obligations	589	282	(307)
Less: Capital appreciation to maturity on bonds	12,302	10,681	(1,621)
Deferred amount on refunding	2,535	2,100	(435)
Plus: Unamortized premium on bonds	9,015	8,298	(717)
<b>Totals</b>	<b>\$ 275,834</b>	<b>\$ 258,725</b>	<b>\$ (17,109)</b>

Additional information on long-term debt can be found in Note 5 to the Basic Financial statements.

#### BUDGET REQUIREMENTS AND VARIANCES

The District's General Operating budget is comprised of several funds. The District's practice for amending the original budget is governed by District policy that states, "All requests for additional appropriations require Board approval..." District policy also states "any transfer of appropriations between funds shall require approval of the Board."

Overall, the final expenditure budget for the general operating fund reflects an \$8.0 million increase when compared to the original budget. This increase was primarily due to the lead abatement remediation project and higher transportation costs.

#### ECONOMIC OUTLOOK

Given the deficit spending of more than \$19.1 million for fiscal year 2010 and the projected drop in the subsequent year's revenue, the District was faced with a substantial budget gap (see note 15). To address this financial challenge various initiatives were implemented, which resulted in significant cost reductions. Some of these initiatives included closing schools, staff reductions and realignments, an early retirement incentive, spending freeze, and significant reductions in contractual fees.

The decline of the District's enrollment has slowed to a level that has produced relatively flat enrollment numbers.

## **ST. LOUIS PUBLIC SCHOOLS**

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### Management's Discussion And Analysis (*Continued*)

More detailed information pertaining to the District's economic outlook can be found in the letter of transmittal the Basic Financial Statements.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

St. Louis Public Schools  
Chief Financial Officer  
801 N. 11th St.  
St. Louis, MO 63101

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## Basic Financial Statements

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**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**STATEMENT OF NET ASSETS**

**June 30, 2010**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash and short-term investments	\$ 129,816,691
Investments	10,119,780
Receivables (net):	
Grants	23,161,817
Taxes	20,622,627
Other	1,033,102
Inventories	131,985
Deferred charges	1,317,469
Capital assets:	
Land	24,619,088
Construction in progress	9,353,943
Impaired assets	33,755,563
Depreciable buildings, movable and nonmovable equipment, net	372,631,004
<b>Total Assets</b>	<b>626,563,069</b>
<b>Liabilities</b>	
Accounts payable	45,777,243
Accrued interest	2,303,546
Retainage payable	1,026,431
Unearned revenue	5,888,683
Advances from external parties - employee escrow agency fund	11,933,660
Long-term liabilities:	
Long-term obligations due within one year	24,745,215
Long-term obligations due in more than one year	233,979,807
<b>Total Liabilities</b>	<b>325,654,585</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	220,741,507
Restricted:	
Capital projects	116,478,211
Debt service	28,138,082
Endowments, nonexpendable	3,329,875
Unrestricted	(67,779,191)
<b>Total Net Assets</b>	<b>\$ 300,908,484</b>



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

Page 1 Of 2  
June 30, 2010

	Capital Projects										Total Governmental Funds
	General	Teachers	Debt Service	Building	Vocational Education	Settlement	Air Conditioning 2006	Air Conditioning 2009	Other Governmental Funds		
<b>Assets</b>											
Cash And Investments:											
Cash and short-term investments	\$ —	\$ —	\$ 20,510,913	\$ 184,596	\$ 1,487,968	\$ 78,484,186	\$ 702,806	\$ 13,842,411	\$ 9,156,830	\$ 124,369,710	
Other investments	—	—	—	—	—	—	—	—	3,314,460	3,314,460	
Investments held for bonded indebtedness by trustee	—	—	6,805,320	—	—	—	—	—	—	6,805,320	
<b>Total Cash And Investments</b>	<b>—</b>	<b>—</b>	<b>27,316,233</b>	<b>184,596</b>	<b>1,487,968</b>	<b>78,484,186</b>	<b>702,806</b>	<b>13,842,411</b>	<b>12,471,290</b>	<b>134,489,490</b>	
Receivables:											
Grants	—	42,378	—	—	—	—	—	—	23,119,439	23,161,817	
Taxes	26,910,623	—	3,977,994	—	—	—	—	—	—	30,888,617	
Other	786,729	2,200	3,634	—	—	—	—	—	240,539	1,033,102	
<b>Total Receivables</b>	<b>27,697,352</b>	<b>44,578</b>	<b>3,981,628</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>23,359,978</b>	<b>55,083,536</b>	
Due from other funds	16,032,289	12,926,735	—	1,642,785	—	—	—	—	195,033	30,796,842	
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	36,506,057	
Inventories	131,985	—	—	—	—	—	—	—	—	131,985	
<b>Total Assets</b>	<b>\$ 43,861,626</b>	<b>\$ 12,971,313</b>	<b>\$ 31,297,861</b>	<b>\$ 1,827,381</b>	<b>\$ 1,487,968</b>	<b>\$ 114,990,243</b>	<b>\$ 702,806</b>	<b>\$ 13,842,411</b>	<b>\$ 36,026,301</b>	<b>\$ 257,007,910</b>	

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

Page 2 Of 2  
June 30, 2010

	General	Teachers	Debt Service	Capital Projects					Air Conditioning 2006	Air Conditioning 2009	Other Governmental Funds	Total Governmental Funds
				Building	Vocational Education	Settlement						
<b>Liabilities And Fund Balances</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 19,590,076	\$ 10,892,907	\$ —	\$ 1,070,140	\$ —	\$ —	\$ —	\$ 178,508	\$ 11,779,284	\$ 43,510,915		
Retainage payable	—	—	—	527,982	—	—	—	498,449	—	1,026,431		
Due to other funds	34,785,786	2,078,406	—	44,663	—	—	—	—	13,914,463	50,823,318		
Advances from settlement fund	36,506,057	—	—	—	—	—	—	—	—	36,506,057		
Unearned revenue	—	—	—	—	—	—	—	—	5,888,683	5,888,683		
Deferred tax revenues	18,544,732	—	3,568,496	—	—	—	—	—	—	22,113,228		
<b>Total Liabilities</b>	<b>109,426,651</b>	<b>12,971,313</b>	<b>3,568,496</b>	<b>1,642,785</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>676,957</b>	<b>31,582,430</b>	<b>159,868,632</b>		
<b>Fund Balances:</b>												
Reserved:												
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	36,506,057		
Bonded indebtedness	—	—	27,729,365	—	—	—	—	—	—	27,729,365		
Endowments	—	—	—	—	—	—	—	—	3,329,875	3,329,875		
Inventories	131,985	—	—	—	—	—	—	—	—	131,985		
Unreserved - Undesignated, reported in:												
General fund	(65,697,010)	—	—	—	—	—	—	—	—	(65,697,010)		
Special revenue funds	—	—	—	—	—	—	—	—	1,113,996	1,113,996		
Capital projects funds	—	—	—	184,596	1,487,968	78,484,186	702,806	13,165,454	—	94,025,010		
<b>Total Fund Balances</b>	<b>(65,565,025)</b>	<b>—</b>	<b>27,729,365</b>	<b>184,596</b>	<b>1,487,968</b>	<b>114,990,243</b>	<b>702,806</b>	<b>13,165,454</b>	<b>4,443,871</b>	<b>97,139,278</b>		
<b>Total Liabilities And Fund Balances</b>	<b>\$ 43,861,626</b>	<b>\$ 12,971,313</b>	<b>\$ 31,297,861</b>	<b>\$ 1,827,381</b>	<b>\$ 1,487,968</b>	<b>\$ 114,990,243</b>	<b>\$ 702,806</b>	<b>\$ 13,842,411</b>	<b>\$ 36,026,301</b>	<b>\$ 257,007,910</b>		



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2010**

**Total fund balance - governmental funds** \$ 97,139,278

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$796,914,690 and the accumulated depreciation is \$356,555,092. 440,359,598

Property taxes assessed by the District, but not collected within 60 days of year end, are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 22,113,228

Allowance for doubtful accounts are recorded against receivables in the government-wide statements. (10,265,990)

Internal service funds are used by management to charge the costs of certain insurance and other employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 5,765,237

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Discounts, premiums and bond issuance costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of June 30, 2010 are:

Accrued interest on outstanding debts	(2,303,546)
Bonds and notes payable	(227,780,708)
Unamortized deferred loss on refunding	2,100,748
Unamortized bond issue costs	1,317,469
Unamortized bond premium	(8,298,337)
Accrued compensated absences	(2,925,230)
Early retirement benefits	(9,372,000)
Other post-employment benefits	(2,813,176)
Remediation liability	(3,508,000)
Arbitrage payable	(620,087)

**Total net assets - governmental activities** \$ 300,908,484

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2010**

	General		Teachers		Debt Service		Capital Projects			Other Governmental Funds	Total Governmental Funds		
							Building	Vocational Education	Settlement			Air Conditioning	
												2006	2009
<b>Revenues</b>													
Local:													
Current taxes	\$ 171,306,517	\$ 19,335,746	\$ 24,603,821	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 215,246,084		
Delinquent taxes	9,335,462	—	1,771,433	—	—	—	—	—	—	—	11,106,895		
Investment income (loss)	462,066	—	599,601	373	4,069	—	976	40,614	(484,460)	—	623,239		
Other	5,838,334	—	531	130,007	8,119	—	—	—	—	2,532,621	8,509,612		
County	2,588,615	343,967	369,041	—	—	—	—	—	—	—	3,301,623		
State:													
Basic formula	—	44,468,613	—	—	—	—	—	—	—	—	44,468,613		
Categorical aid	15,877,421	123,375	—	—	—	—	—	—	5,065,705	—	21,066,501		
Other	527,041	300	—	—	—	9,000,000	—	—	1,290,013	—	10,817,354		
Federal	1,741,398	18,045,583	—	—	—	—	—	—	78,679,989	—	98,466,970		
<b>Total Revenues</b>	<b>207,676,854</b>	<b>82,317,584</b>	<b>27,344,427</b>	<b>130,380</b>	<b>12,188</b>	<b>9,000,000</b>	<b>976</b>	<b>40,614</b>	<b>87,083,868</b>	<b>—</b>	<b>413,606,891</b>		
<b>Expenditures</b>													
Current:													
Instruction	42,296,956	119,392,925	—	—	—	—	—	—	46,857,592	—	208,547,473		
Building service	37,501,863	—	—	7,045,290	—	36,122	—	886,300	—	—	45,469,575		
School administration	22,124,784	14,902,571	—	—	—	—	—	—	3,245,629	—	40,272,984		
Instructional support	10,869,606	10,612,925	—	—	—	—	—	—	14,969,675	—	36,452,206		
Noninstructional support	17,908,986	304,156	—	—	—	—	—	—	1,035,839	—	19,248,981		
Transportation	29,119,856	—	—	—	—	—	—	—	—	—	29,119,856		
Food and community services	1,364,959	29,539	—	—	—	—	—	—	18,767,951	—	20,162,449		
Capital outlay	2,455,702	—	—	79,406	—	—	—	3,792,490	248,933	—	6,576,531		
Debt service:													
Principal retirement	—	—	14,235,000	306,805	—	—	—	—	—	—	14,541,805		
Interest charges	—	—	9,897,229	14,798	—	—	—	—	—	—	9,912,027		
Payments to escrow agent	—	—	4,878,622	—	—	—	—	—	—	—	4,878,622		
<b>Total Expenditures</b>	<b>163,642,712</b>	<b>145,242,116</b>	<b>29,010,851</b>	<b>7,446,299</b>	<b>—</b>	<b>36,122</b>	<b>—</b>	<b>4,678,790</b>	<b>85,125,619</b>	<b>—</b>	<b>435,182,509</b>		
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>44,034,142</b>	<b>(62,924,532)</b>	<b>(1,666,424)</b>	<b>(7,315,919)</b>	<b>12,188</b>	<b>8,963,878</b>	<b>976</b>	<b>(4,638,176)</b>	<b>1,958,249</b>	<b>—</b>	<b>(21,575,618)</b>		
<b>Other Financing Sources (Uses)</b>													
Transfers in	7,273,373	62,924,532	—	7,316,196	—	203,976	—	—	1,391,912	—	79,109,989		
Transfers out	(70,444,704)	—	—	—	—	(1,864,020)	—	—	(6,801,265)	—	(79,109,989)		
<b>Total Other Financing Sources (Uses)</b>	<b>(63,171,331)</b>	<b>62,924,532</b>	<b>—</b>	<b>7,316,196</b>	<b>—</b>	<b>(1,660,044)</b>	<b>—</b>	<b>—</b>	<b>(5,409,353)</b>	<b>—</b>	<b>—</b>		
<b>Net Change In Fund Balances</b>	<b>(19,137,189)</b>	<b>—</b>	<b>(1,666,424)</b>	<b>277</b>	<b>12,188</b>	<b>7,303,834</b>	<b>976</b>	<b>(4,638,176)</b>	<b>(3,451,104)</b>	<b>—</b>	<b>(21,575,618)</b>		
<b>Fund Balances - Beginning Of Year - As Previously Stated</b>	<b>(44,750,248)</b>	<b>—</b>	<b>29,395,789</b>	<b>184,319</b>	<b>1,475,780</b>	<b>107,686,409</b>	<b>701,830</b>	<b>17,803,630</b>	<b>7,894,975</b>	<b>—</b>	<b>120,392,484</b>		
<b>Prior Period Adjustment</b>	<b>(1,677,588)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,677,588)</b>		
<b>Fund Balances - Beginning Of Year - As Restated</b>	<b>(46,427,836)</b>	<b>—</b>	<b>29,395,789</b>	<b>184,319</b>	<b>1,475,780</b>	<b>107,686,409</b>	<b>701,830</b>	<b>17,803,630</b>	<b>7,894,975</b>	<b>—</b>	<b>118,714,896</b>		
<b>Fund Balances - End Of Year</b>	<b>\$ (65,565,025)</b>	<b>\$ —</b>	<b>\$ 27,729,365</b>	<b>\$ 184,596</b>	<b>\$ 1,487,968</b>	<b>\$ 114,990,243</b>	<b>\$ 702,806</b>	<b>\$ 13,165,454</b>	<b>\$ 4,443,871</b>	<b>\$ —</b>	<b>\$ 97,139,278</b>		

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2010**

**Net change in fund balances - total governmental funds** \$ (21,575,618)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 6,576,531	
Depreciation expense	<u>(17,002,375)</u>	
		(10,425,844)

In the statement of activities, the gain or loss on the sale or disposal of capital assets and any impairment loss is recognized. The fund financial statements recognize only the proceeds from these sales. (23,813,140)

Fixed assets acquired by capital leases are shown as an expenditure and other financing source in the governmental funds. Principal payments are applied to the lease liability.

Principal payments of capital leases		306,805
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These amounts presented represent the change in these accrued liabilities for the current year.

Accrued compensated absences		394,172
Early retirement benefits		(7,014,799)
Other post-employment benefits		(1,187,105)
Remediation liability		7,492,000
Arbitrage payable		81,743

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs, discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	14,235,000	
Interest accrued - general obligation bonds	180,914	
Amortization of premium, issuance costs, deferred amount on refunding and capital appreciation bonds	(1,450,284)	
Payment to Refunding Escrow Agent	<u>4,395,000</u>	
		17,360,630

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. (1,120,842)

Internal service funds are used by the District to charge the costs of insurance to individual funds. The net income of the internal service funds is reported with governmental activities. 2,044,907

**Change in net assets of governmental activities** \$ (37,457,091)

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**STATEMENT OF NET ASSETS - PROPRIETARY FUND  
June 30, 2010**

	<u>Governmental Activity</u>
	<u>Internal Service</u>
<b>Assets</b>	
Current Assets:	
Cash	\$ 5,446,981
Due from other funds	8,092,816
<b>Total Assets</b>	<u>13,539,797</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	2,266,328
Claims payable	1,804,330
Noncurrent Liabilities:	
Claims payable	3,703,902
<b>Total Liabilities</b>	<u>7,774,560</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 5,765,237</u>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
For The Year Ended June 30, 2010**

	<b>Governmental Activity</b>
	<b>Internal Service</b>
<b>Operating Revenues</b>	
Interfund services provided or used	\$ 45,108,733
<b>Operating Expenses</b>	
Claims	4,088,321
Insurance premiums	38,983,002
<b>Total Operating Expenses</b>	<b>43,071,323</b>
<b>Operating Income</b>	2,037,410
<b>Nonoperating Revenue</b>	
Interest	7,497
<b>Change In Net Assets</b>	<b>2,044,907</b>
<b>Net Assets - Beginning Of Year</b>	<b>3,720,330</b>
<b>Net Assets - End Of Year</b>	<b>\$ 5,765,237</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
For The Year Ended June 30, 2010**

	<b>Governmental Activity</b>
	<b>Internal Service</b>
<b>Cash Flows From Operating Activities</b>	
Cash receipts from interfund services provided or used	\$ 45,127,340
Cash payments to suppliers for goods and services	(40,906,936)
<b>Net Cash Provided By Operating Activities</b>	4,220,404
<b>Cash Flows Provided By Investing Activities</b>	
Cash from interest received	7,497
<b>Cash Flows Used In Noncapital Financing Activities</b>	
Due from other funds	(53,535)
<b>Net Increase In Cash</b>	4,174,366
<b>Cash - Beginning Of Year</b>	1,272,615
<b>Cash - End Of Year</b>	\$ 5,446,981
<b>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities</b>	
Operating Income	\$ 2,037,410
Change in assets and liabilities:	
Decrease in accounts receivable	18,607
Increase in accounts payable	1,908,824
Increase in claims payable	255,563
<b>Net Cash Provided By Operating Activities</b>	\$ 4,220,404

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2010**

**Assets**

Cash and short-term investments	\$ 5,091,123
Due from governmental funds	<u>11,933,660</u>
<b>Total Assets</b>	<b><u><u>\$ 17,024,783</u></u></b>

**Liabilities**

Accounts payable	\$ 890
Deposits and escrow funds	16,844,711
Unexpended grant balances	<u>179,182</u>
<b>Total Liabilities</b>	<b><u><u>\$ 17,024,783</u></u></b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2010**

**1. Summary Of Significant Accounting Policies**

The Special Administrative Board of the Transitional School District of the City of St. Louis (the District) is a metropolitan school district created by Missouri state statute as a separate governmental entity for the express purpose of supervising and governing the public schools' property within the boundaries of the City of St. Louis, Missouri.

As discussed in Notes 14 and 15 to the basic financial statements, one of the provisions of Senate Bill 781 was the possible appointment of a three (3) member board if the school district failed to receive accreditation from the state. This Special Administrative Board (SAB) would take over the authority granted to the elected Board of Education for the operation of all or part of the duties. Effective June 15, 2007, the SAB became the governing body of the District.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant accounting policies:

**Reporting Entity:** The District defines its financial reporting entity in accordance with the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*. The requirements for inclusion of component units are based primarily upon whether the District's governing body is considered financially accountable for the potential component units. The District is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is the potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the District.

The financial statements do not include the operations of the Public School Retirement System of the City of St. Louis (the System). The System is a separate governmental entity established by Missouri state statutes, with a separately elected governing board. Although the District makes a significant contribution to the System each year, it does not have the ability to influence the amount of payment required, nor can it refuse to make the payment when due.

The District receives significant financial assistance from the State of Missouri (the State) under various State programs established to support public education at school districts throughout the State. Resources appropriated for this purpose are administered by the Missouri Department of Elementary and Secondary Education (the Department). The District is subject to various reporting and compliance requirements in order to obtain and retain continued funding from the Department.



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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Notes To Basic Financial Statements (*Continued*)

**Basis Of Presentation:** The District's basic financial statements consist of government-wide statements, which include a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements:** The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements to minimize the duplication of internal activities with the exception of interfund services provided and used.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:** Following the government-wide financial statements are separate financial statements for governmental funds, a proprietary fund (internal service), and fiduciary funds. The activity of the fiduciary funds is excluded from the government-wide financial statements while the activity of the internal service fund is included. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds."

**Fund Accounting:** The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses. The various funds are summarized by type in the basic financial statements. A description of the activities of the various major governmental funds is provided below.

**Governmental Funds:** Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the District's major funds:

- General - To account for all financial resources except those required to be accounted for in another fund.
- Teachers - This is a special revenue fund used to account for financial resources and expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State of Missouri and taxes allocated to the fund based on the District's tax levy to be used for the payment of teachers' salaries, related benefits and tuition for students.

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Notes To Basic Financial Statements (*Continued*)

- Debt Service - Used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- Building - This is a capital projects fund used to account for financial resources and expenditures related to the acquisition or improvement of land, buildings and equipment.
- Vocational Education - This is a capital projects fund used to account for financial resources and expenditures related to the Capital Settlement Vocational Education Plan, court approved on March 12, 1999.
- Settlement - This is a capital projects fund used to account for financial resources and expenditures related to the Court approved Settlement Plan Agreement with the State of Missouri for construction and site acquisition costs to accommodate any reasonably anticipated net enrollment increase caused by the elimination of the Desegregation Plan. Beginning July 1, 1999 and each July 1 thereafter ending July 1, 2009, the State shall pay specified sums to the District as a result of the settlement.
- 2006 Air Conditioning - This is a capital projects fund used to account for financial resources and expenditures related to various bond issues resulting from the April 8, 2003 election to make renovations and additions of air conditioning units to the various existing public school buildings located within the District.
- 2009 Air Conditioning - This is a capital projects fund used to account for financial resources and expenditures related to various bond issues resulting from the April 8, 2003 election to make renovations and additions of air conditioning units to the various existing public school buildings located within the District.

The other governmental funds of the District are considered nonmajor. They are special revenue and permanent funds which account for grants and other resources whose use is restricted to a particular purpose.

Additionally, the District reports the following fund types:

Proprietary Fund Types:

Proprietary funds are used to account for ongoing organizations and activities which are similar to those often found in the private sector. An Internal Service Fund is used to account for costs of the District's limited self-insurance program using a flow of economic resources measurement focus and an accrual basis of accounting and to account for the activities of the St. Louis Public Schools Health Benefits Trust, which accumulates resources for the payment of health and welfare benefits primarily on behalf of and for the benefit of the District's employees, retirees and their dependents.

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Fiduciary Fund Type:

Agency Fund - This fund is used to account for transactions related to amounts received in an agency capacity on behalf of individuals, private organizations, and other governmental units. The District has no equity interest in this fund. This fund applies the accrual basis of accounting. The District's agency fund is used to account for monies placed in escrow that represent the District's retirement contribution to the Public School Retirement System of the City of St. Louis.

**Measurement Focus, Basis Of Accounting And Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide financial statements, the proprietary fund is accounted for using the flow of economic resources measurement focus. Agency funds have no measurement focus. The proprietary fund uses the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The proprietary fund type operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Revenues and expenses for the proprietary fund are divided into operating and non-operating items. Operating revenues generally result from providing services in connection with the operations of the District's internal service fund. The principal operating revenue of the internal service fund is the interfund services provided associated with providing unemployment, workers' compensation, health and welfare insurance on behalf of employees and retirees to other departments and funds. Operating expenses include the costs associated with unemployment and workers' compensation claims, health and welfare benefits and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the District, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, state monies, tuition, fees, interest, grants and rentals.

**Deferred And Unearned Revenues:** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Certain grants received before eligibility requirements are met are reported as unearned revenue.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

**Expenses/Expenditures:** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, principal and interest on general long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash And Investments:** The District employs a cash management program whereby available cash resources of all funds, except certain capital projects, the debt service fund and the permanent fund, are combined to form pools of cash and investments that are managed by the Treasurer of the District. Such investments consist primarily of cash equivalents, such as money market funds, repurchase agreements and short-term U.S. government securities. Interest income earned on pooled funds is distributed to the appropriate funds based on the average daily balance of the cash and investments of each fund.

Investments of the permanent fund consist of marketable equity securities which are carried at fair value. Short-term investments of the general, special revenue, capital projects and debt service funds consist of short-term U.S. Government Treasury and Agency obligations and certificates of deposit which are carried at cost or amortized cost.

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets.

**Restricted Investments Held For Bonded Indebtedness:** Certain proceeds of the District bond issuances, as well as certain resources set aside for their repayment, are classified in restricted assets in accordance with the bond indentures (Note 5).

**Inventories:** Inventories, consisting primarily of bus passes, are valued at cost. Reported inventories are equally offset with a corresponding reservation of fund balance to indicate that these amounts are not available for appropriation and expenditure in future periods in the governmental funds.

**Capital Assets:** Capital assets, which include land, buildings, building improvements and equipment, are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized and the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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All reported capital assets except land, impaired assets, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	20 - 40
Furniture and equipment	5 - 15

**Compensated Absences:** Vacation benefits are available to all salaried employees paid on a 12-month basis. Vacation benefits are recorded as earned. Vacation may be carried over from year to year up to a maximum accumulation of 36 accrued vacation days. Unused vacation days in excess of the 36 carryover days will be lost. Therefore, a liability for accrued vacation is recorded for full accrual purposes in the government-wide financial statements. However, for governmental fund financial statement purposes a liability for these amounts is reported only if the amount is due at fiscal year end and payable with current resources. Vacation benefits include salary related payments.

Effective January 1, 2004, as amended in October 2005, the District changed its sick leave policy and implemented a paid-time-off (PTO) policy. Unused PTO may be carried over from year to year up to a maximum accumulation of 36 days. Unused PTO days in excess of the 36 carryover days will be lost. Accumulated, unused PTO up to 36 days will only be paid out upon retirement at 75% of the employee's regular pay rate. At June 30, 2010, no accrual for PTO is required.

The PTO policy was further amended on July 1, 2009. Employees may take up to nine days of PTO during each fiscal year. Unused PTO may not be carried forward. Employees who have unused PTO at the end of the year will be paid one hour of base salary for each two full hours of unused PTO. Payment will be disbursed on the first pay day in December following the end of each fiscal year. Employees with accrued sick leave accumulated under prior District policies are permitted to maintain or use the time.

**Long-Term Liabilities:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs and deferred amounts on refunding bonds, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of capital appreciation to maturity, applicable bond premiums and discounts, and deferred amounts related to refunding bonds. Bond issuance costs are reported as deferred charges.

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Notes To Basic Financial Statements (*Continued*)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payments of bond proceeds made to an escrow agent for refunding bonds are reported as other financing uses.

The general, teachers', federal, capital projects and internal service funds are typically used to liquidate long-term liabilities other than debt.

**Fund Balances And Net Assets:** In the fund financial statements, fund balances are segregated into the following classifications:

*Reserved for advances to general fund* - Represents amounts advanced to the general fund, which are unavailable for appropriation.

*Reserved for bonded indebtedness* - Represents amount of investments required to be set aside under bond indentures.

*Reserved for endowments* - Represents nonexpendable trust investments which are unavailable for appropriation.

*Reserved for inventories* - Represents costs of inventories which are unavailable for appropriation.

*Undesignated* - Represents the amount of fund balance which is available for future appropriation.

In the government-wide financial statements net assets are classified as follows:

*Invested in capital assets, net of related debt* - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for specific purposes* - the component of net assets that reports the difference between assets and liabilities of the certain programs that consists of assets with constraints placed on their use by either external parties and/or enabling legislation.

*Unrestricted* - the difference between the assets and liabilities that are not reported in net assets invested in capital assets, net of related debt, or net assets restricted for specific purposes.

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**Interfund Balances And Activity:** Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as other financing sources (uses).

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

The District charges indirect costs to certain Federal grant programs as permitted under the terms of the grant agreements. The costs of the District’s self-insurance and benefit programs are also charged to various governmental funds by application of a premium rate to gross salary expenditures. These interfund transactions are recorded as interfund services provided or used and are not eliminated because they would be treated as revenues and expenditures or expenses if they involved organizations external to the District. Accordingly, charges for indirect costs and the cost of the District’s self-insurance programs are recorded as revenue in the general fund and internal service fund, respectively, and expenditures in the funds charged.

**Statement Of Cash Flows:** The proprietary fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

**Management’s Use Of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. These also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



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Notes To Basic Financial Statements (*Continued*)

**2. Deposits And Investments**

A summary of cash and investments as of June 30, 2010 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Primary Government:			
Cash overdraft	\$ (1,829,295)	\$ (1,829,295)	\$ (1,829,295)
Money market funds	53,590,653	53,590,653	53,590,653
Repurchase agreements	44,358,948	44,358,948	44,358,948
Federal Home Loan Bank Discount Notes	22,094,700	22,117,685	22,094,700
Equity securities (endowment)	1,770,937	3,314,460	3,314,460
Guaranteed investment contracts	6,316,896	6,316,896	6,316,896
Certificates of deposit	17,181,232	17,181,232	17,181,232
	<u>\$ 143,484,071</u>	<u>\$ 145,050,579</u>	<u>\$ 145,027,594</u>

**Investment Policy**

**General**

The District does not have a formal investment policy. The District's investment activity is conducted in accordance with Missouri State Statutes and investment guidelines outlined therein. These guidelines apply to the District's investments that are not held by a trustee in connection with bond indentures or endowments. These guidelines permit the District to invest in obligations of the State of Missouri, obligations of the United States of America, obligations issued or guaranteed by certain agencies of the Federal government, certain collateralized repurchase agreements and certificates of deposit, bankers' acceptances, and commercial paper.

**Investment Type And Maturities**

As of June 30, 2010, the District held the following debt securities with maturities of less than a year: Federal Home Loan Bank Discount Notes, money market funds and repurchase agreements. The District also owns one Federal Home Loan Bank Discount Note that matures in 1.4 years. The carrying value of this security is \$5,000,000. The District's investments in guaranteed investment contracts (related to bond indentures) have weighted average maturities of 10.18 years.

State Statutes limit maturities for investments in bankers' acceptances and commercial paper to not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. Weighted average maturity limitations should not exceed three years, with the exception of those related to bond indentures, and should be consistent with investment objectives.

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Because of the inherent difficulties in accurately forecasting cash flow requirements, the District allocates a significant portion of the portfolio in readily available funds such as bank deposits, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

**Credit Risk**

The following table provides information on the credit ratings associated with the District's investments in debt securities, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, at June 30, 2010.

	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fair Value</u>
Federal Home Loan Bank Discount Notes (short term)	AAA/A-1+	Aaa/P-1	\$17,115,671
Federal Home Loan Bank Discount Notes (long term)	AAA	Aaa	5,002,014
Guaranteed investment contracts	AAA	AAA	6,316,896
Repurchase agreements	Unrated	Unrated	44,358,948
Missouri Securities Investment Program - Money Market Series	AAAm	Unrated	53,102,289
Wells Fargo Government Money Market fund	Unrated	Unrated	488,364

**Concentration Of Credit Risk**

State Statutes place no limit on the amount the District may invest in any one issuer with respect to U.S. Treasury Securities and collateralized time and demand deposits. Obligations with agencies of the U.S. Government and government-sponsored enterprises are limited to 60% of the portfolio. Those securities that are collateralized repurchased agreements, commercial paper, and bankers' acceptances are limited to 50% of the total portfolio. U.S. Government agency callable securities are limited to 30% of the total portfolio.

	<u>Percent Of Total Investments</u>
Repurchase agreements	34.21%
Federal Home Loan Bank Discount Notes	17.04%

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with State Statutes, the District addresses custodial risk by pre-qualifying institutions with which the District places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

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For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution.

**3. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The Collector of Revenue for the City of St. Louis collects the property tax and remits it to the District. As of June 30, 2010, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2009 or earlier. Delinquent property tax receivables less an allowance for uncollectable taxes are recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the modified-accrual revenue recognition criteria is reported as revenue in the fund financial statements.

Assessed values are established by the Board of Equalization of the City of St. Louis at 19% and 32% of the estimated market value of residential and commercial/industrial property, respectively.

The assessed valuation of the tangible taxable property for purposes of local taxation was \$4,321,388,787.

The tax levy per \$100 of assessed valuation of tangible taxable property for purposes of local taxation for each of the last two calendar years was as follows:

	<u>2010</u>	<u>2009</u>
General fund	\$ 3.2732	\$ 3.1817
Debt service	0.6211	0.6211
	<u>\$ 3.8943</u>	<u>\$ 3.8028</u>

The receipts of local current property taxes during the fiscal year ended June 30, 2010 aggregated 95.39% of the current assessed valuation, computed on the basis of the levy as shown above.

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Notes To Basic Financial Statements (*Continued*)

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2010 is as follows:

	<b>Balance - June 30, 2009</b>	<b>Additions And Transfers In</b>	<b>Deletions And Transfers Out</b>	<b>Balance - June 30, 2010</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,099,788	\$ 71,925	\$ (1,552,625)	\$ 24,619,088
Construction in progress	39,677,441	1,610,583	(31,934,081)	9,353,943
Impaired assets	24,463,376	9,442,131	(149,944)	33,755,563
<b>Total capital assets not being depreciated</b>	<b>90,240,605</b>	<b>11,124,639</b>	<b>(33,636,650)</b>	<b>67,728,594</b>
Capital assets being depreciated:				
Idle buildings and improvements	13,557,091	2,713,037	(4,015,844)	12,254,284
Buildings and improvements	670,412,874	40,877,259	(59,763,591)	651,526,542
Movable equipment	43,259,375	38,617	(2,596,066)	40,701,926
<b>Total capital assets being depreciated</b>	<b>727,229,340</b>	<b>43,628,913</b>	<b>(66,375,501)</b>	<b>704,482,752</b>
Less accumulated depreciation for:				
Idle buildings and improvements	8,339,796	1,744,829	(348,506)	9,736,119
Buildings and improvements	294,927,196	14,848,361	(25,131,971)	284,643,586
Movable equipment	39,604,371	409,185	(2,541,513)	37,472,043
<b>Total accumulated depreciation</b>	<b>342,871,363</b>	<b>17,002,375</b>	<b>(28,021,990)</b>	<b>331,851,748</b>
<b>Total capital assets being depreciated, net</b>	<b>384,357,977</b>	<b>26,626,538</b>	<b>(38,353,511)</b>	<b>372,631,004</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 474,598,582</b>	<b>\$ 37,751,177</b>	<b>\$ (71,990,161)</b>	<b>\$ 440,359,598</b>

During 2010, eighteen school buildings were deemed to be impaired and written down to their fair value. Fourteen of the school buildings are currently closed and four school buildings are currently being held for sale under a Listing Agreement. For the fourteen idle buildings, fair value was determined by calculating the standard market rate per building condition multiplied by the square footage of the idle building, which was less than the carrying value by \$17,674,745. For the four available-for-sale buildings, fair value was determined by reference to the offering prices per the Listing Agreement, which was less than the carrying value by \$5,000,618. In total, impairment losses for buildings amounted to \$22,675,363 for 2010. Additionally, land at nine of the idle locations was deemed to be impaired and written down to its fair value. Fair value was determined by calculating the standard market rate per land location multiplied by the square footage of the location's acreage, which was less than the carrying value by \$926,866. Total impairment losses amounting to \$23,602,229 (included in Building Services in the Statement of Activities) has been charged to operations in 2010.

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Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 14,411,994
Building services	223,018
School administration	1,838,011
Instructional support	77,649
Noninstructional support	29,002
Transportation	376,569
Food and community services	46,132
	<u>46,132</u>
Total governmental activities depreciation expense	<u>\$ 17,002,375</u>

**5. Long-Term Obligations**

Long-term obligations of the District consist of general obligation school building and refunding bonds, notes payable, capital lease obligations, claims payable, remediation, arbitrage and personnel related liabilities.

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	Balance - June 30, 2009	Additions	Reductions	Balance - June 30, 2010	Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 3,319,402	\$ 1,384,199	\$ 1,778,371	\$ 2,925,230	\$ 995,248
Other postemployment benefits	1,626,071	3,854,731	2,667,626	2,813,176	—
Termination benefits	2,357,200	9,372,000	2,357,200	9,372,000	4,686,000
Claims payable	5,252,669	3,754,251	3,498,688	5,508,232	1,804,330
Remediation liability	11,000,000	—	7,492,000	3,508,000	3,508,000
Arbitrage liability	701,830	—	81,743	620,087	—
General obligation school building and refunding bonds, Series 1993, 1993A, 1998A, 1998B, 2000, 2001, 2002A, 2002B, 2003A, 2004, 2006A, 2007A, and 2009	256,810,000	—	18,630,000	238,180,000	13,470,000
Capital lease obligations	588,442	—	306,805	281,637	281,637
	<u>257,398,442</u>	<u>—</u>	<u>18,936,805</u>	<u>238,461,637</u>	<u>13,751,637</u>
Less: Capital appreciation to maturity on bonds				10,680,929	
Deferred amount on refunding				2,100,748	
Add: Unamortized premium on bonds				<u>8,298,337</u>	
				<u>233,978,297</u>	
Total Long-Term Obligations	<u>\$ 275,833,716</u>	<u>\$ 18,365,181</u>	<u>\$ 36,812,433</u>	<u>\$ 258,725,022</u>	<u>\$ 24,745,215</u>

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Notes To Basic Financial Statements *(Continued)*

**General Obligation School Building And Refunding Bonds**

<b>Obligation Bonds</b>	<b>Balance - June 30, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance - June 30, 2010</b>	<b>Due Within One Year</b>
1998A Series	\$ 18,150,000	\$ —	\$ 5,590,000	\$ 12,560,000	\$ 4,280,000
2000 Series	100,000	—	100,000	—	—
2001 Series	7,600,000	—	215,000	7,385,000	580,000
2002A Series	33,795,000	—	—	33,795,000	—
2002B Series	22,080,000	—	6,440,000	15,640,000	6,685,000
2003A Series	19,735,000	—	1,100,000	18,635,000	1,135,000
2004 Series	43,280,000	—	290,000	42,990,000	290,000
2006A Series	44,435,000	—	4,895,000	39,540,000	500,000
2007A Series	28,340,000	—	—	28,340,000	—
2009 Series	39,295,000	—	—	39,295,000	—
<b>Total General Obligation School Building And Refunding Bonds</b>					
	\$ 256,810,000	\$ —	\$ 18,630,000	\$ 238,180,000	\$ 13,470,000

During the fiscal year ended June 30, 2010, the District defeased and redeemed \$4,395,000 in certain maturities of the Series 2006A general obligation bonds. The defeasance was funded through a direct contribution by the District of \$4.9 million into an irrevocable trust with an escrow agent to provide for principal and interest payments through maturity of the original coupons and is estimated to eliminate approximately \$5.7 million of debt service expenditures.

During the fiscal year ended June 30, 2009, the District defeased and redeemed \$4,385,000 in certain maturities of the Series 2006A general obligation bonds. The defeasance was funded through a direct contribution by the District of \$4.9 million into an irrevocable trust with an escrow agent to provide for principal and interest payments through maturity of the original coupons and is estimated to eliminate approximately \$8.1 million of debt service expenditures.

During the fiscal year ended June 30, 2009, the District issued General Obligation Bonds in the amount of \$39,295,000 (Series 2009) with interest rates ranging from 2.05% to 5%. The bond proceeds are being used to finance the cost of air conditioning for school buildings and related facilities. The bonds are scheduled to mature at various dates through 2021.

During the fiscal year ended June 30, 2007, the District issued General Obligation Refunding Bonds in the amount \$28,147,782, net of \$467,218 capital appreciation (Series 2007A), with interest rates ranging from 4% to 5% and maturing at various dates through 2021. The bond proceeds were used to advance refund maturities of various bond issuances.

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During the fiscal year ended June 30, 2006, the District issued General Obligation Bonds in the amount of \$55,000,000 (Series 2006A) with interest rates ranging from 3.5% to 5%. The bond proceeds are being used to finance the cost of air conditioning for school buildings and related facilities. The bonds are scheduled to mature at various dates through 2025.

During the fiscal year ended June 30, 2005, the District issued General Obligation Refunding Bonds in the amount \$44,115,000 (Series 2004) with interest rates ranging from 2.5% to 5.25% and maturing at various dates through April 2020. The bond proceeds were used to advance refund maturities of various bond issuances.

On May 13, 2003, the District issued \$25,705,000 general obligation refunding bonds (2003A Series) with interest rates ranging from 2% to 5% to advance refund \$29,500,000 of outstanding Leasehold Revenue Bonds. The bonds are scheduled to mature at various dates through April 2023.

In February 2002, the District issued general obligation school building bonds dated February 25, 2002 of \$50,002,795, net of \$17,282,205 capital appreciation (2002A Series). The debt provides for interest rates ranging from 4.581% to 5.174%. The bond proceeds were used to finance the cost of air conditioning for school buildings and related facilities. The bonds are scheduled to mature at various dates through April 1, 2021.

In February 2002, the District issued general obligation refunding bonds dated February 25, 2002 of \$32,210,270, net of \$674,730 capital appreciation (2002B Series). The debt provides for interest rates ranging from 3% to 5.25%. The bond proceeds are being used to refund various bonds and maturities for certain bonds. The bonds are scheduled to mature at various dates through April 1, 2014.

The District issued general obligation school building bonds dated December 1, 2000 of \$9,864,291, net of \$240,709 capital appreciation (2000 Series). The debt provides for interest rates ranging from 4.3% to 9.9% and was fully paid off in 2010. The District also issued general obligation school building bonds dated April 3, 2001 of \$20,130,500, net of \$3,329,500 capital appreciation (2001 Series). The debt provides for interest rates ranging from 3.5% to 5.375%. The bond proceeds were used to finance the cost of air conditioning for school buildings and related facilities. The bonds are scheduled to mature at various dates through April 1, 2021.

The District issued General Obligation Refunding Bonds dated April 1, 1998 of \$40,254,454, net of \$4,275,546 capital appreciation (1998A Series). The bonds provide for interest rates ranging from 3% to 9% and maturing at various dates through 2012. The bond proceeds were used to advance refund maturities of various bond issuances.

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In prior years, the District has defeased various bond issuances by creating separate irrevocable trust funds. New debt has been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt has matured and, therefore, the defeased debt was removed as a liability from the District's financial statements. As of June 30, 2010, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to \$98,545,000.

Unspent bond proceeds were \$14,366,709 at June 30, 2010.

**Capital Leases**

The District leases heating, ventilation and air conditioning equipment with an aggregate cost and accumulated depreciation of \$6,321,233 and \$3,626,196, respectively, under capital leases. The leases are cancellable only if the District fails to appropriate funds to pay the annual lease payments. The leases provide for interest at rates ranging from 4.81% to 5.1985%.

**Principal And Interest Requirements To Maturity**

Obligations related to the general obligation school building and refunding bonds are payable in varying amounts through 2024. Annual principal and interest requirements to maturity (including capital appreciation to maturity of \$10,680,929) on the general obligation school building and refunding bonds as of June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation School Building And Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 13,470,000	\$ 9,214,184
2012	14,200,000	8,619,146
2013	15,510,000	7,938,465
2014	16,500,000	7,343,538
2015	17,405,000	7,028,063
2016-2020	104,450,000	27,201,094
2021 - 2024	56,645,000	5,785,625
	<u>\$ 238,180,000</u>	<u>\$ 73,130,115</u>

The future minimum annual lease payments under the capital leases are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 288,463
Less: Amount representing interest	6,826
<u>Present value of net minimum lease</u>	<u>\$ 281,637</u>



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**Remediation Liability**

The District has an environmental remediation obligation as a result of the following obligating events: {a} pollution created an imminent endangerment to public health or welfare or the environment, leaving it little or no discretion to avoid remediation action; {b} the District commenced cleanup, monitoring and/or operation as well as maintenance of the remediation effort as a result of HVAC renovations to be funded with general obligation bonds previously issued; and {c} the District was named in a lawsuit that may result in the District being compelled to participate in remediation. During fiscal year 2008, the District completed an Asbestos Hazard Emergency Response Act (AHERA) study in order to comply with the Environmental Protection Agency regulations applicable to schools throughout the United States. At substantial completion of the AHERA study, the remediation outlays were reasonably estimable. In addition to the AHERA study, the District began remediation design and implementation to enable HVAC renovations to take place in compliance with the purpose of the 2006 and 2009 general obligation bond issuances. During the design phase of the remediation, the District developed a better understanding of the work to be done and was able to provide an estimate of the corresponding total remediation outlays. At June 30, 2010, the District has a remaining pollution remediation obligation of \$3,508,000 as a result of the conditions described above. The District utilized the expected cash flow method to determine an accurate measurement of the District's pollution remediation liability which includes all remediation work that the government expects to perform. The District is not expected to receive recoveries from any other parties or from insurance policies indemnifying the District for its pollution remediation obligations.

**6. Retirement Plan**

**Plan Description:** The District contributes to the Public School Retirement System of the City of St. Louis (the System), a funding agency existing under the provisions of the Revised Statutes of the State of Missouri (The Statutes), to provide retirement benefits for all employees of the District, of the Charter Schools located within the St. Louis School District, of all employees of the Public School Retirement System of the City of St. Louis, and of certain employees of Harris-Stowe State University of St. Louis. The System is a cost-sharing multiple-employer defined benefit plan as defined by Statement No. 27 of the Governmental Accounting Standards Board (GASB). The Public School Retirement System issues a publicly available annual report that includes financial statistics, an actuarial valuation, and the required supplementary information. The Plan's year end is December 31. That report may be obtained by writing to the Public School Retirement System of the City of St. Louis, 3641 Olive Street, Suite 300, St. Louis, Missouri 63108 or by calling (314) 534-7444.

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**Annual Pension Costs And Funding Policy:** Employee participation (5% of salaries, effective July 1, 1999) is mandatory. Employer contribution is also mandatory at an actuarially determined rate. Per an actuarial report dated January 1, 2009, the rate is 8.27% of annual covered payroll. The District's 2010, 2009, and 2008 fiscal year contributions for the plan years ended December 31, 2009, 2008 and 2007 were \$25,161,972, \$24,660,633, and \$21,518,355, respectively. These contributions were at least 100% of the required contributions for those years. For plan years 2009, 2008 and 2007, the required contributions were \$19,274,150, \$19,091,518, and \$16,204,917, respectively, plus \$5,887,822, \$5,569,115, and \$5,313,438, respectively, contributed for the District's supplemental pension benefits under the sick leave conversion program.

## **7. Other Postemployment Benefits**

### **Plan Description:**

The Public School Retirement System of the City of St. Louis (the System) provides other postemployment benefits other than pensions (OPEB) to retirees of the District who meet certain criteria. The District, through the System, provides medical, dental and vision benefits to eligible retirees and their dependents through an agent multiple-employer plan. All active employees who retire directly from the District and meet the eligibility criteria may participate. To be eligible under normal retirement the employee must be at least 65 or any age with 85 points (age plus years of service) or if eligible for early retirement an employee must be at least age 60. Dependents are also eligible to receive benefits. Survivor benefits are available but the District does not participate in cost sharing. Retirees who elect to participate must pay the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time, less contributions made by the District. Since retirees pay only the portion of the premium not paid directly by the District each year, the remaining share of any premium cost to the District is determined on the basis of a blended rate or implicit rate subsidy calculation. A stand-alone financial report is not available regarding the OPEB benefits provided.

### **Funding Policy:**

The District finances its OPEB contributions using a pay-as-you-go method. As of June 30, 2010, the District has not set aside assets in trust to pay future benefits and has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees. Since no trust fund has been established for funding of the OPEB obligation related to the implicit rate subsidy, the entire OPEB obligation that is not funded on a pay-as-you-go basis is classified as unfunded. Additional information is presented as required supplementary information, schedule of funding progress.

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**Annual Other Postemployment Benefit Cost:**

At June 30, 2010, the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the plan is as follows:

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 3,857,284	\$ 3,969,455
Interest on OPEB obligation	9,467	6,397
Adjustment to annual required contribution	(12,020)	(8,246)
Annual OPEB cost	3,854,731	3,967,606
Contributions made*	2,667,626	2,801,876
Increase in OPEB obligation	1,187,105	1,165,730
Net OPEB obligation-beginning of year	1,626,071	460,341
Net OPEB obligation-end of year	<u>\$ 2,813,176</u>	<u>\$ 1,626,071</u>

\* Contribution related to pay-as-you-go basis

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the previous year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 3,854,731	69.2%	\$ 2,813,176
June 30, 2009	3,967,606	70.6%	1,626,071

**Funded Status And Funding Progress:**

As of July 1, 2009, the most recent actuarial valuation date, the plan had no assets since the District does not fund the plan. The unfunded actuarial liability (UAAL) for benefits was \$47,577,076 on covered payroll (annual payroll of active employees covered by the plan) of \$187,465,059, and the ratio of UAAL to covered payroll was 25.38%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**Actuarial Methods And Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern to that point.

In the July 1, 2009 actuarial valuation, the liabilities were computed using the Unit Credit cost method. The closed, level dollar method was selected for amortizing the unfunded actuarial liability over 30 years. The actuarial assumptions utilized a 5% discount rate. Because the plan is unfunded, reference to “employer assets,” which are short-term in nature, was considered in the 5% rate. The valuation assumes a 9% premium cost rate trend for 2009, reduced by decrements to an ultimate 5% increase for 2014 and later years.

According to GASB 45, paragraph 12, an actuarial valuation should be performed at a minimum frequency of every two years for a plan the size of the District within the Retirement System. This requirement is valid as long as no significant changes have occurred that would affect the results of the valuation including changes in benefit provisions, size or comparison of the covered population, or other factors that impact long-term assumptions.

If an actuarial valuation is not performed for a fiscal year, the Annual Required Contribution (ARC) reported is based on the results of the most recent actuarial valuation that is within 24 months of the beginning of the year.

**8. Early Retiree Postemployment Benefits**

The District funds early retirement benefits for employees who chose to participate in two separate voluntary employee severance plans adopted on April 29, 2010 and August 23, 2007. There are 255 employees participating in the 2010 plan and 130 employees participated in the 2007 plan. Employees include former teachers, administrators, and noncertified staff. The amount of benefits paid to employees for the 2010 and 2007 plan range from \$11,000 to \$25,000 and \$22,000 to \$50,000, respectively. The 2010 plan will be paid out over a two-year period, beginning in fiscal year 2011. The 2007 plan was paid out over three years, with fiscal year 2010 being the final payout year. During the year ended June 30, 2010, the District funded \$2,357,200 of the benefits remaining for the 2007 plan and has a remaining balance to fund of \$9,372,000 for the 2010 plan (Note 5).

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**9. Insurance Programs**

The District is exposed to various types of risks of loss, including property and equipment, employee performance, workers' compensation, athletics, general liabilities and unemployment of which the majority of these risks are covered through the District's purchase of commercial insurance. The remainder is self-insured.

The District is self-insured with respect to its obligation to provide workers' compensation and unemployment compensation benefits to its employees. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims relating to these matters is recorded in the government-wide and internal service fund financial statements.

The District obtains periodic funding valuations from the claims-servicing companies managing the self-insurance programs and adjusts the charges to the various funds as required to maintain the appropriate level of estimated claims liabilities. In 2010, an actuarial valuation was performed to determine estimated claims payable. Revenue in the internal service fund represents interfund charges as a percentage of payroll to each fund. The District also maintains excess liability insurance coverage for workers' compensation claims. Settled claims did not exceed commercial coverage for the past three fiscal years.

At June 30, 2010, the District's total estimated liability for payment of incurred (both reported and unreported) but unpaid claims for workers' compensation and unemployment benefits was \$5,081,064 and \$427,168, respectively.

Changes in the self-insured claims liabilities at June 30, 2010 and 2009 were as follows:

	<b>Workers'</b>		<b>Total</b>
	<b>Compensation</b>	<b>Unemployment</b>	<b>Self-Insured</b>
			<b>Liabilities</b>
Balance - July 1, 2008	\$ 5,322,134	\$ 471,161	\$ 5,793,295
Current year claims and changes in estimate	1,593,908	226,974	1,820,882
Claim payments	(1,866,215)	(495,293)	(2,361,508)
Balance - June 30, 2009	5,049,827	202,842	5,252,669
Current year claims and changes in estimate	2,528,218	1,226,033	3,754,251
Claim payments	(2,496,981)	(1,001,707)	(3,498,688)
Balance - June 30, 2010	\$ 5,081,064	\$ 427,168	\$ 5,508,232

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Notes To Basic Financial Statements *(Continued)*

**10. Interfund Balances And Transfers**

A summary of amounts due to or from individual funds follows:

<b>Due From/Due To</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
<b>Governmental</b>		
General	\$ 16,032,289	\$ 34,785,786
Teachers	12,926,735	2,078,406
Building	1,642,785	44,663
<b>Other Governmental</b>		
School Lunchroom	—	577,006
Student Health	—	4,175,039
ECIA Title I	100,008	756,203
Early Childhood	—	5,124,298
Adult Education And Literacy	—	308,036
Special Education	—	2,662,162
Foundation 73	65,224	210
NCLB	29,801	306,267
Foundation 16	—	5,242
<b>Proprietary</b>		
Internal Service	8,092,816	—
<b>Fiduciary</b>		
Agency	11,933,660	—
	<b>\$ 50,823,318</b>	<b>\$ 50,823,318</b>

The amounts due to or from individual funds represent interfund borrowings that arise in the normal course of business and are due to either timing differences or to the elimination of negative pooled cash balances within various funds.

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A summary of amounts transferred to or from individual funds follows:

<u>Transfers In/Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 7,273,373	\$ 70,444,704
Teachers	62,924,532	—
Building	7,316,196	—
Settlement	203,976	1,864,020
Other Governmental:		
Student Health	—	2,401,528
Foundation 73	1,278,797	1,319,369
Early Childhood	—	3,000,000
Community Development Agency	80,368	80,368
Other	32,747	—
	<u>\$ 79,109,989</u>	<u>\$ 79,109,989</u>

The amounts transferred to or from individual funds represent interfund transfers that arise in the normal course of business. Transfers of funds are necessary to fund operating expenditures, debt service payments, and any other operating needs that may arise in the normal course of operating the District.

**Advances To/From:** In 2004, \$47,100,057 was advanced to the general fund from the settlement fund in relation to the settlement agreement described in Notes 14 and 15. These advances were necessary to fund operating expenditures and any other operating needs of the District that were incurred during the normal course of operating the District during fiscal year 2004. No additional borrowings were made during 2010, 2009, 2008, 2007, 2006 or 2005 and the scheduled payments for 2010, 2009 and 2008 have not been made as required. The advance balance was reduced due to an arrangement that was made as further disclosed in Note 14. The balance at June 30, 2010 is \$36,506,057.

**11. Fund Deficits**

The following funds have a deficit fund balance at June 30, 2010:

<u>Fund</u>	<u>Balance</u>
General	\$ (65,565,025)

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**12. Prior Period Adjustments**

The District performed a physical inventory in 2009 and it was determined that inventory totaling \$618,742 was either obsolete or had been consumed in prior years. A prior period adjustment was recorded in the fund and government-wide statements to reduce fund balance at June 30, 2009 and inventory balance in the general fund.

A prior period adjustment was also recorded in the fund statements and government-wide statements to recognize unrecorded invoices from prior years in the general fund. The fund balance at June 30, 2009 was reduced by \$1,058,846 and a liability was recorded.

**13. Pending Litigation**

During 2009, two Charter Schools in the City of St. Louis filed claims against DESE and the District related to underpayment of approximately \$4,207,000 of state funding, including Proposition C monies. Neither the District nor its legal counsel is able to make a determination, based on the information available, as to the likelihood of these claims resulting in a material liability for the District. Because of these uncertainties, no provision for this litigation has been made in the accompanying financial statements

The District is the defendant in various other lawsuits involving personal injury, employee grievances, and a variety of other matters, including being named as a potentially responsible party in relation to an environmental remediation case.

Each case is being vigorously contested by the District. The District is uninsured with respect to the major portion of liabilities, which may be incurred as a result of these matters. Neither the District nor its legal counsel is able to make a determination, based on the information available, as to the likelihood of these claims resulting in a material liability for the District. Because of these uncertainties, no provision for this litigation has been made in the accompanying financial statements. However, in the event of an unfavorable outcome in one or more of these matters, the impact could be material to the District's financial position or operating results.

**14. Commitments And Contingencies**

Revenues received from federal and state governments in the current and prior years are subject to audits by the granting agencies. The District believes that adjustments which may arise from these audits, if any, will not be significant.



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The District has been involved in desegregation litigation since 1972, resulting in a court-ordered plan of desegregation which continued for the 1997-98 year. In August 1998, the Missouri Legislature passed Senate Bill 781. The bill was the first step in an attempt to resolve the desegregation litigation. The bill called for the following: the restructuring of the make up of then existing elected Board from a twelve (12) member Board elected city-wide to a seven (7) member Board elected city-wide; a requirement that the City of St. Louis hold a referendum before March 15, 1999 on a tax measure to aid the District with revenues when the desegregation case is settled; create a special “overlay” board to put the tax and other measures on the ballots; the appointment of a three (3) member governing board if the District fails to receive accreditation from the state in March of 1999; and the possibility of the appointment of a special administrative board to take over the authority granted to the Board of Education for the operation of all or part of the duties. On March 12, 1999, the Court approved a settlement agreement relating to the plan of desegregation. Under the settlement agreement, the District will receive certain amounts of additional funding for the construction of new schools and for a specified period of time to continue various programs, which were required under the desegregation plan. The settlement plan also contains numerous requirements of the District, generally relating to student achievement, which the District is working on in anticipation of the next formal DESE review in 2011. The District is committed to complete a two year accountability plan. In addition, one of the provisions called for in Senate Bill 781 was for the voters in the City of St. Louis to approve a city sales tax. In February 1999 the tax was approved by the voters.

As discussed further in Note 15, a special administrative board was put in place on June 15, 2007.

In relation to the financial condition of the District, as further described in Note 15, the District entered into a settlement agreement with Caldwell/NAACP, Liddell Plaintiffs, the United States Department of Justice, and the State of Missouri regarding the District’s planned borrowing from the Capital Account (desegregation monies). The agreement, as amended in January of 2005, allowed the District to borrow up to \$49,500,000 during the fiscal year 2004 and to repay these funds over a six-year period, starting in fiscal year 2007. However, the repayment schedule was delayed to 2008 due to the District being designated as “financially stressed” by DESE in 2007. In addition, the District is allowed to continue borrowing from the desegregation funds in future fiscal years, as long as the borrowed funds are repaid by the end of the fiscal year in which they were borrowed. The amended agreement also stated that the District could borrow additional funds prior to June 30, 2006 of up to \$10,000,000 for additional expenditures as outlined in the agreement. Approximately \$47,100,000 was borrowed in relation to this agreement during the fiscal year ended June 30, 2004. However, the amended agreement allowed the District to use up to \$10,600,000 from the desegregation funds to fund construction of the Clyde C. Miller Career Academy, previously paid for by the District, which reduced the amount borrowed from the desegregation funds pursuant to the agreement to approximately \$36,500,000.

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The District did not make the \$7,000,000 scheduled payment for 2008, 2009 or 2010. The sole-remedy for a breach of the agreement is “specific performance,” as defined in the agreement (Note 15).

The borrowed funds are scheduled to be repaid as follows:

<u>Year</u>	<u>Amount</u>
2011*	\$ 28,000,000
2012	7,000,000
2013	1,506,057
	<u>\$ 36,506,057</u>

\*Includes 2008, 2009 and 2010 scheduled payments that were not made by the District.

During the current fiscal year, \$1,660,044 was transferred from the Settlement fund to the General Fund to cover certain expenses approved under a plan approved by all parties to the Settlement. Final approval by the District Court was also required but has not taken place. Therefore, the current year transfer of funds was not in accordance with the Desegregation Settlement Agreement.

**Other Federal Funding**

The District is currently waiting on federal funding approval for fiscal years 2007, 2008, 2009 and 2010 from the Universal Service Fund, a program administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communication Commission (FCC). The program provides discounts to assist schools and libraries in the United States to obtain affordable telecommunications and internet access. The Schools and Libraries Program, commonly referred as E-rate, supports connectivity (the conduit or pipeline for telecommunications services and/or internet services).

In the event that USAC funding is not approved, the District will be responsible for amounts due to these vendors. A liability has not been recorded in connection with the aforementioned items as it is management’s opinion that the likelihood of an unfavorable outcome to the District is not probable at this time.

**Operating Lease**

The District leases equipment under a noncancelable Document Services Agreement expiring in November 2011. The agreement also includes a variety of services including maintenance, on-site personnel, training and support related to all document reproduction needs of the District. Lease expense totaled \$1,429,692 in 2010.

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Notes To Basic Financial Statements (*Continued*)

The following is a schedule by year of future minimum lease payments required under the agreement.

<u>Year</u>	<u>Amount</u>
2011	\$ 1,429,692
2012	595,705
	<u>\$ 2,025,397</u>

**Letter Of Credit**

During the District's normal course of operations, letters of credit are issued. At June 30, 2010, a letter of credit for \$2.2 million was outstanding.

**15. Management's Plan To Address Funding Uncertainties**

During fiscal year 2007, the Missouri State Board of Education declared the District as unaccredited. In accordance with the laws of the State of Missouri, the governance of the school district was transferred from the divested board, except for auditing and reporting matters, and placed with the Special Administrative Board of the Transitional School District (SAB). The SAB took full control of the operation of the St. Louis Public School District on June 15, 2007. Pursuant to Missouri Revised Statute §162.1100.4, the SAB is empowered to, among other things, (1) create an academic accountability plan, take corrective action in underperforming schools, and seek relief from state-mandated programs; (2) explore alternative forms of governance for the district; (3) contract with nonprofit corporations to provide for the operation of schools; (4) oversee facility planning, construction, improvement, repair, maintenance, and rehabilitation; (5) establish school site councils to facilitate site-based school management and improve the responsiveness of the schools to the needs of the local geographic attendance region of the school; and (6) submit a proposal to the district voters regarding establishment of neighborhood schools.

The deficit financial condition has been financed through a loan agreement between the District and the plaintiffs in the 1999 Desegregation Settlement Case, which allowed the District to borrow up to \$49,500,000, interest free, from the District's restricted capital fund that was established and funded as part of the settlement agreement. The original loan agreement was modified during the 2005 fiscal year to allow the District to 1) reschedule and delay the initial repayments of the loan until June 30, 2008, 2) utilize the capital funds to pay for the District's portion of the Clyde C. Miller Career Academy, and 3) allow the Board to borrow an additional \$10,000,000 if required to fund the development and implementation of new curricula in the schools. Due to the financial condition of the District, repayment efforts have been delayed through fiscal year 2010, as the SAB seeks approval from the appropriate parties for flexibility in the use of the Desegregation funds (Note 14).

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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Notes To Basic Financial Statements (*Continued*)

**Fiscal Year 2009-2010**

The District faced a significant challenge of reducing more than \$45 million of expenditures to avoid deficit spending. Great strides were made to close the projected gap. Steps were taken to institute a spending freeze, renegotiate vendor contracts, school closings, and staff realignments. These and other initiatives closed a significant portion of the budget gap. However, while the SAB recognized the importance of operating the District with a balanced budget, additional investments were needed to increase student achievement and enrollment. The District understands that increasing revenue is directly tied to its ability to provide a high quality education and enroll more students. Investing in academic programs and infrastructure improvements is necessary to provide a high quality education to students in a safe and secure learning environment. The SAB and the District's efforts appear to have made an impact on enrollment. The 2009-2010 school year enrollment numbers exceeded budgeted expectations by 1,500 students.

Some investments made included, but were not limited to:

- Reconfiguring five elementary schools to operate as pilot schools, allowing for more school autonomy and focused instruction;
- Opening 13 Community Education Full Service Schools district-wide;
- Providing alternative education programs directly, rather than through contract providers; and
- Abating lead paint in schools serving children ages eight years and younger.

As a result, the District ended the year with a \$19.1 million deficit.

**Fiscal Year 2010-2011**

Based on the most current information available, revenues are projected to decrease further. In fact, with the decrease in revenues, increased expenditures and the deficit spend from fiscal year 2010; the District was faced with a budget gap of more than \$50 million. To address this issue, several cost reduction initiatives were identified. The initiatives include staff reductions, furloughs, salary reductions, renegotiated contracts, and other options to ensure alignment of expenditures with revenues. The District was also successful in passing a \$155 million bond issue on August 3, 2010. The proceeds from the bonds will be used to fund school building improvements. Proceeds from the bonds of approximately \$10 million will reimburse the General Operating funds for fiscal year 2009-2010 capital expenditures. In addition, a Five-Year Financial Plan was drafted. This Plan provides the framework for addressing the structural fiscal gaps plaguing the District and achieving fiscal solvency. Implementation teams are already formed to execute the Plan.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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Notes To Basic Financial Statements (*Continued*)

In spite of the financial challenges, the SAB continues to prioritize and provide support for various critical academic initiatives. Some of these initiatives were as follows:

- Reading and school improvement plan
- Gifted school expansion
- Enhanced post-secondary support
- Principal leadership program

As a result of these and other initiatives, it is management's contention that these factors will contribute towards achieving financial and academic stability and positive operating results. The need to reduce the deficit and build a contingency fund is still a major concern and must continue to be addressed. Realistically, financial solvency will not be resolved in one year, but the intent is to continue assessing and implementing viable options to reach this goal.

It should be noted that based on the year to date projections for fiscal year 2010-2011, the District's expenditures will not exceed revenues. In addition, cash in the District's pooled funds is projected to reflect a positive balance June 30, 2011. This is an important shift in the right direction. The development and maintenance of a multi-year financial plan is one of the action items in the District's Accountability Plan; it is an indication of the commitment to addressing the current fiscal concerns. The goal over the next five years is to continue to balance expenditures with revenues and generate consistently increasing surpluses to eliminate the negative General Operating fund balance.

## **16. Subsequent Events**

On December 9, 2010, the SAB approved the issuance of \$56,644,000 of Series 2010A Qualified School Construction Bonds (QSCB) and \$25,000,000 of Series 2010B Build America Bonds (BAB). The closing date for the bonds was December 21, 2010.

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**Required Supplementary Information**

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**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND  
For The Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local:				
Current taxes	\$ 182,476,578	\$ 170,946,578	\$ 171,306,517	\$ 359,939
Delinquent taxes	4,015,000	9,300,000	9,335,462	35,462
Interest	1,608,710	554,210	462,066	(92,144)
Other	4,109,316	5,818,685	5,838,334	19,649
County	2,667,755	2,683,755	2,588,615	(95,140)
State:				
Categorical aid	17,776,172	15,952,672	15,877,421	(75,251)
Other	49,724	527,724	527,041	(683)
Federal	36,376	1,779,798	1,741,398	(38,400)
<b>Total Revenues</b>	<b>212,739,631</b>	<b>207,563,422</b>	<b>207,676,854</b>	<b>113,432</b>
<b>Expenditures</b>				
Current:				
Instruction	36,688,060	41,762,684	42,296,956	(534,272)
Building service	39,654,250	38,916,221	37,501,863	1,414,358
School administration	26,440,515	22,701,172	22,124,784	576,388
Instructional support	15,666,965	10,682,015	10,869,606	(187,591)
Noninstructional support	19,308,023	26,388,041	17,908,986	8,479,055
Transportation	24,005,093	29,119,888	29,119,856	32
Food and community services	950,073	1,365,169	1,364,959	210
Capital outlay	276,546	55,925	2,455,702	(2,399,777)
<b>Total Expenditures</b>	<b>162,989,525</b>	<b>170,991,115</b>	<b>163,642,712</b>	<b>7,348,403</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>49,750,106</b>	<b>36,572,307</b>	<b>44,034,142</b>	<b>7,461,835</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	4,144,149	7,273,373	3,129,224
Transfers out	(55,000,000)	(61,479,449)	(70,444,704)	(8,965,255)
<b>Total Other Financing Sources (Uses)</b>	<b>(55,000,000)</b>	<b>(57,335,300)</b>	<b>(63,171,331)</b>	<b>(5,836,031)</b>
<b>Net Change In Fund Balance</b>	<b>\$ (5,249,894)</b>	<b>\$ (20,762,993)</b>	<b>\$ (19,137,189)</b>	<b>\$ 1,625,804</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - TEACHERS FUND  
For The Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local:				
Current taxes	\$ 8,614,768	\$ 19,364,768	\$ 19,335,746	\$ (29,022)
Other	684	684	—	(684)
County	50,000	350,000	343,967	(6,033)
State:				
Basic formula	62,359,837	44,359,837	44,468,613	108,776
Categorical aid	52,699	52,699	123,375	70,676
Other	276	276	300	24
Federal	1,283,624	18,015,624	18,045,583	29,959
<b>Total Revenues</b>	<b>72,361,888</b>	<b>82,143,888</b>	<b>82,317,584</b>	<b>173,696</b>
<b>Expenditures</b>				
Current:				
Instruction	100,391,820	119,470,957	119,392,925	78,032
School administration	12,058,189	13,275,048	14,902,571	(1,627,523)
Instructional support	9,484,950	10,553,663	10,612,925	(59,262)
Noninstructional support	266,968	294,130	304,156	(10,026)
Food and community services	99,164	29,539	29,539	—
<b>Total Expenditures</b>	<b>122,301,091</b>	<b>143,623,337</b>	<b>145,242,116</b>	<b>(1,618,779)</b>
<b>Excess Of Expenditures Over Revenues</b>	<b>(49,939,203)</b>	<b>(61,479,449)</b>	<b>(62,924,532)</b>	<b>(1,445,083)</b>
<b>Other Financing Sources</b>				
Transfers in	49,939,203	61,479,449	62,924,532	1,445,083
<b>Net Change In Fund Balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2010**

**1. Budgetary Data**

The District's budgetary practices are intended to conform to Chapter 67 of Revised Missouri State Statutes and are prepared on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- A. The Administration prepares and submits to the SAB a proposed annual operating budget for all current governmental funds for the subsequent fiscal year prior to July 1 each year. Certain operating funds called the "General Operating Budget (GOB)" are monitored on a combined basis. The GOB consists of the General, Teachers', Building Capital and Student Health Funds.
- B. Public budget and tax rate hearings are conducted and the proposed budget is available for public review at the District offices.
- C. Revisions to the annual operating budget subsequent to its formal adoptions are made throughout the fiscal year subject to the following limitations:
  - a. The total amount of appropriations by fund may not be increased without the approval of the governing body.
  - b. All transfers of appropriations between funds require approval of the governing body.
- D. For management purposes only, budgetary control over appropriations is exercised at the sub-function level for all governmental funds providing significant sources of revenue for the District. However, the legal level of control at which actual expenditures may not exceed budgeted appropriations is established by state statute at the fund level.

Budgeted amounts as reflected in the financial statements are as originally adopted and as revised by the SAB.

- E. All appropriations lapse at fiscal year end for the general and special revenue - operating funds. Unencumbered appropriations lapse at fiscal year end for all other special revenue funds.

A budget was not adopted for the Adult Education and Literacy Fund and Foundation 16 Fund.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

Notes To Required Supplementary Information *(Continued)*

**2. Violations Of Budgetary Laws And Regulations**

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2010:

<u>Fund</u>	<u>Amount</u>
Teachers	\$ 1,618,779
Student Health	1,660
Foundation 73	89,962
Adult Education	128,292
Building	527,984

Deficit budgets were prepared in violation of state statutes for the following funds:

<u>Fund</u>	<u>Deficit</u>
General	\$ 20,762,993

**3. Other Postemployment Benefits**

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Unit Credit (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2009	—	\$ 47,577,076	\$ 47,577,076	0.00%	\$ 187,465,059	25.38%
July 1, 2007	—	48,775,833	48,775,833	0.00%	196,262,993	24.85%

\*Actuarial valuation only required every 2 years.

The Public School Retirement System of the City of St. Louis implemented GASB Statement No. 45 for the year ended June 30, 2008, therefore, information for prior years is not available.

If an actuarial valuation is not performed for a fiscal year, the Annual Required Contribution (ARC) reported is based on the results of the most recent actuarial valuation that is within 24 months of the beginning of the year. For its July 1, 2009-June 30, 2010 fiscal year, the District will rely on the ARC developed in the July 1, 2009 actuarial valuation and for its July 1, 2008 - June 30, 2009 fiscal year, the District will rely on the ARC developed in the July 1, 2007 actuarial valuation.

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**Supplementary Information**

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**Combining and Individual Fund  
Statements and Schedules**

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

	<b>Special Revenue</b>	<b>Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and short-term investments	\$ 7,528,259	\$ 1,628,571	\$ 9,156,830
Other investments	—	3,314,460	3,314,460
<b>Total cash and investments</b>	<b>7,528,259</b>	<b>4,943,031</b>	<b>12,471,290</b>
Receivables:			
Grants	23,119,439	—	23,119,439
Other	216,169	24,370	240,539
<b>Total receivables</b>	<b>23,335,608</b>	<b>24,370</b>	<b>23,359,978</b>
Due from other funds	195,033	—	195,033
<b>Total Assets</b>	<b>\$ 31,058,900</b>	<b>\$ 4,967,401</b>	<b>\$ 36,026,301</b>
<b>Liabilities And Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 11,779,241	\$ 43	\$ 11,779,284
Due to other funds	13,914,463	—	13,914,463
Unearned revenue	4,251,200	1,637,483	5,888,683
<b>Total Liabilities</b>	<b>29,944,904</b>	<b>1,637,526</b>	<b>31,582,430</b>
Fund balances:			
Reserved:			
Endowments	—	3,329,875	3,329,875
Unreserved - Undesignated	1,113,996	—	1,113,996
<b>Total Fund Balances</b>	<b>1,113,996</b>	<b>3,329,875</b>	<b>4,443,871</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 31,058,900</b>	<b>\$ 4,967,401</b>	<b>\$ 36,026,301</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2010**

	Special Revenue	Permanent	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Local:			
Investment income (loss)	\$ 792	\$ (485,252)	\$ (484,460)
Other	2,503,374	29,247	2,532,621
State:			
Categorical aid	5,065,705	—	5,065,705
Other	1,290,013	—	1,290,013
Federal	78,679,989	—	78,679,989
<b>Total Revenues</b>	<b>87,539,873</b>	<b>(456,005)</b>	<b>87,083,868</b>
<b>Expenditures</b>			
Current:			
Instruction	46,826,646	30,946	46,857,592
School administration	3,245,629	—	3,245,629
Instructional support	14,969,675	—	14,969,675
Noninstructional support	1,024,339	11,500	1,035,839
Food and community services	18,767,951	—	18,767,951
Capital outlay	248,933	—	248,933
<b>Total Expenditures</b>	<b>85,083,173</b>	<b>42,446</b>	<b>85,125,619</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>2,456,700</b>	<b>(498,451)</b>	<b>1,958,249</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,391,912	—	1,391,912
Transfers out	(6,801,265)	—	(6,801,265)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,409,353)</b>	<b>—</b>	<b>(5,409,353)</b>
<b>Net Change In Fund Balances</b>	<b>(2,952,653)</b>	<b>(498,451)</b>	<b>(3,451,104)</b>
<b>Fund Balance - Beginning Of Year</b>	<b>4,066,649</b>	<b>3,828,326</b>	<b>7,894,975</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 1,113,996</b>	<b>\$ 3,329,875</b>	<b>\$ 4,443,871</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended June 30, 2010**

**Operating:**

Established to account for legally restricted financial resources and expenditures related to general activities of the Board.

**Federal:**

Established to account for financial resources and expenditures for major governmental programs related to various elementary, secondary, and post-secondary education programs, and certain other less significant federal grant programs.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2010**

	<b>Operating</b>	<b>Federal</b>	<b>Total</b>
<b>Assets</b>			
Cash and short-term investments	\$ 5,361,139	\$ 2,167,120	\$ 7,528,259
Receivables:			
Grants	6,047,626	17,071,813	23,119,439
Other	216,169	—	216,169
<b>Total Receivables</b>	<b>6,263,795</b>	<b>17,071,813</b>	<b>23,335,608</b>
Due from other funds	65,224	129,809	195,033
<b>Total Assets</b>	<b>\$ 11,690,158</b>	<b>\$ 19,368,742</b>	<b>\$ 31,058,900</b>
<b>Liabilities And Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 5,234,519	\$ 6,544,722	\$ 11,779,241
Due to other funds	4,757,497	9,156,966	13,914,463
Unearned revenue	1,439,294	2,811,906	4,251,200
<b>Total Liabilities</b>	<b>11,431,310</b>	<b>18,513,594</b>	<b>29,944,904</b>
Fund balances:			
Unreserved - Undesignated	258,848	855,148	1,113,996
<b>Total Liabilities And Fund Balances</b>	<b>\$ 11,690,158</b>	<b>\$ 19,368,742</b>	<b>\$ 31,058,900</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended June 30, 2010**

	<u>Operating</u>	<u>Federal</u>	<u>Total</u>
<b>Revenues</b>			
Local:			
Investment income	\$ —	\$ 792	\$ 792
Other	1,071,086	1,432,288	2,503,374
State:			
Categorical aid	60,128	5,005,577	5,065,705
Other	525,666	764,347	1,290,013
Federal	18,458,821	60,221,168	78,679,989
<b>Total Revenues</b>	<b>20,115,701</b>	<b>67,424,172</b>	<b>87,539,873</b>
<b>Expenditures</b>			
Current:			
Instruction	459,590	46,367,056	46,826,646
School administration	455,479	2,790,150	3,245,629
Instructional support	2,572,086	12,397,589	14,969,675
Noninstructional support	36,866	987,473	1,024,339
Food and community services	13,807,792	4,960,159	18,767,951
Capital outlay	82,940	165,993	248,933
<b>Total Expenditures</b>	<b>17,414,753</b>	<b>67,668,420</b>	<b>85,083,173</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>2,700,948</b>	<b>(244,248)</b>	<b>2,456,700</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,278,797	113,115	1,391,912
Transfers out	(3,720,897)	(3,080,368)	(6,801,265)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,442,100)</b>	<b>(2,967,253)</b>	<b>(5,409,353)</b>
<b>Net Change In Fund Balances</b>	<b>258,848</b>	<b>(3,211,501)</b>	<b>(2,952,653)</b>
<b>Fund Balance - Beginning Of Year</b>	<b>—</b>	<b>4,066,649</b>	<b>4,066,649</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 258,848</b>	<b>\$ 855,148</b>	<b>\$ 1,113,996</b>



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS  
For The Year Ended June 30, 2010**

**School Lunchroom:**

Established to account for financial resources and expenditures related to the operation of the District's food service activities. While the majority of revenues originate from a federally-funded program, the lunchroom program is a part of the daily operations of the District regardless of the funding sources and, therefore, is presented as an operating fund.

**Student Health:**

Established to account for financial resources and expenditures related to revenues generated from Medicaid services provided by the District.

**Foundation 73 And 16:**

Established to account for financial resources and expenditures related to various state programs and private donations.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS  
June 30, 2010**

	<b>School Lunchroom</b>	<b>Student Health</b>	<b>Foundation 73</b>	<b>Foundation 16</b>	<b>Total</b>
<b>Assets</b>					
Cash and short-term investments	\$ —	\$ 1,223,176	\$ 1,318,913	\$ 2,819,050	\$ 5,361,139
Receivables:					
Grants	1,759,707	4,285,858	2,061	—	6,047,626
Other	11,902	—	204,267	—	216,169
Due from other funds	—	—	65,224	—	65,224
<b>Total Assets</b>	<b>\$ 1,771,609</b>	<b>\$ 5,509,034</b>	<b>\$ 1,590,465</b>	<b>\$ 2,819,050</b>	<b>\$ 11,690,158</b>
<b>Liabilities And Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 935,755	\$ 1,333,995	\$ 150,961	\$ 2,813,808	\$ 5,234,519
Due to other funds	577,006	4,175,039	210	5,242	4,757,497
Unearned revenue	—	—	1,439,294	—	1,439,294
<b>Total liabilities</b>	<b>1,512,761</b>	<b>5,509,034</b>	<b>1,590,465</b>	<b>2,819,050</b>	<b>11,431,310</b>
Fund balances:					
Undesignated	258,848	—	—	—	258,848
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,771,609</b>	<b>\$ 5,509,034</b>	<b>\$ 1,590,465</b>	<b>\$ 2,819,050</b>	<b>\$ 11,690,158</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS  
For The Year Ended June 30, 2010**

	School Lunchroom	Student Health	Foundation 73	Foundation 16	Total
<b>Revenues</b>					
Local:					
Other	\$ 536,558	\$ —	\$ 534,528	\$ —	\$ 1,071,086
State:					
Categorical aid	60,128	—	—	—	60,128
Other	—	—	525,666	—	525,666
Federal	13,229,782	5,229,039	—	—	18,458,821
<b>Total Revenues</b>	<b>13,826,468</b>	<b>5,229,039</b>	<b>1,060,194</b>	<b>—</b>	<b>20,115,701</b>
<b>Expenditures</b>					
Current:					
Instruction	—	350,448	109,142	—	459,590
School administration	—	182	455,297	—	455,479
Instructional support	—	2,476,881	95,205	—	2,572,086
Noninstructional support	—	—	36,866	—	36,866
Food and community services	13,519,167	—	288,625	—	13,807,792
Capital outlay	48,453	—	34,487	—	82,940
<b>Total Expenditures</b>	<b>13,567,620</b>	<b>2,827,511</b>	<b>1,019,622</b>	<b>—</b>	<b>17,414,753</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>258,848</b>	<b>2,401,528</b>	<b>40,572</b>	<b>—</b>	<b>2,700,948</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	—	—	1,278,797	—	1,278,797
Transfers out	—	(2,401,528)	(1,319,369)	—	(3,720,897)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>(2,401,528)</b>	<b>(40,572)</b>	<b>—</b>	<b>(2,442,100)</b>
<b>Net Change In Fund Balances</b>	<b>258,848</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>258,848</b>
<b>Fund Balances - Beginning Of Year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 258,848</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 258,848</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS  
For The Year Ended June 30, 2010**

	School Lunchroom			Student Health			Foundation 73		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>									
Local:									
Other	\$ 601,787	\$ 536,558	\$ (65,229)	\$ —	\$ —	\$ —	\$ 467,565	\$ 534,528	\$ 66,963
State:									
Categorical aid	74,755	60,128	(14,627)	—	—	—	—	—	—
Other	—	—	—	—	—	—	534,762	525,666	(9,096)
Federal	12,949,124	13,229,782	280,658	4,270,000	5,229,039	959,039	—	—	—
<b>Total Revenues</b>	<b>13,625,666</b>	<b>13,826,468</b>	<b>200,802</b>	<b>4,270,000</b>	<b>5,229,039</b>	<b>959,039</b>	<b>1,002,327</b>	<b>1,060,194</b>	<b>57,867</b>
<b>Expenditures</b>									
Current:									
Instruction	—	—	—	348,871	350,448	(1,577)	122,942	109,142	13,800
Building service	165,349	—	165,349	—	—	—	—	—	—
School administration	—	—	—	182	182	—	423,155	455,297	(32,142)
Instructional support	—	—	—	2,476,798	2,476,881	(83)	168,862	95,205	73,657
Noninstructional support	—	—	—	—	—	—	43,689	36,866	6,823
Food and community services	13,409,785	13,519,167	(109,382)	—	—	—	155,671	288,625	(132,954)
Capital outlay	48,453	48,453	—	—	—	—	15,341	34,487	(19,146)
<b>Total Expenditures</b>	<b>13,623,587</b>	<b>13,567,620</b>	<b>55,967</b>	<b>2,825,851</b>	<b>2,827,511</b>	<b>(1,660)</b>	<b>929,660</b>	<b>1,019,622</b>	<b>(89,962)</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>2,079</b>	<b>258,848</b>	<b>256,769</b>	<b>1,444,149</b>	<b>2,401,528</b>	<b>957,379</b>	<b>72,667</b>	<b>40,572</b>	<b>(32,095)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	—	—	—	—	—	—	—	1,278,797	1,278,797
Transfers out	—	—	—	(1,444,149)	(2,401,528)	(957,379)	—	(1,319,369)	(1,319,369)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,444,149)</b>	<b>(2,401,528)</b>	<b>(957,379)</b>	<b>—</b>	<b>(40,572)</b>	<b>(40,572)</b>
<b>Net Change In Fund Balance</b>	<b>\$ 2,079</b>	<b>\$ 258,848</b>	<b>\$ 256,769</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 72,667</b>	<b>\$ —</b>	<b>\$ (72,667)</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS  
For The Year Ended June 30, 2010**

**Federal:**

Established to account for financial resources and expenditures for major governmental programs related to various elementary, secondary and post-secondary education programs, and certain other less significant federal grant programs. Each federal program fund may include activity of both a current year fund and one or more prior year carryover funds.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS  
June 30, 2010**

	<b>ECIA Title I</b>	<b>NCLB</b>	<b>Early Childhood</b>	<b>Adult Education And Literacy</b>	<b>Special Education</b>	<b>Community Development Agency</b>	<b>Adult Education</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>									
Cash and short-term investments	\$ —	\$ 1,489,755	\$ —	\$ —	\$ —	\$ —	\$ 627,316	\$ 50,049	\$ 2,167,120
Receivables:									
Grants	1,054,590	767,314	5,714,947	323,540	7,792,952	132,800	56,719	1,228,951	17,071,813
Due from other funds	100,008	29,801	—	—	—	—	—	—	129,809
<b>Total Assets</b>	<b>\$ 1,154,598</b>	<b>\$ 2,286,870</b>	<b>\$ 5,714,947</b>	<b>\$ 323,540</b>	<b>\$ 7,792,952</b>	<b>\$ 132,800</b>	<b>\$ 684,035</b>	<b>\$ 1,279,000</b>	<b>\$ 19,368,742</b>
<b>Liabilities And Fund Balances</b>									
Liabilities:									
Accounts payable	\$ 398,395	\$ 193,213	\$ 393,465	\$ 15,504	\$ 5,130,790	\$ 89,211	\$ 69,660	\$ 254,484	\$ 6,544,722
Due to other funds	756,203	306,267	5,124,298	308,036	2,662,162	—	—	—	9,156,966
Unearned revenue	—	1,787,390	—	—	—	—	—	1,024,516	2,811,906
<b>Total Liabilities</b>	<b>1,154,598</b>	<b>2,286,870</b>	<b>5,517,763</b>	<b>323,540</b>	<b>7,792,952</b>	<b>89,211</b>	<b>69,660</b>	<b>1,279,000</b>	<b>18,513,594</b>
Fund balances:									
Unreserved - Undesignated	—	—	197,184	—	—	43,589	614,375	—	855,148
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,154,598</b>	<b>\$ 2,286,870</b>	<b>\$ 5,714,947</b>	<b>\$ 323,540</b>	<b>\$ 7,792,952</b>	<b>\$ 132,800</b>	<b>\$ 684,035</b>	<b>\$ 1,279,000</b>	<b>\$ 19,368,742</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS  
For The Year Ended June 30, 2010**

	ECIA Title I	NCLB	Early Childhood	Adult Education And Literacy	Special Education	Community Development Agency	Adult Education	Other	Total
<b>Revenues</b>									
Local:									
Investment income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 792	\$ —	\$ 792
Other	—	—	55	—	—	—	1,432,233	—	1,432,288
State:									
Categorical aid	—	—	4,750,818	—	—	—	235,740	19,019	5,005,577
Other	—	—	—	329,836	—	—	—	434,511	764,347
Federal	19,296,258	13,340,186	838,380	1,480,404	15,611,004	726,643	—	8,928,293	60,221,168
<b>Total Revenues</b>	<b>19,296,258</b>	<b>13,340,186</b>	<b>5,589,253</b>	<b>1,810,240</b>	<b>15,611,004</b>	<b>726,643</b>	<b>1,668,765</b>	<b>9,381,823</b>	<b>67,424,172</b>
<b>Expenditures</b>									
Current:									
Instruction	17,615,225	8,881,114	5,073,738	—	12,909,703	—	—	1,887,276	46,367,056
School administration	384,836	180,350	—	—	117,902	—	—	2,107,062	2,790,150
Instructional support	953,832	3,445,373	612,960	—	2,583,399	—	—	4,802,025	12,397,589
Noninstructional support	167,471	475,336	—	—	—	—	—	344,666	987,473
Food and community services	168,859	345,165	—	1,810,240	—	728,759	1,780,705	126,431	4,960,159
Capital outlay	6,035	12,848	—	—	—	—	—	147,110	165,993
<b>Total Expenditures</b>	<b>19,296,258</b>	<b>13,340,186</b>	<b>5,686,698</b>	<b>1,810,240</b>	<b>15,611,004</b>	<b>728,759</b>	<b>1,780,705</b>	<b>9,414,570</b>	<b>67,668,420</b>
<b>Excess Of Expenditures Over Revenues</b>	<b>—</b>	<b>—</b>	<b>(97,445)</b>	<b>—</b>	<b>—</b>	<b>(2,116)</b>	<b>(111,940)</b>	<b>(32,747)</b>	<b>(244,248)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	—	—	—	—	—	80,368	—	32,747	113,115
Transfers out	—	—	(3,000,000)	—	—	(80,368)	—	—	(3,080,368)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>(3,000,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,747</b>	<b>(2,967,253)</b>
<b>Net Change In Fund Balances</b>	<b>—</b>	<b>—</b>	<b>(3,097,445)</b>	<b>—</b>	<b>—</b>	<b>(2,116)</b>	<b>(111,940)</b>	<b>—</b>	<b>(3,211,501)</b>
<b>Fund Balances - Beginning Of Year</b>	<b>—</b>	<b>—</b>	<b>3,294,629</b>	<b>—</b>	<b>—</b>	<b>45,705</b>	<b>726,315</b>	<b>—</b>	<b>4,066,649</b>
<b>Fund Balances - End Of Year</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 197,184</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 43,589</b>	<b>\$ 614,375</b>	<b>\$ —</b>	<b>\$ 855,148</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS  
Page 1 Of 2  
For The Year Ended June 30, 2010**

	ECIA - Title I			NCLB			Early Childhood			Adult Education And Literacy		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>												
Local:												
Other	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 55	\$ 55	\$ —	\$ —	\$ —
State:												
Categorical aid	—	—	—	—	—	—	5,695,000	4,750,818	(944,182)	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	329,836	329,836
Federal	21,596,820	19,296,258	(2,300,562)	15,547,012	13,340,186	(2,206,826)	—	838,380	838,380	—	1,480,404	1,480,404
<b>Total Revenues</b>	<b>21,596,820</b>	<b>19,296,258</b>	<b>(2,300,562)</b>	<b>15,547,012</b>	<b>13,340,186</b>	<b>(2,206,826)</b>	<b>5,695,000</b>	<b>5,589,253</b>	<b>(105,747)</b>	<b>—</b>	<b>1,810,240</b>	<b>1,810,240</b>
<b>Expenditures</b>												
Current:												
Instruction	18,931,375	17,615,225	1,316,150	9,132,933	8,881,114	251,819	5,552,406	5,073,738	478,668	—	—	—
School administration	488,932	384,836	104,096	308,762	180,350	128,412	2,878	—	2,878	—	—	—
Instructional support	1,765,298	953,832	811,466	4,794,919	3,445,373	1,349,546	685,301	612,960	72,341	—	—	—
Noninstructional support	167,471	167,471	—	702,000	475,336	226,664	—	—	—	—	—	—
Food and community services	233,211	168,859	64,352	538,708	345,165	193,543	—	—	—	—	1,810,240	(1,810,240)
Capital outlay	10,533	6,035	4,498	12,848	12,848	—	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>21,596,820</b>	<b>19,296,258</b>	<b>2,300,562</b>	<b>15,490,170</b>	<b>13,340,186</b>	<b>2,149,984</b>	<b>6,240,585</b>	<b>5,686,698</b>	<b>553,887</b>	<b>—</b>	<b>1,810,240</b>	<b>(1,810,240)</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>56,842</b>	<b>—</b>	<b>(56,842)</b>	<b>(545,585)</b>	<b>(97,445)</b>	<b>448,140</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other Financing Sources (Uses)</b>												
Transfers in	—	—	—	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	(2,700,000)	(3,000,000)	(300,000)	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,700,000)</b>	<b>(3,000,000)</b>	<b>(300,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net Change In Fund Balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 56,842</b>	<b>\$ —</b>	<b>\$ (56,842)</b>	<b>\$ (3,245,585)</b>	<b>\$ (3,097,445)</b>	<b>\$ 148,140</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

*(Continued)*



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS  
Page 2 Of 2  
For The Year Ended June 30, 2010**

	Special Education			Community Development Agency			Adult Education			Other		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>												
Local:												
Investment income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 792	\$ 792	\$ —	\$ —	\$ —
Other	—	—	—	—	—	—	1,452,413	1,432,233	(20,180)	—	—	—
State:												
Categorical aid	—	—	—	—	—	—	200,000	235,740	35,740	—	19,019	19,019
Other	—	—	—	—	—	—	—	—	—	400,000	434,511	34,511
Federal	16,294,095	15,611,004	(683,091)	819,662	726,643	(93,019)	—	—	—	9,719,283	8,928,293	(790,990)
<b>Total Revenues</b>	<b>16,294,095</b>	<b>15,611,004</b>	<b>(683,091)</b>	<b>819,662</b>	<b>726,643</b>	<b>(93,019)</b>	<b>1,652,413</b>	<b>1,668,765</b>	<b>16,352</b>	<b>10,119,283</b>	<b>9,381,823</b>	<b>(737,460)</b>
<b>Expenditures</b>												
Current:												
Instruction	13,540,299	12,909,703	630,596	—	—	—	—	—	—	1,858,224	1,887,276	(29,052)
School administration	125,053	117,902	7,151	—	—	—	—	—	—	2,164,723	2,107,062	57,661
Instructional support	2,571,340	2,583,399	(12,059)	—	—	—	—	—	—	5,163,023	4,802,025	360,998
Noninstructional support	—	—	—	—	—	—	—	—	—	362,569	344,666	17,903
Food and community services	—	—	—	819,662	728,759	90,903	1,652,413	1,780,705	(128,292)	134,476	126,431	8,045
Capital outlay	40,000	—	40,000	—	—	—	—	—	—	147,127	147,110	17
<b>Total Expenditures</b>	<b>16,276,692</b>	<b>15,611,004</b>	<b>665,688</b>	<b>819,662</b>	<b>728,759</b>	<b>90,903</b>	<b>1,652,413</b>	<b>1,780,705</b>	<b>(128,292)</b>	<b>9,830,142</b>	<b>9,414,570</b>	<b>415,572</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>17,403</b>	<b>—</b>	<b>(17,403)</b>	<b>—</b>	<b>(2,116)</b>	<b>(2,116)</b>	<b>—</b>	<b>(111,940)</b>	<b>(111,940)</b>	<b>289,141</b>	<b>(32,747)</b>	<b>(321,888)</b>
<b>Other Financing Sources (Uses)</b>												
Transfers in	—	—	—	—	80,368	80,368	—	—	—	—	32,747	32,747
Transfers out	—	—	—	—	(80,368)	(80,368)	—	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,747</b>	<b>32,747</b>
<b>Net Change In Fund Balance</b>	<b>\$ 17,403</b>	<b>\$ —</b>	<b>\$ (17,403)</b>	<b>\$ —</b>	<b>\$ (2,116)</b>	<b>\$ (2,116)</b>	<b>\$ —</b>	<b>\$ (111,940)</b>	<b>\$ (111,940)</b>	<b>\$ 289,141</b>	<b>\$ —</b>	<b>\$ (289,141)</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL - DEBT SERVICE  
For The Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local:			
Current taxes	\$ 24,727,555	\$ 24,603,821	\$ (123,734)
Delinquent taxes	1,007,709	1,771,433	763,724
Investment income	324,000	599,601	275,601
Other	—	531	531
County	420,000	369,041	(50,959)
<b>Total Revenues</b>	<b>26,479,264</b>	<b>27,344,427</b>	<b>865,163</b>
<b>Expenditures</b>			
Current:			
Building service	7,004,902	—	7,004,902
Capital Outlay	26,000	—	26,000
Debt Service:			
Principal retirement	24,428,264	14,235,000	10,193,264
Interest charges	—	9,897,229	(9,897,229)
Payments to escrow agent	—	4,878,622	(4,878,622)
<b>Total Expenditures</b>	<b>31,459,166</b>	<b>29,010,851</b>	<b>2,448,315</b>
<b>Net Change In Fund Balance</b>	<b>\$ (4,979,902)</b>	<b>\$ (1,666,424)</b>	<b>\$ 3,313,478</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL - BUILDING FUND  
For The Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local:			
Investment income	\$ 1,540	\$ 373	\$ (1,167)
Other	130,007	130,007	—
<b>Total Revenues</b>	<b>131,547</b>	<b>130,380</b>	<b>(1,167)</b>
<b>Expenditures</b>			
Current:			
Building service	6,517,308	7,045,290	(527,982)
Capital outlay	79,405	79,406	(1)
Debt Service:			
Principal retirement	300,302	306,805	(6,503)
Interest charges	21,300	14,798	6,502
<b>Total Expenditures</b>	<b>6,918,315</b>	<b>7,446,299</b>	<b>(527,984)</b>
<b>Excess Of Expenditures Over Revenues</b>	<b>(6,786,768)</b>	<b>(7,315,919)</b>	<b>(529,151)</b>
<b>Other Financing Sources</b>			
Transfers in	6,787,018	7,316,196	529,178
<b>Net Change In Fund Balance</b>	<b>\$ 250</b>	<b>\$ 277</b>	<b>\$ 27</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL  
VOCATIONAL EDUCATION FUND  
For The Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local:			
Investment income	\$ 2,000	\$ 4,069	\$ 2,069
Other	—	8,119	8,119
<b>Total Revenues</b>	2,000	12,188	10,188
<b>Expenditures</b>			
Current:			
Capital outlay	52,690	—	52,690
<b>Net Change In Fund Balance</b>	<b>\$ (50,690)</b>	<b>\$ 12,188</b>	<b>\$ 62,878</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL - SETTLEMENT FUND  
For The Year Ended June 30, 2010**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>Revenues</b>			
State:			
Other	\$ 9,000,000	\$ 9,000,000	\$ —
<b>Expenditures</b>			
Current:			
Building service	36,123	36,122	1
<b>Excess Of Revenues Over Expenditures</b>	<b>8,963,877</b>	<b>8,963,878</b>	<b>1</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	—	203,976	203,976
Transfers out	(1,800,000)	(1,864,020)	(64,020)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,800,000)</b>	<b>(1,660,044)</b>	<b>139,956</b>
<b>Net Change In Fund Balances</b>	<b>\$ 7,163,877</b>	<b>\$ 7,303,834</b>	<b>\$ 139,957</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL  
AIR CONDITIONING 2006 FUND  
For The Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local:			
Investment income	\$ —	\$ 976	\$ 976
<b>Net Change In Fund Balance</b>	\$ —	\$ 976	\$ 976

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL  
AIR CONDITIONING 2009 FUND  
For The Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local:			
Investment income	\$ 35,000	\$ 40,614	\$ 5,614
Other	—	—	—
<b>Total Revenues</b>	<b>35,000</b>	<b>40,614</b>	<b>5,614</b>
<b>Expenditures</b>			
Building service	830,285	886,300	(56,015)
Capital outlay	13,771,927	3,792,490	9,979,437
<b>Total Expenditures</b>	<b>14,602,212</b>	<b>4,678,790</b>	<b>9,923,422</b>
<b>Net Change In Fund Balance</b>	<b>\$ (14,567,212)</b>	<b>\$ (4,638,176)</b>	<b>\$ 9,929,036</b>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND - AGENCY FUND  
For The Year Ended June 30, 2010**

	<b>Balance - July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance - June 30, 2010</b>
<b>Assets</b>				
Cash and short-term investments	\$ 17,269,985	\$ 60,741,718	\$ 72,920,580	\$ 5,091,123
Due from governmental funds	—	11,933,660	—	11,933,660
<b>Total Assets</b>	<b>\$ 17,269,985</b>	<b>\$ 72,675,378</b>	<b>\$ 72,920,580</b>	<b>\$ 17,024,783</b>
<b>Liabilities</b>				
Accounts payable	\$ 207	\$ 890	\$ 207	\$ 890
Deposits and escrow funds	16,939,525	72,495,306	72,590,120	16,844,711
Unexpended grant balances	330,253	179,182	330,253	179,182
<b>Total Liabilities</b>	<b>\$ 17,269,985</b>	<b>\$ 72,675,378</b>	<b>\$ 72,920,580</b>	<b>\$ 17,024,783</b>



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUNDS**

Page 1 Of 2

For The Year Ended June 30, 2010

	Special Revenue								Total
	General	Teachers	School Lunchroom	Student Health Fund	Federal	Debt Service	Capital Projects	Foundation Funds	
Local:									
Current Taxes:									
Real property	\$ 96,113,946	\$ —	\$ —	\$ —	\$ —	\$ 18,227,678	\$ —	\$ —	\$ 114,341,624
Personal property	24,205,028	—	—	—	—	4,592,981	—	—	28,798,009
Surplus commissions	1,191,539	—	—	—	—	226,098	—	—	1,417,637
Merchant and									
Merchant and manufacturers	8,083,175	—	—	—	—	1,533,808	—	—	9,616,983
Financial institution	122,558	—	—	—	—	23,256	—	—	145,814
Surcharge	16,595,553	—	—	—	—	—	—	—	16,595,553
Sales tax	22,758,347	—	—	—	—	—	—	—	22,758,347
Sales tax-Prop C	2,236,371	19,335,746	—	—	—	—	—	—	21,572,117
Delinquent taxes	9,335,462	—	—	—	—	1,771,433	—	—	11,106,895
Investment income	408,512	—	—	—	792	589,439	46,032	78,523	1,123,298
Other:									
Interest and protested taxes	53,554	—	—	—	—	10,162	—	—	63,716
Tuition	—	—	—	—	1,432,288	—	—	—	1,432,288
School Lunch Program	—	—	440,526	—	—	—	—	—	440,526
School Lunch Nonprogram	—	—	95,296	—	—	—	—	—	95,296
Indirect costs recovered	2,860,297	—	—	—	—	—	—	—	2,860,297
Sundry	2,978,037	—	736	—	—	531	138,126	—	3,117,430
<b>Total local</b>	<b>186,942,379</b>	<b>19,335,746</b>	<b>536,558</b>	<b>—</b>	<b>1,433,080</b>	<b>26,975,386</b>	<b>184,158</b>	<b>78,523</b>	<b>235,485,830</b>
County:									
Fines and forfeitures	—	343,967	—	—	—	—	—	—	343,967
Utility and railroad taxes	1,985,283	—	—	—	—	369,041	—	—	2,354,324
Other	603,332	—	—	—	—	—	—	—	603,332
<b>Total county</b>	<b>2,588,615</b>	<b>343,967</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>369,041</b>	<b>—</b>	<b>—</b>	<b>3,301,623</b>

(Continued)

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUNDS**

Page 2 Of 2

For The Year Ended June 30, 2010

	Special Revenue					Debt Service	Capital Projects	Foundation Funds	Total
	General	Teachers	School Lunchroom	Student Health Fund	Federal				
State:									
Basic formula	\$ —	\$ 44,468,613	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 44,468,613
Categorical aid:									
Transportation	7,363,450	—	—	—	—	—	—	—	7,363,450
Exceptional pupil	—	—	—	—	4,750,818	—	—	—	4,750,818
Free and reduced	8,418,098	—	—	—	—	—	—	—	8,418,098
Vocational aid	95,873	123,375	—	—	254,759	—	—	—	474,007
School lunch program	—	—	60,128	—	—	—	—	—	60,128
Other	527,041	300	—	—	764,347	—	9,000,000	525,666	10,817,354
<b>Total state</b>	<b>16,404,462</b>	<b>44,592,288</b>	<b>60,128</b>	<b>—</b>	<b>5,769,924</b>	<b>—</b>	<b>9,000,000</b>	<b>525,666</b>	<b>76,352,468</b>
Federal:									
State administered:									
ECIA - Chapter 1	—	—	—	—	19,296,258	—	—	—	19,296,258
Education of the Handicapped Act (Public Law 94-142)	—	—	—	—	15,611,004	—	—	—	15,611,004
National School Breakfast/Lunch Program	—	—	13,229,782	—	—	—	—	—	13,229,782
Local and direct grants:									
Other	1,741,398	18,045,583	—	5,229,039	25,313,906	—	—	—	50,329,926
<b>Total federal</b>	<b>1,741,398</b>	<b>18,045,583</b>	<b>13,229,782</b>	<b>5,229,039</b>	<b>60,221,168</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>98,466,970</b>
<b>Total Revenues</b>	<b>\$ 207,676,854</b>	<b>\$ 82,317,584</b>	<b>\$ 13,826,468</b>	<b>\$ 5,229,039</b>	<b>\$ 67,424,172</b>	<b>\$ 27,344,427</b>	<b>\$ 9,184,158</b>	<b>\$ 604,189</b>	<b>\$ 413,606,891</b>

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## Part III - Statistical Section (Unaudited)

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This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	97 - 103
These seven (7) schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	104 - 107
These four (4) schedules contain information to help the reader assess the factors affecting the District's current largest own source revenue.	
<b>Debt Capacity</b>	108 - 110
These three (3) schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic And Economic Information</b>	111 - 112
These two (2) schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with over governments.	
<b>Operating Information</b>	113 - 116
These four (4) schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

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**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 225,370,768	\$ 274,130,368	\$ 285,952,390	\$ 275,639,550	\$ 228,968,116	\$ 270,758,699	\$ 263,556,865	\$ 243,534,249	\$ 220,741,507
Restricted:									
Capital Projects	115,140,509	98,515,394	92,320,936	82,661,520	129,789,653	88,739,103	99,600,772	127,661,648	116,478,211
Debt service	23,035,131	22,082,289	20,780,332	22,928,803	27,370,790	29,425,037	29,126,080	29,395,789	28,138,082
Endowments, nonexpendable	2,573,846	2,249,598	2,690,146	3,268,245	3,531,811	4,842,116	4,998,691	3,828,326	3,329,875
Unrestricted	52,195,869	(7,758,477)	(31,414,644)	(21,207,908)	(23,717,985)	(8,358,504)	(8,709,789)	(61,481,909)	(67,779,191)
<b>Total primary government net assets</b>	<b>\$ 418,316,123</b>	<b>\$ 389,219,172</b>	<b>\$ 370,329,160</b>	<b>\$ 363,290,210</b>	<b>\$ 365,942,385</b>	<b>\$ 385,406,451</b>	<b>\$ 388,572,619</b>	<b>\$ 342,938,103</b>	<b>\$ 300,908,484</b>

Note: The Board began to report accrued information when it implemented GASB Statement No. 34 in 2002.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**EXPENSES, PROGRAM REVENUES AND NET EXPENSE(REVENUE)  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Governmental activities:									
Instruction	\$ 248,185,623	\$ 265,171,163	\$ 243,938,873	\$ 244,342,222	\$ 256,610,630	\$ 233,492,819	\$ 227,778,768	\$ 229,680,393	\$ 224,146,573
Building Service	47,208,307	50,876,611	44,134,447	46,074,370	50,850,687	45,395,617	50,587,419	48,234,478	61,923,729
Administration	41,969,513	44,329,770	47,734,402	45,143,764	36,103,139	41,589,097	47,188,728	47,952,938	41,716,823
Instructional support	57,419,526	56,239,496	50,515,399	48,141,158	44,143,664	44,085,503	48,569,976	38,310,839	34,492,445
Noninstructional support	21,268,398	18,549,347	17,451,117	18,131,182	12,971,469	14,228,743	19,255,920	19,028,351	26,292,783
Transportation	25,124,408	29,121,839	21,958,237	24,584,111	25,899,751	30,303,063	32,026,184	29,334,971	29,496,425
Food and community service	27,863,619	27,585,149	27,246,705	23,508,406	24,769,458	21,367,333	21,339,991	20,005,532	20,208,582
Interest charges	11,257,598	12,974,689	11,630,565	10,707,463	11,153,937	12,324,811	11,416,294	11,475,002	11,583,276
<b>Total primary government expenses</b>	<b>480,296,992</b>	<b>504,848,064</b>	<b>464,609,745</b>	<b>460,632,676</b>	<b>462,502,735</b>	<b>442,786,986</b>	<b>458,163,280</b>	<b>444,022,504</b>	<b>449,860,636</b>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction	2,996,165	8,652,473	8,607,399	9,400,672	2,359,370	1,578,140	392,824	295,200	—
School Administration	125,839	—	43,442	50,210	—	—	—	—	—
Noninstructional support	—	—	360,606	173,925	160,505	98,481	—	—	—
Food and community service	739,395	763,658	217,992	540,282	984,774	2,033,948	2,185,103	2,168,631	1,872,758
<b>Total charges for services</b>	<b>3,861,399</b>	<b>9,416,131</b>	<b>9,229,439</b>	<b>10,165,089</b>	<b>3,504,649</b>	<b>3,710,569</b>	<b>2,577,927</b>	<b>2,463,831</b>	<b>1,872,758</b>
Operating grants and contributions:									
Instruction	93,029,597	86,974,977	83,195,708	84,459,260	97,259,562	53,000,011	52,387,142	48,838,515	59,988,926
Building services	1,960,028	40,062	384,636	216,972	270,160	476,877	132,481	259,749	16,180
Administration	5,239,038	5,132,952	2,604,221	3,902,773	5,144,851	6,804,366	6,093,616	8,124,836	5,742,176
Instructional support	21,349,745	26,392,219	25,778,059	18,822,196	15,707,656	15,868,374	16,228,413	11,175,763	16,333,786
Noninstructional support	1,988,089	3,128,016	462,812	—	1,421,239	1,322,336	2,731,852	870,476	1,246,508
Transportation	14,578,348	14,874,114	13,945,026	10,563,131	11,899,007	10,665,859	13,227,467	12,118,877	7,362,660
Food and community service	23,263,871	19,367,934	19,866,437	21,917,376	20,978,354	16,406,814	16,138,309	15,673,847	17,101,032
<b>Total operating grants and contributions</b>	<b>161,408,716</b>	<b>155,910,274</b>	<b>146,236,899</b>	<b>139,881,708</b>	<b>152,680,829</b>	<b>104,544,637</b>	<b>106,939,280</b>	<b>97,062,063</b>	<b>107,791,268</b>
Capital grants and contributions									
Instruction	25,861,730	26,456,927	20,848,349	16,001,767	15,779,086	13,157,476	11,808,786	10,939,745	9,273,710
<b>Total primary government program revenue</b>	<b>191,131,845</b>	<b>191,783,332</b>	<b>176,314,687</b>	<b>166,048,564</b>	<b>171,964,564</b>	<b>121,412,682</b>	<b>121,325,993</b>	<b>110,465,639</b>	<b>118,937,736</b>
<b>Total primary government net expense</b>	<b>\$ (289,165,147)</b>	<b>\$ (313,064,732)</b>	<b>\$ (288,295,058)</b>	<b>\$ (294,584,112)</b>	<b>\$ (290,538,171)</b>	<b>\$ (321,374,304)</b>	<b>\$ (336,837,287)</b>	<b>\$ (333,556,865)</b>	<b>\$ (330,922,900)</b>

Note: The Board began to report accrued information when it implemented GASB Statement No. 34 in 2002.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue									
Total primary government net expense	\$ (289,165,147)	\$ (313,064,732)	\$ (288,295,058)	\$ (294,584,112)	\$ (290,538,171)	\$ (321,374,304)	\$ (336,837,287)	\$ (333,556,865)	\$ (330,922,900)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes levied for:									
General purposes	182,450,540	131,296,919	134,668,511	129,563,700	139,859,089	136,895,954	150,134,808	154,627,840	154,526,449
Debt service	17,083,509	17,109,484	17,837,525	21,630,889	23,325,391	22,781,661	26,660,677	26,915,994	26,375,224
Capital outlay	690,179	684,957	1,453,185	7,454,249	1,653,812	—	—	—	—
Sales taxes	—	54,450,615	53,906,993	54,998,727	56,283,369	61,941,455	54,779,955	47,686,826	44,330,464
Unrestricted federal and state aid	96,275,502	76,558,908	68,307,574	66,741,640	61,526,861	102,543,573	91,901,405	71,833,520	61,255,667
Investment earnings	5,625,976	1,781,276	2,091,986	3,438,161	6,161,502	10,816,787	7,175,352	1,329,434	831,077
Other revenues	2,023,172	917,513	741,177	1,647,811	4,380,322	5,858,940	9,351,258	4,656,391	6,146,928
Gain on disposal of capital assets	—	—	992,095	2,069,985	—	—	—	—	—
<b>Total primary government</b>	<b>304,148,878</b>	<b>282,799,672</b>	<b>279,999,046</b>	<b>287,545,162</b>	<b>293,190,346</b>	<b>340,838,370</b>	<b>340,003,455</b>	<b>307,050,005</b>	<b>293,465,809</b>
Change in Net Assets	14,983,731	(30,265,060)	(8,296,012)	(7,038,950)	2,652,175	19,464,066	3,166,168	(26,506,860)	(37,457,091)
Prior Period Adjustment	—	1,168,109	—	—	—	—	—	(22,022,596)	(1,677,588)
Change in Accounting Principle	—	—	(10,594,000)	—	—	—	—	—	—
<b>Change In Net Assets - Primary Government</b>	<b>\$ 14,983,731</b>	<b>\$ (29,096,951)</b>	<b>\$ (18,890,012)</b>	<b>\$ (7,038,950)</b>	<b>\$ 2,652,175</b>	<b>\$ 19,464,066</b>	<b>\$ 3,166,168</b>	<b>\$ (48,529,456)</b>	<b>\$ (39,134,679)</b>

Note: The Board began to report accrued information when it implemented GASB Statement No. 34 in 2002.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 6,485,697	\$ 9,089,715	\$ 10,674,725	\$ 5,961,814	\$ 1,063,124	\$ 618,742	\$ 637,350	\$ 637,350	\$ 131,985
Unreserved	39,704,859	(12,329,933)	(40,763,504)	(29,302,150)	(29,664,258)	(13,732,032)	(12,569,876)	(45,387,598)	(65,697,010)
<b>Total general fund</b>	<b>46,190,556</b>	<b>(3,240,218)</b>	<b>(30,088,779)</b>	<b>(23,340,336)</b>	<b>(28,601,134)</b>	<b>(13,113,290)</b>	<b>(11,932,526)</b>	<b>(44,750,248)</b>	<b>(65,565,025)</b>
All Other Governmental Funds									
Reserved	25,339,139	25,296,483	70,715,786	62,703,105	67,408,658	70,382,980	70,528,906	69,730,172	67,565,297
Unreserved, reported in:									
Capital projects funds	115,151,990	98,526,782	45,220,879	46,155,463	93,283,596	84,126,609	82,103,294	91,345,911	94,025,010
Debt service	6,092,195	—	—	—	—	—	—	—	—
Special revenue funds	3,175,607	(1,216,325)	1,244,281	1,913,542	552,296	534,784	4,278,034	4,066,649	1,113,996
<b>Total all other governmental funds</b>	<b>\$ 149,758,931</b>	<b>\$ 122,606,940</b>	<b>\$ 117,180,946</b>	<b>\$ 110,772,110</b>	<b>\$ 161,244,550</b>	<b>\$ 155,044,373</b>	<b>\$ 156,910,234</b>	<b>\$ 165,142,732</b>	<b>\$ 162,704,303</b>

Note: The Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information on the preceding pages.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**GOVERNMENTAL FUNDS REVENUES  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Federal sources:									
Federal grants	\$ 67,711,628	\$ 65,663,882	\$ 60,860,815	\$ 66,998,931	\$ 74,920,859	\$ 64,281,371	\$ 66,354,616	\$ 60,345,261	\$ 98,466,970
State sources:									
Minimum guarantee	97,247,981	79,606,196	71,129,072	67,415,798	62,137,597	103,569,096	92,829,702	72,559,111	44,468,613
Categorical aid	77,260,628	75,839,715	70,896,336	67,281,693	67,195,096	26,979,933	30,438,550	25,400,729	21,066,501
Desegregation	7,752,571	—	—	—	—	—	—	—	—
Other	23,801,444	27,870,630	19,469,652	17,612,395	21,583,474	20,567,951	13,714,334	15,302,753	10,817,354
<b>Total state sources</b>	<b>206,062,624</b>	<b>183,316,541</b>	<b>161,495,060</b>	<b>152,309,886</b>	<b>150,916,167</b>	<b>151,116,980</b>	<b>136,982,586</b>	<b>113,262,593</b>	<b>76,352,468</b>
Local sources:									
Current taxes	192,880,193	188,621,113	192,698,780	197,703,824	207,821,653	215,923,992	223,483,208	219,993,681	215,246,084
Delinquent taxes	6,364,354	8,071,059	7,973,056	8,198,724	7,170,450	7,452,905	8,946,733	7,980,308	11,106,895
Interest	5,877,956	2,042,415	2,282,362	3,697,482	6,637,522	10,816,787	7,175,351	1,291,877	623,239
Other	16,174,886	14,760,934	26,657,773	20,432,878	9,904,588	9,245,533	12,242,826	9,981,067	8,509,612
<b>Total local sources</b>	<b>221,297,389</b>	<b>213,495,521</b>	<b>229,611,971</b>	<b>230,032,908</b>	<b>231,534,213</b>	<b>243,439,217</b>	<b>251,848,118</b>	<b>239,246,933</b>	<b>235,485,830</b>
County sources	3,326,526	10,680,438	3,130,684	3,827,752	2,917,157	3,763,186	3,170,640	3,366,619	3,301,623
<b>Total revenues</b>	<b>\$ 498,398,167</b>	<b>\$ 473,156,382</b>	<b>\$ 455,098,530</b>	<b>\$ 453,169,477</b>	<b>\$ 460,288,396</b>	<b>\$ 462,600,754</b>	<b>\$ 458,355,960</b>	<b>\$ 416,221,406</b>	<b>\$ 413,606,891</b>

Note: The Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information on the preceding pages.



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	\$ 236,647,573	\$ 250,413,617	\$ 224,047,503	\$ 226,946,514	\$ 233,901,877	\$ 213,795,775	\$ 206,120,807	\$ 209,185,315	\$ 208,547,473
Building service	46,521,925	49,555,376	42,867,693	45,218,574	47,534,695	43,125,281	42,215,152	42,175,149	45,469,575
Administration	41,295,864	40,363,445	45,625,765	42,565,446	36,664,478	40,459,621	46,599,038	47,415,902	40,272,984
Instructional support	55,274,705	53,602,926	47,561,326	45,194,064	43,730,928	45,576,538	45,692,225	42,512,402	36,452,206
Noninstructional support	18,304,099	14,606,656	16,106,849	15,563,794	12,191,327	14,038,567	19,121,357	21,177,316	19,248,981
Transportation	25,121,820	29,112,228	21,730,695	24,558,911	25,669,026	30,284,340	31,949,846	29,115,240	29,119,856
Food and community service	26,902,540	26,337,421	25,775,170	22,121,022	24,526,881	21,326,558	21,307,018	19,974,360	20,162,449
Capital outlay	67,146,136	59,076,463	32,007,653	9,307,110	29,460,550	20,908,707	13,742,072	42,521,234	6,576,531
Debt service:									
Principal retirement	13,453,718	13,596,871	10,811,821	11,949,108	12,347,011	13,168,670	13,907,325	14,342,645	14,541,805
Interest charges	10,447,304	12,048,787	10,244,612	9,405,327	8,918,705	11,333,810	9,868,372	8,950,787	9,912,027
Bond issuance costs	—	—	—	496,084	597,432	255,740	—	390,986	—
Payments to escrow agent	—	—	—	—	—	—	—	4,927,979	4,878,622
<b>Total expenditures</b>	<b>\$ 541,115,684</b>	<b>\$ 548,713,790</b>	<b>\$ 476,779,087</b>	<b>\$ 453,325,954</b>	<b>\$ 475,542,910</b>	<b>\$ 454,273,607</b>	<b>\$ 450,523,212</b>	<b>\$ 482,689,315</b>	<b>\$ 435,182,509</b>

Debt service as a percentage of noncapital expenditures	5.0%	5.2%	4.7%	4.9%	4.9%	5.7%	5.4%	6.5%	7.3%
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Note: The Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information on the preceding pages.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCE  
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Excess of revenues over/(under) expenditures	\$ (42,717,517)	\$ (75,557,408)	\$ (21,680,557)	\$ (156,477)	\$ (15,254,514)	\$ 8,327,147	\$ 7,832,748	\$ (66,467,909)	\$ (21,575,618)
Other Financing Sources (Uses)									
Operating transfers in	119,214,693	176,970,897	116,059,422	125,808,189	91,632,580	82,204,230	87,280,789	77,214,803	79,109,989
Operating transfers out	(119,214,693)	(176,970,897)	(116,059,422)	(125,808,189)	(91,632,580)	(82,204,230)	(87,280,789)	(77,214,803)	(79,109,989)
Proceeds from G.O. bonds	50,050,853	—	—	—	—	—	—	39,295,000	—
Payments to refunding escrow agent	(33,118,698)	(30,579,800)	—	(47,569,000)	55,000,000	(29,680,211)	(5,680,000)	—	—
Proceeds from refunding debt	33,118,698	—	—	—	—	—	—	—	—
Proceeds from capital lease obligations	121,643	2,072,361	—	—	—	—	—	—	—
Premium on issuance of bonds	—	—	—	—	—	—	—	1,837,685	—
Proceeds from sale of capital assets	—	—	—	—	—	704,777	893,877	—	—
Proceeds from refunding bonds	—	26,313,973	—	44,115,000	—	28,147,782	—	—	—
Proceeds from premium on bond refunding	—	—	—	3,950,084	3,166,156	1,788,169	—	—	—
<b>Total other financing sources (uses)</b>	<b>50,172,496</b>	<b>(2,193,466)</b>	<b>—</b>	<b>496,084</b>	<b>58,166,156</b>	<b>960,517</b>	<b>(4,786,123)</b>	<b>41,132,685</b>	<b>—</b>
Net change in fund balances	7,454,979	(77,750,874)	(21,680,557)	339,607	42,911,642	9,287,664	3,046,625	(25,335,224)	(21,575,618)
Prior period adjustment	—	1,168,109	—	—	—	—	—	750,000	—
Change in accounting principle	—	—	(10,594,000)	—	—	—	—	—	—
<b>Adjusted net change in fund balance</b>	<b>\$ 7,454,979</b>	<b>\$ (76,582,765)</b>	<b>\$ (32,274,557)</b>	<b>\$ 339,607</b>	<b>\$ 42,911,642</b>	<b>\$ 9,287,664</b>	<b>\$ 3,046,625</b>	<b>\$ (24,585,224)</b>	<b>\$ (21,575,618)</b>

Note: The Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information on the preceding pages.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value	Actual Value			Total Taxable Value	Total Direct Rate (1)
		Residential Property	Personal Property	Commercial Property		
2001	\$ 2,901,376,591	\$ 5,003,137,584	\$ 3,135,793,451	\$ 2,864,065,028	\$ 11,002,996,063	4.1900
2002	3,090,268,806	5,373,228,868	3,344,509,913	3,054,162,834	11,771,901,615	4.3000
2003	3,130,763,016	5,362,253,053	3,450,458,582	3,005,451,803	11,818,163,438	4.3000
2004	3,328,678,975	6,120,981,195	3,379,281,322	3,247,739,703	12,748,002,220	4.1900
2005	3,307,808,188	6,191,217,458	3,250,075,970	3,275,403,275	12,716,696,703	4.3040
2006	3,793,118,911	8,276,431,968	3,262,633,771	3,540,822,256	15,079,887,995	3.9720
2007	3,714,548,699	8,110,635,568	3,429,869,522	3,228,231,905	14,768,736,995	4.0193
2008	4,289,134,632	10,268,651,237	4,075,980,234	3,101,334,767	17,445,966,238	3.7533
2009	4,250,211,130	10,111,094,805	3,942,733,184	3,202,288,696	17,256,116,685	3.8028
2010	4,321,388,787	9,900,355,458	3,080,241,782	4,417,739,575	17,398,336,815	3.8943

(1) Per \$100 assessed valuation

Source: Assessor's Office - City of St. Louis

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

Fiscal Year	District Direct Rates			Total	Overlapping Rates								
	General Purposes	Capital Purposes	Debt Purposes		State Blind Person	St. Louis Community College	MSD	Sheltered Workshop Dist.	St. Louis Public Library	Comm. Mental Health	Comm. Child Serv Fund	Zoo And Museum District	City Of St. Louis
2001	3.7300	0.020	0.5500	\$4.3000	0.030	0.223	0.069	0.144	0.510	0.082	0.000	0.265	1.633
2002	3.7300	0.020	0.5500	\$4.3000	0.030	0.232	0.039	0.150	0.560	0.090	0.000	0.222	1.599
2003	3.7300	0.020	0.5500	\$4.3000	0.030	0.232	0.069	0.150	0.560	0.090	0.000	0.222	1.609
2004	3.6000	0.040	0.5500	\$4.1900	0.030	0.231	0.065	0.147	0.545	0.088	0.000	0.226	1.562
2005	3.6140	0.040	0.6500	\$4.3040	0.030	0.237	0.069	0.149	0.556	0.089	0.000	0.276	1.591
2006	3.3110	0.040	0.6210	\$3.9720	0.030	0.223	0.069	0.137	0.510	0.082	0.190	0.265	1.440
2007	3.3980	0.000	0.6210	\$4.0190	0.030	0.223	0.069	0.139	0.517	0.083	0.190	0.261	1.459
2008	3.1322	0.000	0.6211	\$3.7533	0.030	0.200	0.067	0.128	0.477	0.077	0.175	0.233	1.345
2009	3.1817	0.000	0.6211	\$3.8028	0.030	0.201	0.000	0.130	0.494	0.078	0.178	0.234	1.323
2010	3.2732	0.000	0.6211	\$3.8943	0.030	0.214	0.000	0.135	0.502	0.080	0.183	0.249	1.360

Source: Assessor's Office - City of St. Louis

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT CALENDAR YEAR AND NINE YEARS AGO**

Tax Payer by Industry Classification (1)	Calendar Year 2009		Calendar Year 2000	
	Taxable Assessed Value	Percentage Of Assessed Value	Taxable Assessed Value	Percentage Of Assessed Value
Utilities	\$ 92,860,000	2.16%	\$ 64,067,000	2.35%
Manufacturing	81,323,000	1.89%	74,413,000	2.73%
Gaming	77,199,000	1.80%	—	
Utilities	69,102,000	1.61%	84,169,000	3.08%
Telecommunications	66,285,000	1.54%	—	
Financial Services	44,559,000	1.04%	37,889,000	1.39%
Property Management	36,400,000	0.85%	—	
Utilities	30,587,000	0.71%	72,038,000	2.64%
Healthcare	29,540,000	0.69%	44,462,000	1.63%
Transportation	27,740,000	0.65%	—	
Real Estate Development			20,530,000	0.0075
Financial Services			17,577,000	0.0064
Manufacturing			15,348,000	0.0056
Healthcare			12,549,000	0.0046
<b>Total</b>	<b>\$ 555,595,000</b>	<b>12.94%</b>	<b>\$ 443,042,000</b>	<b>16.23%</b>

Source : Assessor's Office and Collector of Revenue - City of St. Louis

Note:

(1) Taxpayer confidentiality prevents the disclosure of amounts by company name. The above information is individual taxpayers within the noted industry categories.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year Of The Levy		Collection In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2001	\$ 125,299,650	\$ 109,904,842	87.71%	\$ 13,130,050	\$ 123,034,892	98.19%
2002	132,881,559	116,174,562	87.43%	7,009,932	123,184,494	92.70%
2003	134,621,090	114,247,001	84.87%	15,128,096	129,375,097	96.10%
2004	139,471,649	119,151,342	85.43%	15,415,297	134,566,639	96.48%
2005	142,368,064	122,412,220	85.98%	19,955,844	142,368,064	100.00%
2006	150,662,683	131,968,954	87.59%	12,102,723	144,071,677	95.63%
2007	153,532,685	131,844,310	85.87%	9,306,289	141,150,599	91.94%
2008	160,984,090	145,188,991	90.19%	8,405,067	153,594,058	95.41%
2009	161,627,029	148,434,501	91.84%	8,648,079	157,082,580	97.19%
2010	168,287,844	160,525,095	95.39%	—	160,525,095	95.39%

Source: Board of Education annual financial reports for the respective years

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage Of Personal Income (a)	G.O. Debt Per Capita (a)	Ratio Of G.O. Debt To Estimate Actual Property Value (b)
	Net G.O. School Building And Refunding Bonds	Energy Loan Payable	Capital Lease Obligations	Leasehold Revenue And Crossover Refunding Bonds					
2001	\$ 167,475,000	\$ 1,863,670	\$ 9,236,024	\$ 36,565,000	\$ 215,139,694	2.51	\$ 618	0.0152	
2002	218,092,059	1,580,897	7,759,442	33,135,000	260,567,398	3.00	627	0.0185	
2003	240,506,279	1,292,440	7,371,565	—	249,170,284	2.72	693	0.0204	
2004	229,606,532	998,185	5,797,776	—	236,402,493	2.59	660	0.0180	
2005	217,627,456	698,017	4,535,120	—	222,860,593	2.40	622	0.0171	
2006	238,899,210	391,814	3,386,310	—	242,677,334	2.51	677	0.0158	
2007	224,912,975	79,456	1,923,956	—	226,916,387	2.25	636	0.0152	
2008	206,263,624	—	1,076,087	—	207,339,711	1.96	583	0.0118	
2009	227,414,211	—	588,442	—	228,002,653	3.09	643	0.0132	
2010	210,450,885	—	281,637	—	210,732,522	1.88	591	0.0120	

Notes: N/A = Not Available

(a) See Demographic and Economic Statistics Table for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(b) See Assessed Value and Actual Value of Taxable Property Statistics Table for estimated actual property value

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2010**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share Of Direct And Overlapping Debt</b>
City of St. Louis	\$ 951,893,000	100%	\$ 951,893,000
Metropolitan St. Louis Sewer District	605,156,000	11.25% *	68,094,000
St. Louis Junior College District	32,955,000	16.12% *	5,312,000
Board Direct Debt	<u>238,180,000</u>	100% *	<u>238,180,000</u>
Total Direct and Overlapping Debt	<u><u>\$ 1,828,184,000</u></u>		<u><u>\$ 1,263,479,000</u></u>

Sources: City of St. Louis Comptroller's Office  
Notes to St. Louis Public School financial statements  
Metropolitan St. Louis Sewer District  
St. Louis Junior College District

Note:

\* Based on assessed property value



**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ 4,321,388,787
Debt Limit (15% of assessed valuation)	648,208,318
Debt applicable to limit	<u>238,180,000</u>
Legal debt margin	<u><u>\$ 410,028,318</u></u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 435,206,489	\$ 463,540,321	\$ 469,608,452	\$ 499,301,846	\$ 496,171,228	\$ 568,967,729	\$ 557,182,305	\$ 643,370,195	\$ 637,531,670	\$ 648,208,318
Total net debt applicable to limit	<u>167,475,000</u>	<u>226,965,000</u>	<u>243,655,000</u>	<u>233,830,000</u>	<u>199,636,197</u>	<u>238,899,210</u>	<u>224,912,975</u>	<u>206,263,624</u>	<u>227,412,211</u>	<u>210,450,885</u>
Legal debt margin	<u>\$ 267,731,489</u>	<u>\$ 236,575,321</u>	<u>\$ 225,953,452</u>	<u>\$ 265,471,846</u>	<u>\$ 296,535,031</u>	<u>\$ 330,068,519</u>	<u>\$ 332,269,330</u>	<u>\$ 437,106,571</u>	<u>\$ 410,119,459</u>	<u>\$ 437,757,433</u>
Total net debt applicable to the limit as a percentage of debt limit	38.48%	48.96%	51.88%	46.83%	40.24%	41.99%	40.37%	32.06%	35.67%	32.47%

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Calendar Year	(1) Population	(3) Personal Income (thousands of dollars)	(3) Per Capita Personal Income	(2) Unemployment Rate
2000	348,189	\$ 8,560,506	\$ 24,686	5.2%
2001	347,954	8,994,072	25,726	6.6%
2002 *	347,252	9,162,420	26,162	7.8%
2003 *	348,039	9,128,411	26,228	8.4%
2004 *	350,705	9,285,829	26,478	8.7%
2005	352,572	9,680,210	27,456	7.9%
2006	353,837	10,069,490	28,458	6.9%
2007	355,663	10,571,569	29,724	7.0%
2008	356,730	11,492,000	32,214	7.8%
2009	356,587	11,222,863	31,473	11.7%

Notes:

(1) Source: Census Bureau- Population estimates since 2000 have been slightly inconsistent because the Census Bureau has used an Administrative Records Methodology whereas the City has used a Housing Unit methodology. \* Statistics reflect the City's successful challenge of the Bureau's methodology for Calendar Years 2002, 2003, and 2004.

Sources: Census Bureau

U.S. Bureau of Labor Statistics

U.S. Bureau of Economic Analysis - Calendar Year 2009 figures are estimates; actual statistics for this period are released in April, 2011.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**PRINCIPAL EMPLOYERS  
CURRENT CALENDAR YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>Calendar Year 2009</u>		<u>Calendar Year 2000</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Washington University	13,672	3.22	11,363	1.98
BJC Health Systems	12,225	2.88	15,772	2.74
City of St. Louis	10,462	2.46	10,006	1.74
St. Louis University	9,500	2.24	8,551	1.49
Defense Finance & Acct Services	6,174	1.45		
AT&T Services	5,683	1.34		
Wachovia	5,602	1.32	6,025	1.05
St. Louis Board of Education	3,251	0.76	8,668	1.51
State of Missouri	4,646	1.09	7,143	1.24
Anheuser Busch	4,396	1.03	6,322	1.10
United States Postal Service			8,313	1.45
Southwestern Bell			6,911	1.20
<b>Total</b>	<b>75,611</b>	<b>17.79</b>	<b>89,074</b>	<b>15.50</b>

Sources: Assessor's Office - City of St. Louis,  
Collector of Revenue - City of St. Louis,  
St. Louis City Comptrollers Office

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<b>Full-Time-Equivalent District Employees By Type As Of June 30.</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Supervisory</b>										
Administrators and Managers	54	56	56	37	55	75	85	78	169	111
Principals	107	109	109	92	93	91	91	84	78	74
Asst. Principals-Nonteaching	72	71	67	76	80	77	79	64	54	48
<b>Total Supervisory</b>	<b>233</b>	<b>236</b>	<b>232</b>	<b>205</b>	<b>228</b>	<b>243</b>	<b>255</b>	<b>226</b>	<b>301</b>	<b>233</b>
<b>Instruction</b>										
Elem. Classroom Teachers	1,848	1,834	1,826	1,794	1,624	1,521	1,509	1,331	1,418	1,343
Sec. Classroom Teachers	646	623	629	557	539	560	537	515	609	593
Other Classroom Teachers	593	705	772	1,325	1,455	861	512	412	544	37
<b>Total instruction</b>	<b>3,087</b>	<b>3,162</b>	<b>3,227</b>	<b>3,676</b>	<b>3,618</b>	<b>2,942</b>	<b>2,558</b>	<b>2,258</b>	<b>2,571</b>	<b>1,973</b>
<b>Student Services</b>										
Guidance counselors	139	138	145	130	88	93	109	113	96	87
Psychological	46	47	48	47	37	37	36	32	35	68
Librarians, Audio-Visual	97	90	102	98	89	86	78	70	56	51
Consultants/Inst. Supervisors	126	138	127	102	93	66	82	114	87	—
Other Professionals	382	596	392	525	483	518	523	402	119	114
Teacher Aides	604	722	602	526	512	538	555	574	338	172
NLR Teachers	—	—	—	—	—	—	—	—	—	212
Technicians	36	42	45	26	34	30	31	28	—	—
<b>Total Student Services</b>	<b>1,430</b>	<b>1,773</b>	<b>1,461</b>	<b>1,454</b>	<b>1,336</b>	<b>1,368</b>	<b>1,414</b>	<b>1,333</b>	<b>731</b>	<b>704</b>
<b>Support and Administration</b>										
Clerical/Technical	422	560	425	495	414	362	371	240	213	194
Service Workers	994	1,009	1,064	616	551	206	179	157	326	147
Skilled Crafts	124	130	136	24	26	1	2	8	—	—
Unskilled Laborers	34	41	31	—	—	—	—	1	—	—
<b>Total support and Administration</b>	<b>1,574</b>	<b>1,740</b>	<b>1,656</b>	<b>1,135</b>	<b>991</b>	<b>569</b>	<b>552</b>	<b>406</b>	<b>539</b>	<b>341</b>
<b>Total</b>	<b>6,324</b>	<b>6,911</b>	<b>6,576</b>	<b>6,470</b>	<b>6,173</b>	<b>5,122</b>	<b>4,779</b>	<b>4,223</b>	<b>4,142</b>	<b>3,251</b>

Source: St. Louis Public Schools Department of Human Resources

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

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**LEVEL OF SERVICE  
LAST TEN FISCAL YEARS**

<b>Function Activity</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Instruction</b>										
Student enrollment	36,939	37,138	36,084	34,445	32,947	30,739	27,646	27,527	26,043	26,449
<b>Building Services</b>										
Number of schools	108	111	93	90	92	91	89	85	88	76
<b>Transportation</b>										
Number of students transported	41,384	41,629	45,519	27,216	26,447	24,707	22,450	22,876	26,784	27,671

Source: District Records

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHOOL BUILDING INFORMATION**

	<u>Enrollment</u>	<u>Program Capacity</u>	<u>Year</u>	<u>Square Feet</u>
<b>Elementary Schools</b>				
Adams-400	358	415	1,878	63,201
Ames VPA-425	339	564	1,956	72,468
Ashland-406	365	600	1,909	74,146
Baden-408 (CLOSED)	—	360	1,908	53,188
Bryan Hill-418	204	310	1,912	58,991
Buder-420	358	450	1,920	59,973
Carver-428 (CLOSED)	—	N/A	1,989	51,760
Clark eMints-432	—	255	1,907	57,671
Clay-436	209	335	1,905	51,297
Cole eMints-440	167	350	1,931	55,233
Columbia-442	233	400	1,930	59,059
Cote Brilliante-444 @ Cupples (A/C Project)	205	400	1,904	59,640
Dewey IS-447	449	452	1,918	59,392
Dunbar-448	226	505	1,912	67,284
Farragut-458	206	410	1,906	60,479
Ford-463	343	525	1,964	81,700
Froebel-466	333	460	1,895	70,481
Gallaudet HI-472	64	70	1,927	29,857
Gateway Math & Science Elem.-473	479	714	1,995	244,000
Gateway-Michael SpEd-552	58	41	1,995	244,000
Hamilton eMints-478	359	510	1,918	60,110
Henry eMints-488	291	440	1,906	66,465
Herzog-490	365	400	1,937	38,532
Hickey-489	248	325	1,966	62,222
Hodgen-492	255	350	1,884	63,211
International Welcome School-497	242	N/A	N/A	N/A
Jefferson-502	240	395	1,960	89,976
Kennard CJA-503	404	380	1,930	47,151
Laclede-506	279	350	1,915	64,020
Lexington-510	269	405	1,996	58,554
Lyon ABI-518	350	288	1,910	38,983
Mallinckrodt ABI-524	196	308	1,940	38,044
Mann eMints-526	265	295	1,902	55,983
Mark Twain-528 (CLOSED)	—	360	1,912	61,259
Mason eMints-534	312	440	1,921	47,673
Meda P. Washington ECC-540 (CLOSED)	—	350	1,930	45,362
Meramec-550	241	200	1,909	38,963
Monroe eMints-556	250	400	1,899	48,498
Mullanphy ILC-559	474	583	1,915	83,122
Nance-561	415	400	2,002	61,000
Oak Hill eMints-560	349	500	1,908	49,531
Peabody eMints-562	289	515	1,957	86,866
Scruggs-574 (CLOSED)	—	380	1,918	59,566
Sherman-584	163	280	1,899	47,638
Sigel-586	286	475	1,906	67,605
Simmons-Marshall MEGA-587 (CLOSED)	—	460	1,899	87,542
Stix ECC-593	445	580	1,921	78,961
Walbridge-596	397	515	1,924	67,827
Washington Montessori-601	404	515	1,956	35,757
Wilkinson ECC @ Rowe 572/603	209	350	1,920	47,683
Woerner-597	402	355	1,932	57,623
Woodward-612	323	400	1,922	56,510
Griscom-668	43	N/A	N/A	N/A
Lyon Elementary (Alternative)-671	204	N/A	1,910	38,983
Big Picture - 697	—	150	1,968	16,743

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL  
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS  
(ST. LOUIS PUBLIC SCHOOLS)**

**SCHOOL BUILDING INFORMATION (*Continued*)**

	<u>Enrollment</u>	<u>Program Capacity</u>	<u>Year</u>	<u>Square Feet</u>
<b>Middle Schools</b>				
Innovation Concept Academy @ Blewett-302	154	N/A	1,956	90,471
Bunche IS @ Madison 311	286	414	1,911	74,807
Busch AAA-305	258	310	1,953	43,110
Carr Lane VPA-307	494	640	1,959	87,620
Compton Drew ILC-339	415	510	1,996	92,000
Fanning-314	358	332	1,907	70,117
Langston-324	312	389	1,964	72,831
Long-326	316	529	1,923	71,467
L'Ouverture-328	294	464	1,950	83,803
McKinley CJA-313	317	560	1,903	166,823
Freshstart @ Turner Middle School-698	163	N/A	1,940	49,768
Stevens-340	233	375	1,964	74,846
Yeatman-Liddell-352	225	512	1,967	77,030
Big Picture Middle/High @ Northwest-694	99	N/A	1,964	170,460
<b>Junior Prep Academies</b>				
Gateway Math & Science Preparatory-373/206	419	519	1,995	N/A
Stowe Preparatory-375/207 (CLOSED)	—	572	1,967	73,320
<b>Small High Schools</b>				
Carnahan High School of the Future-193/150	297	500	2,003	73,500
Trans & Law Academy @ Northwest-194/154	245	791	1,964	170,460
<b>Elementary Schools</b>				
Sumner-180	368	1,106	1,910	235,602
Vashon-183	398	1,320	2,002	242,000
Cleveland NJROTC-144 @ Pruitt	177	560	1,955	103,470
Beaumont-125	360	1,263	1,926	274,599
Nottingham CAJT-114	120	180	1,953	41,823
Central VPA-186 @Southwest Complex	503	870	1,937	247,733
Clyde Miller Career Academy-117	539	800	2,004	141,000
Gateway IT High-111	837	1,625	1,956	453,091
Metro A&C-156	221	340	1,997	56,726
Soldan IS-173	570	1,030	1,909	251,097
McKinley Leadership Academy-157	57	N/A	1,903	166,823
Alternative-199	272	N/A	N/A	N/A

N/A = NOT AVAILABLE

Source: District records