COMPREHENSIVE

ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2011

Lyon @ Blow ABI K-8 Elementary School

St. Louis Public Schools

St. Louis, Missouri

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, 2011

St. Louis, Missouri

Report Submitted by

Mr. Enos K. Moss
Chief Financial Officer and Treasurer

Contents

Contents

Page

Contents

Page

Part III - Statistical Section (Unaudited)

Part I - Introductory Section

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

December 27, 2011

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, 2011. 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 2010 ASBO Certificate of Excellence and the 2010 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.

801 N. 11th Street Saint Louis, Missouri 63101 Phone: 314-231-3720
Fax: 314-345-2661

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 full all-day pre-school and 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 2010-2011

The following academic initiatives implemented in FY2009-10 continue in FY2010-11 as the backbone to improve time and effort on individual instruction, provide proper and sufficient resources to schools, maintain and improve school buildings for a safe, secure, and modern education: 1) After school programs at every elementary school that provide educational enhancements and health and social services to students, 2) Six independent, themed pilot schools designed to employ innovative school management and instruction techniques to increase student achievement, 3) School Turnaround Intervention Programs for all middle schools and select elementary schools that provide a clear and consistent focus on student achievement, 4) Thirteen Community Education Full Service Schools that foster collaborative partnerships between the district and community service providers to offer medical, dental, mental health services, and assistance with employment and housing, 5) An Innovative Concept Alternative School to ensure that students who would otherwise be out of school due to suspensions are given the support necessary to achieve academically, 6) A mentoring program for first and second year teachers to improve classroom management and instruction, 7) An International Welcome Center to provide transition services for new international/ESOL students to adapt to public schooling, 8) A partnership with the Zoo Museum District to provide targeted schools with direct access to their educational programs, 9) 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 3rd, 2010 and passed 76%.

Current Initiatives and Accomplishments

The St. Louis Public School District received six (6) APR points towards accreditation in the following areas: Advanced Courses, Career Education Courses, College Placement, Career Education Placement, Graduation Rate, and Bonus Map Achievement.

The St. Louis Public School District received $96.1 million from the Desegregation Capital Fund to restore the fund balance and fund academic programs.

For the 2011-12 school year, the District developed a series of new initiatives and policies that will continue to create higher quality school options and increase academic achievement.

Early Childhood Education: Opportunities must be increased for students to start school earlier so they are better prepared for elementary school and more successful throughout their school years.

- 25 additional Pre-K classrooms and two additional early childhood special education classrooms added to District schools throughout the city
- 11 District schools to provide before and after school programs for ECE students
- Additional future expansion or a dedicated ECE facility

Portfolio of Schools – An Option for Growth: Legitimate, quality school programs, in addition to the traditional school setting, must be provided so that students and their families can choose an educational setting to match their learning style, interest and abilities. These multiple pathways options will increase access to a more disciplined and small class-size setting, providing the environment for students to excel academically.

- Alternative classrooms
- School-within-a-school programming
- Separate alternative schools
- Second or last-chance schools for disruptive students

School Choice:

- Eighth graders who are not assigned to a magnet or choice high school will have the opportunity to select which of the four comprehensive high schools he/she would like to attend as a freshman in Fall 2011

Performance-Based Schools: Schools that are not adequately educating children should be closed. A SLPS school can and will be reconstituted or closed if it consistently fails to improve or provide a high quality education. Performance will be assessed in the following areas:

- District benchmark tests and the MAP test
- Attendance
- Free & Reduce Meal applications
- Course offerings and graduation rate (high schools)

These and other measures are intended to increase the educational options for the academic success of students in the Saint Louis Public Schools as well as return the District to an accreditation status.

Year End Audit and Financial Results

The final independent audit for the 2011 fiscal year was completed by RubinBrown LLP in December 2011 and is the basis of the audited financials included in the Financial Section of this CAFR.

The District began the year with a $65.6 million General Operating fund deficit and ended the year with a $55.0 million deficit. While the financial condition reflected a significant improvement, a deficit balance still existed at the end of fiscal year 2010-2011. As a result, the District is designated as a financially stressed district for the ninth 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 319,000. 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 3,055 full-time and part-time employees, including approximately 2,429 certified employees, including teachers and principals and approximately 626 classified employees.

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:

School Year	Average Daily Attendance
2011	20,880
2010	22,754
2009	23,484
2008	24,813
2007	27,646
2006	30,739

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 (see earlier discussion in this section), 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 12th 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 statement. 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. While the 2010 Census showed that the City had dropped 8.3% in population to 319,294, significant reinvestment in the downtown area of the City over the decade has established a base for the City's future health and growth. In addition, the significant drops previously experienced by the District in student enrollment have slowed recently. In addition, the City's college-educated population is growing. The City ranked #1 in the nation with an 87% increase of those aged 25-34 who have a four-year degree or higher and live within three miles of downtown (USA Today). The St. Louis metro area's unemployment rate at August 2011 was 11.70% compared to 12.30% during 2010. However, downtown St. Louis has weathered the economic change well with over $4.5 billion of investments since 1999. Downtown St. Louis continues as a major employment center of the region with approximately 90,000 jobs, it has also evolved into a residential center with over 12,000 residents. The District's revenue depends upon successful revitalization of the City, which in turn requires attracting new residents and growing the economic base. Currently underway or just recently completed are such notable projects as: the Peabody Opera House ($75 million), the Laurel ($142 million), the Central Library redevelopment ($79 million), 600 Washington ($60 million) and the Park Pacific Redevelopment ($109 million). It should be noted that the average age of the District's facilities are about 75 years. Capital renovation needs are further discussed 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 2/3rd cent sales tax.

As mentioned earlier, during fiscal year 2005, 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.

On November 16, 2011, the District has reached an agreement with the Plaintiffs in the desegregation lawsuit to use approximately $96 million of previously restricted funds, to eliminate the debt and fund certain academic programs through FY 2014 (see additional comments in Note 15).

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 58 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 District’s buildings are averaging 75 years old and capital improvements needs have increased to an estimated $360 million. In August 2010, the District gained approval of a $155 million no-tax bond to repair and upgrade facilities. The renovations include envelope work (roofs, masonry, and windows), interior modifications and renovations of classrooms, restrooms, auditoriums, computer labs, science labs, kitchens, Pre-K, security, ADA, electrical systems and exterior improvements to playgrounds, parking lots and athletic fields. Phase I is well underway with expenditures around $30 million. Phase II, this summer 2012 will include $95 million in expenditures leaving Phase III next summer 2013 with $30 million.

The Board presently supervises the operation of 77 schools, including 44 elementary schools, 11 middle schools, 14 high schools and 8 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 2011-2012.

Long-Range Planning

The District will continue to take the necessary steps to prevent deficit spending through revenue enhancement measures and cost containment initiatives. The challenge is supporting academic initiatives while addressing declining enrollment 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, continue developing and utilizing the 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 2010 U S Bureau of Economic Analysis, the per capita personal income for the City was $32,026 and more than 87% 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, 2011 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, 2010. This was the 27th consecutive year for the ASBO and 23rd 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

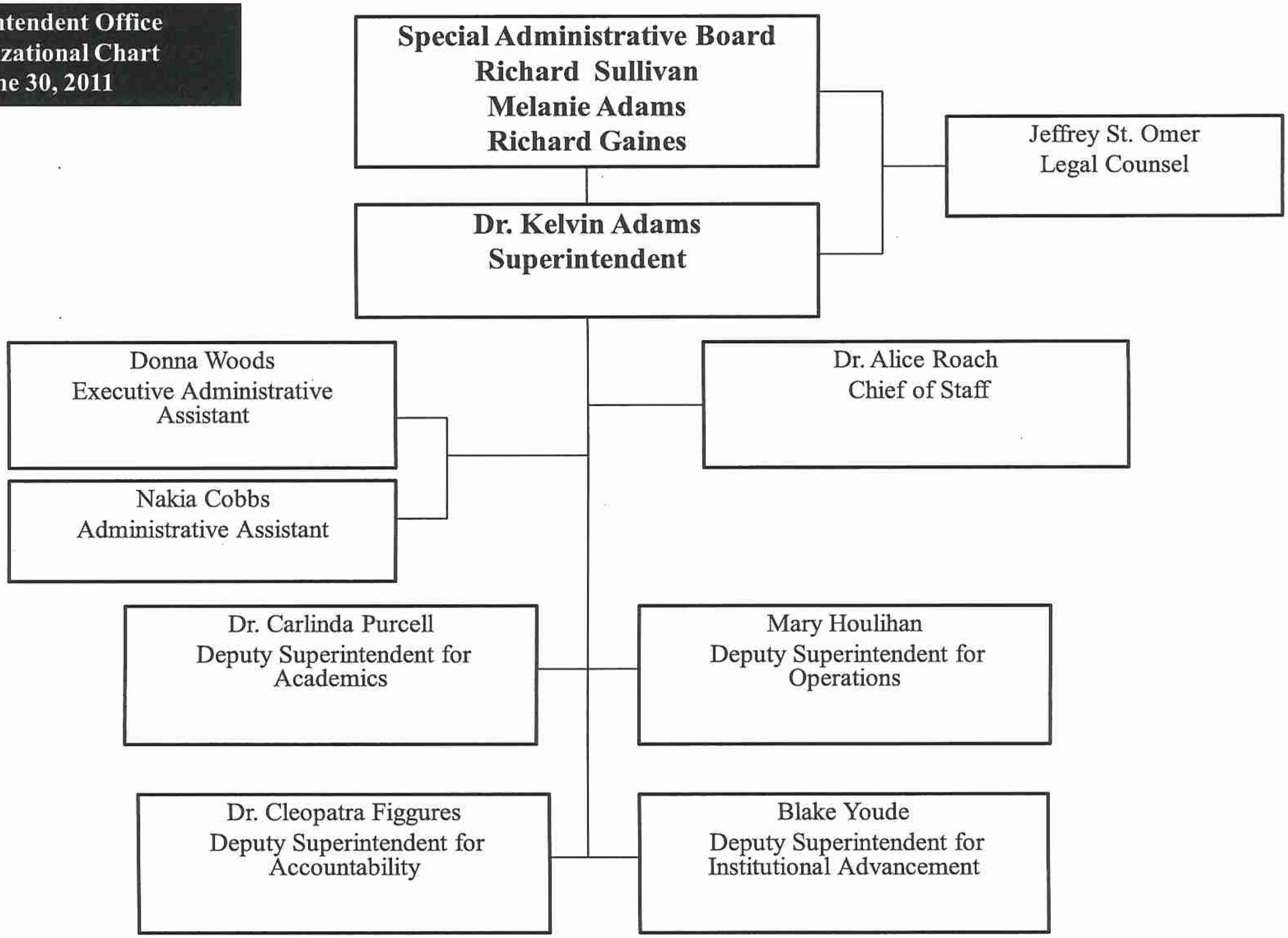
The preparation of this report could not have been accomplished without the cooperation and efficient and dedicated services of the entire administrative staff of the District. We would especially like to express our appreciation to the Board members for their interest and support in the financial affairs of the St. Louis Public Schools during the 2010-2011 fiscal year.

Respectfully submitted,

Dr. Kelvin Adams
Superintendent of Schools

Enos K. Moss
Chief Financial Officer / Treasurer

Superintendent Office Organizational Chart June 30, 2011



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, 2010

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 Program

Chuck Linton   John D. Musso

President   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, 2010

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

Part II – Financial Section

RubinBrown LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, 2011, 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.

As discussed in Note 15 to the financial statements, the District has incurred operating deficits in its general operating funds in prior years and has accumulated a deficit fund balance of approximately $55 million. Management's plans in regard to these matters are described in Note 15.

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 27, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 27, 2011

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, 2011. 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 ninth 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. However, as noted below and in the notes section, the recent Desegregation Agreement along with other initiatives has improved the District's financial condition.

- 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.) On November 16, 2011 an agreement was reached with the plaintiffs and agreed to by the court to allow the District to transfer approximately $96 million of previously restricted funds to eliminate the debt and to fund certain academic programs through FY2014. (See Notes 15 and 16).

- 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 2010-11 fiscal year.

- The deficit unrestricted fund balance decreased significantly during the 2010-11 fiscal year. This was primarily due to the $10.0 million subsidy of prior year expenditures from the school renovation Build America Bonds and $3.5 million in prior period E-rate receipts. (See Note 15 for additional comments.) The unassigned fund deficit for the general operating funds began the year with a $65.7 million deficit and ended the year with a $54.7 million deficit. General Operating Funds consist of: General, Teachers, Building Capital and Student Health Funds.

- The assets for the District exceeded liabilities by $300.4 million on the government-wide financial statements. Of this amount, there is a negative $53.2 million in unrestricted net assets, compared to a negative $67.8 million in 2010. This net change was primarily the result of a $10.0 million subsidy of prior year expenditures from the school renovation Build America bonds and $3.5 million in prior period E-rate receipts. The District's total net assets, when compared to fiscal year 2010, increased by $0.5 million. Unrestricted net assets showed an increase of $14.6 million, when compared to fiscal year 2010.

- On the fund financial statements, the net change in fund balances was a positive $74.7 million as compared to a negative $21.6 million from fiscal year 2010.

- The total fund balance reported for the District's total governmental funds was $173.8 million, an increase of $76.6 million from the prior year.

- The largest portion of the District's net assets reflects an investment of $198.7 million or 66.1 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 voters of the City of St. Louis at the June 1993 election approved an indefinite waiver of a tax rollback. Assessed valuation of $4.40 billion represents an increase from the preceding year. The increase was due mainly to increases in property valuations. The tax levy, per $100 assessed valuation of tangible taxable property, for each of the District's last two calendar years was as follows:

	2010	2011	Change
General fund	$ 3.2732	$ 3.3654	$ .0922
Debt service fund	.6211	.6211	.0000
	$ 3.8943	$ 3.9865	$ .0922

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

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.

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.

Notes 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.

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,		
	2010	**2011**	**Change**
Assets			
Current and other assets	$ 186.3	$ 252.0	$ 65.7
Capital assets, net	440.2	426.7	(13.5)
Total Assets	626.5	678.7	52.2
Liabilities			
Current liabilities	66.9	55.4	(11.5)
Long-term liabilities	258.7	322.9	64.9
Total Liabilities	325.6	378.3	52.7
Net Assets			
Invested in capital assets, net of related debt	220.7	198.7	(22.0)
Restricted for capital projects	116.5	117.9	1.4
Restricted for debt service	28.1	32.2	4.1
Restricted for endowments, nonexpendable	3.3	4.8	1.5
Unrestricted	(67.8)	(53.2)	14.6
Total Net Assets	$ 300.9	$ 300.4	$ (0.5)

Changes in Net Assets from Operating Results (In Millions)

	For The Years Ended June 30,		
	2010	**2011**	**Change**
Revenues			
Program Revenues:			
Charges for services	$ 1.9	$ 1.5	$ (0.4)
Operating grants and contributions	107.8	107.1	0.3
Capital grants and contributions	9.2	0.9	(9.3)
Total Program Revenues	118.9	109.5	(9.4)
General Revenues:			
Taxes	225.3	230.4	5.1
Federal and state aid not restricted to specific purposes	61.3	39.9	(21.4)
Earnings on investments	0.8	2.1	1.3
Miscellaneous	6.1	5.9	(0.2)
Total General Revenues	293.5	278.3	(15.2)
Total Revenues	412.4	387.8	(24.6)
Expenses			
Instruction	224.1	212.5	(11.6)
Building services	61.9	45.4	(16.5)
School administration	41.7	30.0	(11.7)
Instructional support	34.5	36.1	1.6
Noninstructional support	26.3	13.0	(13.3)
Transportation	29.5	22.8	(6.7)
Food and community services	20.2	19.3	(0.9)
Interest expense	11.6	11.1	(0.5)
Total Expenses	449.8	390.2	(59.6)
Change In Net Assets	(37.4)	(2.4)	35.0
Net Assets - Beginning Of Year, As Previously Stated	340.0	300.9	(39.1)
Prior Period Restatement	(1.7)	1.9	3.6
Net Assets - Beginning Of Year, As Restated	338.3	302.8	(35.5)
Net Assets - End Of Year	$ 300.9	$ 300.4	$ (0.5)

Total net assets for the District decreased $0.5 million from the prior year due primarily to deficit spending. Current and other assets increased by $65.7 million. Capital assets decreased by $13.5 million due to depreciation expense, as well as an impairment loss on buildings that were being sold. Current liabilities decreased by $11.5 million as a result of decreases in accounts payable. Total long-term liabilities increased $64.9 million, primarily due to issuance of new bonds.

The District is able to report positive balances in the following 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 $21.4 million due to declining enrollment, while local taxes increased by $5.1 million due to enhanced collections. Expenses decreased by $59.6 million from 2010 as a result of management's efforts to reduce overall spending.

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, 2011. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financial sources from fiscal year 2010.

Revenue Source (In Millions)	**2010 Amount**	**2011 Amount**	**Increase (Decrease) Over 2010**	**Percentage Increase (Decrease) Over 2010**
Local	$ 235.5	$ 242.6	$ 7.1	3.0
County	3.3	3.5	0.2	6.1
State	76.4	53.2	(23.2)	(30.4)
Federal	98.4	91.0	(7.4)	(7.5)
Total	$ 413.6	$ 390.3	$ (23.3)	(5.6)

Local and county revenues increased by $7.3 million as a result of higher realization of delinquent property tax revenues. State revenues decreased by $23.2 million or 30.4% due to declining enrollments and basic formula funding paid through federal stimulus funds. Federal revenues decreased by $7.4 million or 7.5% as a result of reduced funding through the American Recovery and Reinvestment Act of 2009.

The following schedule represents a summary of the expenditures for the governmental funds by function for the period ended June 30, 2011. It also depicts the amount and percentage increases and decreases in relation to prior year amounts.

Expenditures (In Millions)

	2010 Amount	Percent Of Total	2011 Amount	Percent Of Total	Increase (Decrease) From 2010	Percentage Increase (Decrease) From 2010
Instruction	$ 208.5	47.8	$ 198.0	49.8	$ (10.5)	(5.0)
Building service	45.5	11.0	38.6	9.7	(6.9)	(15.2)
School administration	40.2	9.2	30.6	7.7	(9.6)	(23.9)
Instructional support	36.5	8.3	35.9	9.0	(0.6)	(1.6)
Noninstructional support	19.2	4.4	17.2	4.4	(2.0)	(10.4)
Transportation	29.1	6.6	22.7	5.7	(6.4)	(22.0)
Food and community	20.1	4.6	19.3	4.9	(0.8)	(4.0)
Capital outlay	6.6	1.5	10.8	2.7	4.2	63.6
Debt service	24.5	5.6	24.2	6.1	(0.3)	(1.2)
Escrow agent	4.9	1.0	—	—	(4.9)	(100.0)
Total	$ 435.1	100.0	$ 397.3	100.0	$ (37.8)	(8.7)

The District experienced an overall expenditure decrease of $37.8 million from the prior year. This was primarily the result of management's efforts to reduce operating expenditures. 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 unassigned fund deficit of the General Fund was $(54.7) million. This represents a $11.0 million decrease in the deficit when compared to the 2010 unreserved fund deficit of $(65.7) million.

Other Major Funds

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

- The Debt Service Fund revenues exceeded expenditures by $4.5 million in 2011 while expenditures exceeded revenues by $1.7 in 2010.

- The Settlement Fund is a restricted capital project funds set up in connection with the Desegregation Settlement Agreement and had no activity in 2011 as a result of state revenue expiring.

- Air conditioning 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 $5.0 million in capital expenditures were incurred in 2011 which is a increase in spending of $0.3 million compared to 2010. The remaining fund balances to be spent is $8.8 million at June 30, 2011.

- The Proposition "S" Renovation Bond Fund I and II are used for school renovations. Approximately $6.8 million in capital expenditures were incurred in 2011 while the Proposition "S" Renovation Bond funds did not exist in 2010. Approximately $64.8 million in fund balances remain at June 30, 2011. Additional information related to the Proposition "S" bonds can be found in Note 5.

- The Teachers' Fund is supplemented by the General Fund and therefore maintains a zero fund balance.

CAPITAL ASSETS

At June 30, 2011, the District had $426.7 million invested in a broad range of capital assets, including land, building and improvements, and equipment.

	Primary Government (In Thousands)			
	June 30, 2010 Balance	Additions And Transfers In	Deletions And Transfers Out	June 30, 2011 Balance
Land	$ 24,619	$ —	$ (203)	$ 24,416
Construction in progress	9,354	3,160	(9,354)	3,160
Idle and held for sale assets	12,254	—	(2,705)	9,549
Impaired Assets	33,756	4,081	(3,162)	34,675
Building and nonmovable equipment	651,527	20,506	(14,057)	657,976
Movable equipment	40,702	37	(3,564)	37,175
Total Capital Assets	772,212	27,784	(33,045)	766,951
Less: Accumulated depreciation	331,852	23,449	(15,090)	340,211
Totals	$ 440,360	$ 4,335	$ (17,955)	$ 426,740

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

LONG-TERM DEBT

As of June 30, 2011, the District had $322.9 million in debt compared to $258.7 million last year. This represents a $64.2 million increase in long-term obligations was mainly attributable to issuing new general obligation bonds.

	For The Years Ended June 30,		
	2010	**2011**	**Change**
Changes In Long-Term Debt (In Thousands)			
Compensated absences	$ 2,925	$ 2,205	$ (720)
Other postemployment benefits	2,813	2,393	(420)
Termination benefits	9,372	4,775	(4,597)
Claims payable	5,508	5,789	281
Remediation liability	3,508	4,553	1,045
Arbitrage liability	620	—	(620)
General obligation school building and refunding bonds	238,180	306,354	68,174
Capital lease obligations	282	—	(282)
Less: Capital appreciation to maturity on bonds	10,681	9,083	(1,598)
Deferred amount on refunding	2,100	1,666	(434)
Plus: Unamortized premium on bonds	8,298	7,582	(716)
Totals	$ 258,725	$ 322,902	$ 64,177

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 $2.0 million increase when compared to the original budget. This increase was primarily due to increases in the Building Services section of the budget.

ECONOMIC OUTLOOK

To address anticipated financial challenges various initiatives were implemented, which resulted in significant cost reductions. Some of these initiatives included, staff reductions and realignments, an early retirement incentive, 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. However, the positive impact related to State funding currently tracks one to two years behind the current year's enrollment.

More detailed information pertaining to the District's economic outlook can be found in the letter of transmittal and 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

Basic Financial Statements

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

STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities
Assets	
Cash and short-term investments	$ 145,944,864
Investments	69,005,645
Receivables (net):	
Grants	14,444,508
Taxes	18,870,593
Other	1,837,511
Inventories	139,025
Deferred charges	1,761,177
Capital assets:	
Land	24,416,407
Construction in progress	3,159,712
Impaired assets	34,674,633
Depreciable buildings, movable and nonmovable equipment, net	364,489,706
Total Assets	678,743,781
Liabilities	
Accounts payable	40,713,221
Accrued interest	2,680,844
Retainage payable	311,119
Unearned revenue	5,626,243
Advances from external parties - employee escrow agency fund	6,072,307
Long-term liabilities:	
Long-term obligations due within one year	27,453,165
Long-term obligations due in more than one year	295,449,744
Total Liabilities	378,306,643
Net Assets	
Invested in capital assets, net of related debt	198,696,409
Restricted:	
Capital projects	117,949,612
Debt service	32,191,615
Endowments, nonexpendable	4,764,157
Unrestricted	(53,164,655)
Total Net Assets	$ 300,437,138

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue And Changes In Net Assets
Functions	**Expenses**	**Charges For Services**	**Operating Grants And Contributions**	**Capital Grants And Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 212,515,070	$ —	$ 58,794,013	$ 921,159	$ (152,799,898)
Building services	45,437,217	—	189,615	—	(45,247,602)
School administration	29,993,491	—	5,345,111	—	(24,648,380)
Instructional support	36,067,256	—	16,919,388	—	(19,147,868)
Noninstructional support	13,009,401	—	3,951,776	—	(9,057,625)
Transportation	22,822,432	—	5,785,437	—	(17,036,995)
Food and community services	19,324,339	1,459,337	16,154,035	—	(1,710,967)
Interest expense	11,060,829	—	—	—	(11,060,829)
Total Governmental Activities	$ 390,230,035	$ 1,459,337	$ 107,139,375	$ 921,159	(280,710,164)
	General Revenues				
	Property taxes levied for:				
	General purposes				158,349,365
	Debt service				26,418,051
	Sales taxes				45,676,880
	Federal and state aid not restricted to specific purposes				39,900,358
	Earnings on investments				2,118,690
	Other revenues				5,869,172
	Total General Revenues				278,332,516
	Change In Net Assets				(2,377,648)
	Net Assets - Beginning Of Year, As Previously Stated				300,908,484
	Prior Period Adjustment				1,906,302
	Net Assets - Beginning Of Year, As Restated				302,814,786
	Net Assets - End Of Year				$ 300,437,138

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

				Capital Projects							Other	Total
			Debt		Vocational		Air Conditioning		Prop S School Renovation		Governmental	Governmental
	General	Teachers	Service	Building	Education	Settlement	2006	2009	Bond Fund I	Bond Fund II	Funds	Funds
Assets												
Cash And Investments:												
Cash and short-term investments	$ —	$ —	$23,821,805	$ 43,415	$ 1,444,962	$ 78,484,186	$ —	$ 10,584,358	$ 50,866,286	$ 14,451,442	$ 7,973,088	$ 187,669,542
Other investments	—	—	—	—	—	—	—	—	—	—	4,748,457	4,748,457
Investments held for bonded indebtedness by trustee	—	—	8,342,690	—	—	—	—	—	—	—	—	8,342,690
Total Cash And Investments	—	—	32,164,495	43,415	1,444,962	78,484,186	—	10,584,358	50,866,286	14,451,442	12,721,545	200,760,689
Receivables:												
Grants	1,756	31,722	—	—	—	—	—	—	—	—	14,411,030	14,444,508
Taxes	26,219,638	—	3,593,074	—	—	—	—	—	—	—	—	29,812,712
Other	1,351,367	—	2,542	381	—	—	—	—	—	724	172,950	1,527,964
Total Receivables	27,572,761	31,722	3,595,616	381	—	—	—	—	—	724	14,583,980	45,785,184
Due from other funds	11,760,274	20,186,495	—	—	—	—	—	—	—	—	—	31,946,769
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	—	—	36,506,057
Inventories	139,025	—	—	—	—	—	—	—	—	—	—	139,025
Total Assets	$ 39,472,060	$ 20,218,217	$35,760,111	$ 43,796	$ 1,444,962	$ 114,990,243	$ —	$ 10,584,358	$ 50,866,286	$ 14,452,166	$ 27,305,525	$ 315,137,724

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

				Capital Projects							Other	Total
			Debt		Vocational		Air Conditioning		Prop S School Renovation		Governmental	Governmental
	General	Teachers	Service	Building	Education	Settlement	2006	2009	Bond Fund I	Bond Fund II	Funds	Funds
Liabilities And Fund Balances												
Liabilities:												
Accounts payable	$ 14,099,735	$ 20,063,224	$ —	$ 43,415	$ —	$ —	$ —	$ 1,443,677	$ 519,549	$ —	$ 4,384,052	$ 40,553,652
Retainage payable	—	—	—	—	—	—	—	311,119	—	—	—	311,119
Due to other funds	26,258,804	154,993	—	—	—	—	—	—	—	—	11,605,279	38,019,076
Advances from settlement fund	36,506,057	—	—	—	—	—	—	—	—	—	—	36,506,057
Unearned revenue	—	—	—	—	—	—	—	—	—	—	5,626,243	5,626,243
Deferred tax revenues	17,130,001	—	3,238,835	—	—	—	—	—	—	—	—	20,368,836
Total Liabilities	93,994,597	20,218,217	3,238,835	43,415	—	—	—	1,754,796	519,549	—	21,615,574	141,384,983
Fund Balances:												
Nonspendable												
Inventory	139,025	—	—	—	—	—	—	—	—	—	—	139,025
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	—	—	36,506,057
Permanent fund principal	—	—	—	—	—	—	—	—	—	—	4,764,157	4,764,157
Total Nonspendable	139,025	—	—	—	—	36,506,057	—	—	—	—	4,764,157	41,409,239
Restricted for:												
Bonded indebtedness	—	—	32,521,276	—	—	—	—	—	—	—	—	32,521,276
Capital projects	—	—	—	—	1,444,962	78,484,186	—	8,829,562	50,346,737	14,452,166	—	153,557,613
Total Restricted	—	—	32,521,276	—	1,444,962	78,484,186	—	8,829,562	50,346,737	14,452,166	—	186,078,889
Assigned to:												
School lunchroom	—	—	—	—	—	—	—	—	—	—	36,051	36,051
Early childhood	—	—	—	—	—	—	—	—	—	—	197,184	197,184
Community development agenc	—	—	—	—	—	—	—	—	—	—	74,725	74,725
Adult education	—	—	—	—	—	—	—	—	—	—	617,834	617,834
Other capital projects	—	—	—	381	—	—	—	—	—	—	—	381
Total Assigned	—	—	—	381	—	—	—	—	—	—	925,794	926,175
Unassigned	(54,661,562)	—	—	—	—	—	—	—	—	—	—	(54,661,562)
Total Fund Balances	(54,522,537)	—	32,521,276	381	1,444,962	114,990,243	—	8,829,562	50,346,737	14,452,166	5,689,951	173,752,741
Total Liabilities And Fund Balances	$ 39,472,060	$ 20,218,217	$ 35,760,111	$ 43,796	$ 1,444,962	$ 114,990,243	$ —	$10,584,358	$ 50,866,286	$ 14,452,166	$27,305,525	$ 315,137,724

See the accompanying notes to basic financial statements.

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, 2011

Total fund balance - governmental funds	$ 173,752,741
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 $766,951,345 and the accumulated depreciation is $340,210,887.	426,740,458
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.	20,368,838
Allowance for doubtful accounts are recorded against receivables in the government-wide statements.	(10,942,119)
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.	8,550,380
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, 2011 are:	
Accrued interest on outstanding debts	(2,680,844)
Bonds and notes payable	(297,270,690)
Unamortized deferred loss on refunding	1,666,327
Unamortized bond issue costs	1,761,177
Unamortized bond premium	(7,581,834)
Accrued compensated absences	(2,205,131)
Early retirement benefits	(4,775,000)
Other post-employment benefits	(2,393,665)
Remediation liability	(4,553,500)
Total net assets - governmental activities	$ 300,437,138

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, 2011

				Capital Projects								
							Air Conditioning		Prop S School Renovation		Other	Total
	General	Teachers	Debt Service	Building	Vocational Education	Settlement	2006	2009	Bond Fund I	Bond Fund II	Governmental Funds	Governmental Funds
Revenues												
Local:												
Current taxes	$ 175,622,983	$ 21,752,048	$ 24,743,821	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 222,118,852
Delinquent taxes	9,071,735	—	1,674,230	—	—	—	—	—	—	—	—	10,745,965
Investment income	217,608	—	409,892	946	4,894	—	702	13,825	8,030	11,995	1,442,338	2,110,230
Other	5,124,881	6,239	12,956	135,011	—	—	—	—	—	—	2,395,068	7,674,155
County	2,739,680	384,498	376,844	—	—	—	—	—	—	—	—	3,501,022
State:												
Basic formula	—	33,331,874	—	—	—	—	—	—	—	—	—	33,331,874
Categorical aid	14,611,230	155,375	—	—	—	—	—	—	—	—	4,054,016	18,820,621
Other	536,683	2,000	—	—	—	—	—	—	—	—	546,970	1,085,653
Federal	4,448,767	14,142,121	—	—	—	—	—	—	—	—	72,420,176	91,011,064
Total Revenues	212,373,567	69,774,155	27,217,743	135,957	4,894	—	702	13,825	8,030	11,995	80,858,568	390,399,436
Expenditures												
Current:												
Instruction	38,150,355	118,250,545	—	—	—	—	—	—	—	—	41,624,182	198,025,082
Building service	37,227,062	—	7,366	—	—	—	—	454,601	581,066	338,885	—	38,608,980
School administration	18,392,339	10,774,912	—	—	—	—	—	—	—	—	1,481,390	30,648,641
Instructional support	10,477,556	9,671,563	—	—	—	—	—	—	—	—	15,694,617	35,843,736
Noninstructional support	16,586,738	267,919	—	—	—	—	—	—	—	—	341,672	17,196,329
Transportation	22,730,117	—	—	—	—	—	—	—	—	—	—	22,730,117
Food and community services	1,293,033	6,574	—	—	—	—	—	—	—	—	17,996,342	19,295,949
Capital outlay	139,559	—	—	114,977	47,900	—	—	3,895,116	5,315,957	—	1,290,142	10,803,651
Debt service:												
Principal retirement	—	—	13,470,000	282,000	—	—	—	—	—	—	—	13,752,000
Interest charges	—	—	9,214,184	6,516	—	—	622,629	—	—	—	—	9,843,329
Bond issuance costs	—	—	—	—	—	—	—	—	408,270	180,191	—	588,461
Total Expenditures	144,996,759	138,971,513	22,691,550	403,493	47,900	—	622,629	4,349,717	6,305,293	519,076	78,428,345	397,336,275
Excess (Deficiency) Of Revenues Over Expenditures	67,376,808	(69,197,358)	4,526,193	(267,536)	(43,006)	—	(621,927)	(4,335,892)	(6,297,263)	(507,081)	2,430,223	(6,936,839)
Other Financing Sources (Uses)												
Transfers in	8,068,668	69,197,358	265,718	6,552,684	—	—	—	—	—	—	1,873,929	85,958,357
Transfers out	(66,309,290)	—	—	(6,469,363)	—	—	(80,879)	—	—	(10,040,753)	(3,058,072)	(85,958,357)
Issuance of bonds	—	—	—	—	—	—	—	—	56,644,000	25,000,000	—	81,644,000
Total Other Financing Sources (Uses)	(58,240,622)	69,197,358	265,718	83,321	—	—	(80,879)	—	56,644,000	14,959,247	(1,184,143)	81,644,000
Net Change In Fund Balances	9,136,186	—	4,791,911	(184,215)	(43,006)	—	(702,806)	(4,335,892)	50,346,737	14,452,166	1,246,080	74,707,161
Fund Balances - Beginning Of Year - As Previously Stated	(65,565,025)	—	27,729,365	184,596	1,487,968	114,990,243	702,806	13,165,454	—	—	4,443,871	97,139,278
Prior Period Adjustment	1,906,302	—	—	—	—	—	—	—	—	—	—	1,906,302
Fund Balances - Beginning Of Year - As Restated	(63,658,723)	—	27,729,365	184,596	1,487,968	114,990,243	702,806	13,165,454	—	—	4,443,871	99,045,580
Fund Balances - End Of Year	$ (54,522,537)	$ —	$ 32,521,276	$ 381	$ 1,444,962	$ 114,990,243	$ —	$ 8,829,562	$ 50,346,737	$ 14,452,166	$ 5,689,951	$ 173,752,741

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, 2011

Net change in fund balances - total governmental funds		$ 74,707,161
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	$ 7,631,497	
Depreciation expense	(18,897,424)	
		(11,265,927)
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.		(2,353,575)
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		282,000
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		720,099
Early retirement benefits		4,597,000
Other post-employment benefits		419,511
Remediation liability		(1,045,500)
Arbitrage payable		620,087
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:		
Proceeds from bond issuances	(81,644,000)	
Repayment of bond principal	13,470,000	
Interest accrued - general obligation bonds	(377,298)	
Amortization of premium, issuance costs, deferred amount on refunding and capital appreciation bonds	(1,460,289)	
Bond issuance costs	588,461	
		(69,423,126)
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.		(2,420,521)
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.		2,785,143
Change in net assets of governmental activities		$ (2,377,648)

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

STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2011

	Governmental Activity
	Internal Service
Assets	
Current Assets:	
Cash	$ 14,189,820
Receivables-other	309,547
Total Assets	14,499,367
Liabilities	
Current Liabilities:	
Accounts payable	159,571
Claims payable	2,572,456
Noncurrent Liabilities:	
Claims payable	3,216,960
Total Liabilities	5,948,987
Net Assets	
Unrestricted	$ 8,550,380

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND

For The Year Ended June 30, 2011

	Governmental Activity
	Internal Service
Operating Revenues	
Interfund services provided or used	$ 46,065,864
Operating Expenses	
Claims	4,382,594
Insurance premiums	38,906,587
Total Operating Expenses	43,289,181
Operating Income	2,776,683
Nonoperating Revenue	
Interest	8,460
Change In Net Assets	2,785,143
Net Assets - Beginning Of Year	5,765,237
Net Assets - End Of Year	$ 8,550,380

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, 2011

	Governmental Activity
	Internal Service
Cash Flows From Operating Activities	
Cash receipts from interfund services provided or used	$ 45,756,317
Cash payments to suppliers for goods and services	(45,114,754)
Net Cash Provided By Operating Activities	641,563
Cash Flows Provided By Investing Activities	
Cash from interest received	8,460
Cash Flows Provided By Noncapital Financing Activities	
Due from other funds	8,092,816
Net Increase In Cash	8,742,839
Cash - Beginning Of Year	5,446,981
Cash - End Of Year	$ 14,189,820
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities	
Operating income	$ 2,776,683
Change in assets and liabilities:	
Increase in accounts receivable	(309,547)
Decrease in accounts payable	(2,106,757)
Increase in claims payable	281,184
Net Cash Provided By Operating Activities	$ 641,563

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

Assets	
Cash and short-term investments	$ 12,979,389
Due from governmental funds	6,072,307
Total Assets	$ 19,051,696
Liabilities	
Deposits and escrow funds	$ 19,051,696

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.

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.

- 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. (See Notes 15 and 16 for additional information)
- 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.
- Prop S School Renovation Bond Fund I- This is a capital projects fund used to account for financial resources and expenditures related to the Series 2010A Qualified School Construction Bond issue. The purpose of the bond issue is to make renovations and repairs to various existing public school buildings located within the District.
- Prop S School Renovation Bond Fund II- This is a capital projects fund used to account for financial resources and expenditures related to the Series 2010B Build America Bond issue. The purpose of the bond issue is to make renovations and repairs to 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.

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.

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.

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 using the consumption method. 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.

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:

Description	Years
Buildings and improvements	20 - 40
Furniture and equipment	5 - 15

The District reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property to the standard market value of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property.

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.

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. At June 30, 2011, no accrual for PTO is required.

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.

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: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable Fund Balance* - Includes amounts not in spendable form, such as inventory, or prepaids, or amounts required to be maintained intact legally or contractually (principal balance of endowment).
- *Restricted Fund Balance* - Includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds) and amounts imposed by law through constitutional provisions or enabling legislation (must be legally enforceable).
- *Committed Fund Balance* - Includes amounts constrained for a specific purpose by a government using its highest level of decision making authority. Fund Balance of the District may be committed for a specific source by resolution of the Special Administrative Board. Amendments or modifications of the committed fund balance must also be approved by formal action of the Special Administrative Board.
- *Assigned Fund Balance* - Includes general fund amounts constrained for a specific purpose by a governing board or by a committee or official that has been delegated authority from the governing body to assign amounts. For all funds other than the general fund, the residual balance is assigned. When it is appropriate for fund balance to be assigned, the Board delegates authority for assigning fund balance to the District's Superintendent.
- *Unassigned Fund Balance* - The residual fund balance for the general fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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.

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.

2. Deposits And Investments

A summary of cash and investments as of June 30, 2011 is as follows:

	Cost	Fair Value	Carrying Value
Primary Government:			
Cash	$ 833,535	$ 833,535	$ 833,535
Money market funds	111,432,657	111,432,657	111,432,657
Repurchase agreements	79,965,501	79,965,501	79,965,501
Federal Home Loan Bank Discount Notes	20,090,422	20,077,814	20,090,422
Federal Home Loan Mortgage Corp.	4,999,188	4,999,188	4,999,188
Equity securities (endowment)	1,744,465	4,748,880	4,748,880
Guaranteed investment contracts	3,736,764	3,736,764	3,736,764
Certificates of deposit	2,122,951	2,122,951	2,122,951
	$ 224,925,483	$ 227,917,290	$ 227,929,898

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, 2011, the District held the following debt securities with maturities of less than a year: Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corp, money market funds and repurchase agreements. The District also owns four Federal Home Loan Bank Discount Notes that mature in 1.02 to 5 years. The carrying value of these securities is $18,091,200. The District's investments in guaranteed investment contracts (related to bond indentures) have weighted average maturities of 13.15 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.

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, 2011.

	S&P*	Moody's	Fair Value
Federal Home Loan Bank Discount Notes (short term)	AAA	Aaa/P-1	$ 1,999,222
Federal Home Loan Bank Discount Notes (long term)	AAA	Aaa	18,078,592
Federal Home Loan Mortgage Corp. (short term)	A-1+	P-1	4,999,188
Guaranteed investment contracts	AAA	AAA	3,736,764
Repurchase agreements	Unrated	Unrated	79,965,501
Missouri Securities Investment Program - Money Market Series	AAAm	Unrated	106,826,802
Wells Fargo Government Money Market fund	AAA	Aaa	4,605,855

* S&P downgraded Federal Home Loan Bank Discount Notes in August 2011 to AA+ from AAA.

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.

	Percent Of Total Investments
Missouri Securities Investment Program - Money Market Fund	47.48%
Repurchase agreements	35.54%
Federal Home Loan Bank Discount Notes	8.93%

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.

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, 2011, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2010 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 $4,397,270,564.

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:

	2011	2010
General fund	$ 3.3654	$ 3.2732
Debt service	0.6211	0.6211
	$ 3.9865	$ 3.8943

The receipts of local current property taxes during the fiscal year ended June 30, 2011 aggregated 92.78% of the current assessed valuation, computed on the basis of the levy as shown above.

4. Capital Assets

Capital asset activity for the year ended June 30, 2011 is as follows:

	Balance - June 30, 2010	Additions And Transfers In	Deletions And Transfers Out	Balance - June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 24,619,088	$ —	$ (202,681)	$ 24,416,407
Construction in progress	9,353,943	3,159,712	(9,353,943)	3,159,712
Impaired assets	33,755,563	4,081,305	(3,162,235)	34,674,633
Total capital assets not being depreciated	67,728,594	7,241,017	(12,718,859)	62,250,752
Capital assets being depreciated:				
Idle buildings and improvements	12,254,284	—	(2,704,688)	9,549,596
Buildings and improvements	651,526,542	20,505,805	(14,056,504)	657,975,843
Movable equipment	40,701,926	37,534	(3,564,306)	37,175,154
Total capital assets being depreciated	704,482,752	20,543,339	(20,325,498)	704,700,593
Less accumulated depreciation for:				
Idle buildings and improvements	9,736,119	230,178	(3,490,826)	6,475,471
Buildings and improvements	284,643,585	22,446,671	(8,313,581)	298,776,675
Movable equipment	37,472,043	772,506	(3,285,808)	34,958,741
Total accumulated depreciation	331,851,747	23,449,355	(15,090,215)	340,210,887
Total capital assets being depreciated, net	372,631,005	(2,906,016)	(5,235,283)	364,489,706
Governmental activities capital assets, net	$ 440,359,599	$ 4,335,001	$ (17,954,142)	$ 426,740,458

During 2011, 11 school buildings were deemed to be impaired and written down to their fair value. Three of the school buildings are currently closed and eight school buildings are currently being held for sale under a Listing Agreement. For the three 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. For the eight 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. In total, impairment losses for buildings amounted to $1,594,506 for 2011. Additionally, land at thirteen 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 $130,211. Total impairment losses amounting to $1,724,717 (included in Building Services in the Statement of Activities) has been charged to operations in 2011.

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	$ 17,454,596
Building services	391,998
School administration	472,645
Instructional support	47,409
Noninstructional support	410,072
Transportation	92,315
Food and community services	28,389
Total governmental activities depreciation expense	$ 18,897,424

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, 2011, the following changes occurred in long-term obligations:

	Balance - June 30, 2010	Additions	Reductions	Balance - June 30, 2011	Due Within One Year
Governmental Activities					
Compensated absences	$ 2,925,230	$ 1,865,829	$ 2,585,928	$ 2,205,131	$ 1,352,209
Other postemployment benefits	2,813,176	3,872,203	4,291,714	2,393,665	—
Termination benefits	9,372,000	170,000	4,767,000	4,775,000	4,775,000
Claims payable	5,508,232	4,074,403	3,793,219	5,789,416	2,572,456
Remediation liability	3,508,000	4,553,000	3,508,000	4,553,000	4,553,500
Arbitrage liability	620,087	—	620,087	—	—
General obligation school building and refunding bonds, Series 1993, 1993A, 1998A, 1998B, 2000, 2001, 2002A, 2002B, 2003A, 2004, 2006A, 2007A, 2009, 2010A, and 2010B	238,180,000	81,644,000	13,470,000	306,354,000	14,200,000
Capital lease obligations	281,637	—	281,637	—	—
	238,461,637	81,644,000	13,751,637	306,354,000	14,200,000
Less: Capital appreciation to maturity on bonds				9,083,310	
Deferred amount on refunding				1,666,327	
Add: Unamortized premium on bonds				7,581,834	
				303,186,197	
Total Long-Term Obligations	$ 263,208,362	$ 96,179,435	$ 33,317,585	$ 322,902,409	$ 27,453,165

General Obligation School Building And Refunding Bonds

Obligation Bonds	Balance - June 30, 2010	Additions	Reductions	Balance - June 30, 2011	Due Within One Year
1998A Series	$ 12,560,000	$ —	$ 4,280,000	$ 8,280,000	$ 8,280,000
2001 Series	7,385,000	—	580,000	6,805,000	—
2002A Series	33,795,000	—	—	33,795,000	—
2002B Series	15,640,000	—	6,685,000	8,955,000	2,850,000
2003A Series	18,635,000	—	1,135,000	17,500,000	1,165,000
2004 Series	42,990,000	—	290,000	42,700,000	905,000
2006A Series	39,540,000	—	500,000	39,040,000	1,000,000
2007A Series	28,340,000	—	—	28,340,000	—
2009 Series	39,295,000	—	—	39,295,000	—
2010A Series	—	56,644,000	—	56,644,000	—
2010B Series	—	25,000,000	—	25,000,000	—
Total General Obligation School Building And Refunding Bonds	$ 238,180,000	$ 81,644,000	$ 13,470,000	$ 306,354,000	$ 14,200,000

During the fiscal year ended June 30, 2011, the District issued Qualified School Construction Bonds in the amount of $56,644,000 (Series 2010A) with interest rates ranging from 5.65% to 6.45%. The bond proceeds are being used to finance the cost of constructing, renovating, repairing and improving buildings and related facilities in the District. The bonds are scheduled to mature at various dates through 2028.

During the fiscal year ended June 30, 2011, the District issued Build America Bonds in the amount of $25,000,000 (Series 2010B) with interest rates ranging from 6.55% to 6.6%. The bond proceeds are being used to finance the cost of constructing, renovating, repairing and improving buildings and related facilities in the District. The bonds are scheduled to mature at various dates through 2030.

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.

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.

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, 2011, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to $95,465,000.

Unspent bond proceeds were $73,907,529 at June 30, 2011.

Capital Leases

The District leases heating, ventilation and air conditioning equipment with an aggregate cost and accumulated depreciation of $6,321,233 and $3,942,258, 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 2030. Annual principal and interest requirements to maturity (including capital appreciation to maturity of $9,083,311) on the general obligation school building and refunding bonds as of June 30, 2011 are as follows:

	General Obligation School Building And Refunding Bonds			
Year Ending June 30,	Principal	Interest	U.S. Treasury Interest Subsidy	Total
2012	$ 14,200,000	$ 15,193,249	$ (4,845,626)	$ 24,547,623
2013	15,510,000	13,083,415	(3,792,229)	24,801,186
2014	16,500,000	12,488,487	(3,792,229)	25,196,258
2015	17,405,000	12,173,013	(3,792,229)	25,785,784
2016	18,400,000	11,765,675	(3,792,229)	26,373,446
2017-2021	111,650,000	49,073,081	(18,961,146)	141,761,935
2022-2026	70,489,000	26,148,412	(16,465,546)	80,171,866
2027-2030	42,200,000	7,573,950	(3,533,511)	46,240,439
	$ 306,354,000	$ 147,499,282	$ (58,974,745)	$ 394,878,537

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 or new obligations for abatement to be funded by the bonds issued in 2010; 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. The District at June 30, 2009 either entered into remediation contracts or planned to, approximating $11,000,000, which was accrued. The majority of those projects have been completed. In 2011 in connection with the issuance of the 2010 Proposition S Bonds new remediation contracts have been entered into. At June 30, 2011, the District has a pollution remediation obligation of $4,553,500 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.

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, 2010, the rate is 10.03% of annual covered payroll. The District's 2011, 2010, and 2009 fiscal year contributions for the plan years ended December 31, 2010, 2009 and 2008 were $22,183,043 $25,161,972 and $24,660,633, respectively. These contributions were at least 100% of the required contributions for those years. For plan years 2010, 2009, and 2008, the required contributions were $16,790,176, $19,274,150 and $19,091,518, respectively, plus $5,392,867, $5,887,822 and $5,569,115, 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, 2011, 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.

Annual Other Postemployment Benefit Cost:

At June 30, 2011, 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:

Annual required contribution	$ 3,910,135
Interest on OPEB obligation	140,659
Adjustment to annual required contribution	(178,591)
Annual OPEB cost	3,872,203
Contributions made*	4,291,714
Increase/Decrease in OPEB obligation	(419,511)
Net OPEB obligation-beginning of year	2,813,176
Net OPEB obligation-end of year	$ 2,393,665

* 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 2011 and the previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 3,872,203	110.8%	$ 2,393,665
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.

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 unprojected Unit Credit cost method. There are no liabilities dependent on salary. 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. The actuarial assumption do not include post retirement benefit increases.

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 the voluntary employee severance plan adopted on April 29, 2010. There are 255 employees participating in the 2010 plan including former teachers, administrators, and noncertified staff. The amount of benefits paid to employees ranges from $11,000 to $25,000 and will be paid out over a two-year period, beginning in fiscal year 2011. During the year ended June 30, 2011, the District funded $4,767,000 of the benefits remaining and has a remaining balance to fund of $4,775,000 (Note 5).

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 are 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 2011, 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, 2011, the District's total estimated liability for payment of incurred (both reported and unreported) but unpaid claims for workers' compensation and unemployment benefits were $5,084,751 and $704,665, respectively.

Changes in the self-insured claims liabilities at June 30, 2011 and 2010 were as follows:

	Workers' Compensation	Unemployment	Total Self-Insured Liabilities
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
Current year claims and changes in estimate	2,299,437	1,774,966	4,074,403
Claim payments	(2,295,750)	(1,497,469)	(3,793,219)
Balance - June 30, 2011	$ 5,084,751	$ 704,665	$ 5,789,416

10. Interfund Balances And Transfers

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

Due From/Due To	Interfund Receivables	Interfund Payables
Governmental		
General	$ 11,760,274	$ 26,258,804
Teachers	20,186,495	154,993
Other Governmental		
School Lunchroom	—	1,547,129
Student Health	—	3,035,879
NCLB	—	948,988
Early Childhood	—	4,861,718
Adult Education And Literacy	—	340,495
Special Education	—	313,072
Community Development Agency	—	231,858
Other Special Revenue Funds	—	326,140
Fiduciary		
Agency	6,072,307	—
	$ 38,019,076	$ 38,019,076

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.

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

Transfers In/Transfers Out	Transfers In	Transfers Out
General fund	$ 8,068,668	$ 66,309,290
Teachers	69,197,358	—
Debt Service	265,718	—
Building	6,552,684	6,469,363
Air Conditioning - 2006	—	80,879
Prop S School Renovation Bond Fund II	—	10,040,753
Other Governmental:		
School Lunchroom	160,674	—
Student Health	600,000	1,779,873
Foundation 73	1,051,904	1,216,848
Community Development Agency	61,351	61,351
	$ 85,958,357	$ 85,958,357

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 2011, 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, 2011 is $36,506,057. As discussed in Notes 15 and 16, subsequent to the balance sheet date, a settlement agreement concerning the loan was entered into.

11. Fund Deficits

The following funds have a deficit fund balance at June 30, 2011:

Fund	Balance
General	$ (54,522,537)

12. Prior Period Adjustments

The District recorded expenses related to an inventory transaction twice in the prior year. The excess expense was carried as accounts payable in the prior year fund and government-wide financial statements in error. Beginning fund balance and net assets were increased by $1,906,302 to correct the error.

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.

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 makeup of the 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 to address. 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.

The District did not make the $7,000,000 scheduled payment for 2008, 2009, 2010 or 2011. The Plaintiffs and the District have entered into an agreement which allows for the forgiveness of the $36.5 million debt owed to the desegregation capital fund and use additional funds for purposes described in Note 15 to restore the fiscal health of the District.

Operating Lease

The District leases equipment under a noncancellable Document Services Agreement expiring in June 2013. 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 $1,116,072 in 2011.

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

Year	Amount
2012	$ 1,116,072
2013	1,116,072
	$ 2,232,144

Letter Of Credit

During the District's normal course of operations, letters of credit are issued. At June 30, 2011, 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 were delayed through fiscal year 2011, as the SAB sought approval from the appropriate parties for flexibility in the use of the Desegregation funds (Note 14).

Fiscal Year 2010-2011

To address the budget gap of more than $50 million, several cost reduction initiatives were identified. The initiatives included 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 were used to fund school building improvements. Proceeds from the bonds of approximately $10 million were used to 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.

In spite of the financial challenges, the SAB continued 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

The District ended the year with a $55 million deficit.

Fiscal Year 2011-2012

As shown in the accompanying fund financial statements, the District's general operating revenues exceed expenditures. The general operating funds show a net surplus of over $9.1 million. This represents fulfillment of a pledge by the Special Administrative Board and District administration to end the fiscal year with a balanced budget while continuing to improve the quality of education provided. FY 2011 is also the first year that the District was able to take advantage of $155 million in voter approved capital bonds to subsidize the majority of the expenses related to lead paint abatement in classrooms serving children age six and under, as well as to fund much needed school facility improvements.

The fund financial statements also show a $54.7 million deficit in the General Operating Fund due to accumulated deficits from previous years. However, the District has reached an agreement with the Plaintiffs in the desegregation lawsuit to dedicate approximately $96 million that will restore the deficit fund balance and fund certain academic programs through FY 2014. This agreement went into effect November 16, 2011. The highlights of the agreement include:

- The Plaintiffs agree to forgo the existing $36.5 million debt owed to the desegregation capital fund and to allocate $19.37 million from the capital fund to eliminate the accumulated deficit through fiscal year 2010-2011.
- The Plaintiffs agree to dedicate $23.098 million from the desegregation capital fund for early childhood initiatives. This amount is dedicated over three years and will be first reflected in the District's financial report in FY 2012.
- The Plaintiffs agree to allocate $6.885 million from the desegregation capital fund for a principal and teacher development program that will provide critical professional growth and build a strong workforce. This amount is dedicated over three years and will be first reflected in the District's financial report in FY 2012.
- The Plaintiffs agree to allocate $7.495 million from the desegregation capital fund for magnet transportation costs. Transportation costs are approximately $20 million per year, and this will provide needed relief. This amount is dedicated over three years and will be first reflected in the District's financial report in FY 2012.
- The Plaintiffs agree to allocate $2.7 million from the desegregation capital fund for technology in the classroom. This amount is dedicated over three years and will be first reflected in the District's financial report in FY 2012.

This financial agreement along with the District's pledge to end FY 2012 with a balanced general operating budget will strengthen the District's financial condition. There is still a need to build a contingency fund at the State required level and to address projected downward shifts in revenue and declining enrollment. Without a sufficient contingency, the District will remain on the State's financially stressed list. In response to this need, initiatives are currently in place to contain costs and develop financial sustainability including monthly financial reporting, budget to actual projections and five-year financial planning. The FY 2012 budget to actual projections and related cash flow report are reflecting no deficit spending and sufficient cash for the fiscal year ending June 30, 2012. Plans also include budgeting a reasonable amount of reserves each year and enhancing the cash management process.

16. Subsequent Events

Subsequent Bond Issuances

In October 2011, the District issued Qualified Zone Academy Bonds, tax exempt bonds, and a taxable refunding as follows:

Qualified Zone Academy Bonds were issued in the amount of $35,000,000 (Series 2011A) with interest rates ranging from 4.6% to 4.75%. The bond proceeds will be used to finance the cost of equipment, technology updates, school renovations and training for the benefit of improving academic performance. The bonds are scheduled to mature at various dates through 2029.

Tax Exempt bonds were issued in the amount of $38,355,000 (Series 2011B) with interest rates ranging from 4% to 5%. The bond proceeds will be used to finance the cost of renovations, repair, equipment, technology updates, training, and security upgrades. The bonds are scheduled to mature at various dates through 2027.

General Obligation Refunding Bonds were issued in the amount of $6,100,000 (Series 2011C) with interest rates ranging from 2% to 3%. The bond proceeds were used to advance refund maturities of various bond issuances. Savings will be used to reduce the overall debt obligation. The bonds are scheduled to mature at various dates through 2014.

On November 16, 2011, an agreement was reached among the Plaintiffs represented in the Desegregation Settlement lawsuit and the St. Louis Public School District. Accepted was a three year proposal in the amount of $96.1 million to be subsidized through the Desegregation Capital Fund. The funds will be used to restore fund balance and fund academic programs (Note 15).

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
For The Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Local:				
Current taxes	$ 170,963,202	$ 175,652,587	$ 175,622,983	$ (29,604)
Delinquent taxes	5,877,326	9,448,901	9,071,735	(377,166)
Interest	509,906	253,721	217,608	(36,113)
Other	2,618,100	4,392,009	5,124,881	732,872
County	2,643,179	2,991,685	2,739,680	(252,005)
State:				
Categorical aid	15,446,813	14,611,230	14,611,230	—
Other	499,716	536,683	536,683	—
Federal	315,629	4,534,482	4,448,767	(85,715)
Total Revenues	198,873,871	212,421,298	212,373,567	(47,731)
Expenditures				
Current:				
Instruction	33,436,203	38,383,043	38,150,355	232,688
Building service	30,089,563	37,368,486	37,227,062	141,424
School administration	19,985,513	18,436,107	18,392,339	43,768
Instructional support	9,441,923	10,484,760	10,477,556	7,204
Noninstructional support	21,525,398	16,776,017	16,586,738	189,279
Transportation	27,578,596	22,730,504	22,730,117	387
Food and community services	1,159,897	1,295,863	1,293,033	2,830
Capital outlay	364,000	139,559	139,559	—
Total Expenditures	143,581,093	145,614,339	144,996,759	617,580
Excess Of Revenues Over Expenditures	55,292,778	66,806,959	67,376,808	569,849
Other Financing Sources (Uses)				
Transfers in	1,400,000	11,859,348	8,068,668	(3,790,680)
Transfers out	(56,692,778)	(66,806,959)	(66,309,290)	497,669
Total Other Financing Sources (Uses)	(55,292,778)	(54,947,611)	(58,240,622)	(3,293,011)
Net Change In Fund Balance	$ —	$ 11,859,348	$ 9,136,186	$ (2,723,162)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - TEACHERS FUND
For The Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Local:				
Current taxes	$ 18,476,786	$ 21,969,568	$ 21,752,048	$ (217,520)
Other	—	6,239	6,239	—
County	106,500	346,032	384,498	38,466
State:				
Basic formula	53,873,895	35,319,737	33,331,874	(1,987,863)
Categorical aid	53,458	123,375	155,375	32,000
Other	284	2,000	2,000	—
Federal	1,204,371	13,979,175	14,142,121	162,946
Total Revenues	73,715,294	71,746,126	69,774,155	(1,971,971)
Expenditures				
Current:				
Instruction	104,221,088	118,962,187	118,250,545	711,642
School administration	10,083,423	10,796,336	10,774,912	21,424
Instructional support	7,457,163	9,682,675	9,671,563	11,112
Noninstructional support	6,765,553	269,891	267,919	1,972
Food and community services	—	6,574	6,574	—
Total Expenditures	128,527,227	139,717,663	138,971,513	746,150
Excess Of Expenditures Over Revenues	(54,811,933)	(67,971,537)	(69,197,358)	(1,225,821)
Other Financing Sources				
Transfers in	54,811,933	67,971,537	69,197,358	1,225,821
Net Change In Fund Balance	$ —	$ —	$ —	$ —

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 Settlement Fund.

2. Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following fund for the year ended June 30, 2011:

Fund	Amount
Foundation 73	$ 89,116

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

Fund	Deficit
Adult Education and Literacy	$ 26,000
Other	1,268,963

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, 2010-June 30, 2011 and July 1, 2009-June 30, 2010 fiscal years, 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.

Supplementary Information

Combining and Individual Fund

Statements and Schedules

COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue	Permanent	Total Nonmajor Governmental Funds
Assets			
Cash and short-term investments	$ 6,268,293	$ 1,704,795	$ 7,973,088
Other investments	—	4,748,457	4,748,457
Total Cash and Investments	6,268,293	6,453,252	12,721,545
Receivables:			
Grants	14,411,030	—	14,411,030
Other	145,216	27,734	172,950
Total Receivables	14,556,246	27,734	14,583,980
Total Assets	$ 20,824,539	$ 6,480,986	$ 27,305,525
Liabilities And Fund Balances			
Liabilities:			
Accounts payable	$ 4,383,924	$ 128	$ 4,384,052
Due to other funds	11,605,279	—	11,605,279
Unearned revenue	3,909,542	1,716,701	5,626,243
Total Liabilities	19,898,745	1,716,829	21,615,574
Fund balances:			
Restricted:			
Endowments	—	4,764,157	4,764,157
Assigned	925,794	—	925,794
Total Fund Balances	925,794	4,764,157	5,689,951
Total Liabilities And Fund Balances	$ 20,824,539	$ 6,480,986	$ 27,305,525

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, 2011

	Special Revenue	Permanent	Total Nonmajor Governmental Funds
Revenues			
Local:			
Investment income	$ 859	$ 1,441,479	$ 1,442,338
Other	2,280,144	114,924	2,395,068
State:			
Categorical aid	4,054,016	—	4,054,016
Other	546,970	—	546,970
Federal	72,420,176	—	72,420,176
Total Revenues	79,302,165	1,556,403	80,858,568
Expenditures			
Current:			
Instruction	41,530,021	94,161	41,624,182
School administration	1,481,390	—	1,481,390
Instructional support	15,694,617	—	15,694,617
Noninstructional support	318,172	23,500	341,672
Food and community services	17,996,342	—	17,996,342
Capital outlay	1,285,682	4,460	1,290,142
Total Expenditures	78,306,224	122,121	78,428,345
Excess Of Revenues Over Expenditures	995,941	1,434,282	2,430,223
Other Financing Sources (Uses)			
Transfers in	1,873,929	—	1,873,929
Transfers out	(3,058,072)	—	(3,058,072)
Total Other Financing Sources (Uses)	(1,184,143)	—	(1,184,143)
Net Change In Fund Balances	(188,202)	1,434,282	1,246,080
Fund Balance - Beginning Of Year	1,113,996	3,329,875	4,443,871
Fund Balance - End Of Year	$ 925,794	$ 4,764,157	$ 5,689,951

NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2011

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.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Operating	Federal	Total
Assets			
Cash and short-term investments	$ 3,685,101	$ 2,583,192	$ 6,268,293
Receivables:			
Grants	4,745,170	9,665,860	14,411,030
Other	145,216	—	145,216
Total Receivables	4,890,386	9,665,860	14,556,246
Total Assets	$ 8,575,487	$ 12,249,052	$ 20,824,539
Liabilities And Fund Balances			
Liabilities:			
Accounts payable	$ 2,890,610	$ 1,493,314	$ 4,383,924
Due to other funds	4,583,008	7,022,271	11,605,279
Unearned revenue	1,065,818	2,843,724	3,909,542
Total Liabilities	8,539,436	11,359,309	19,898,745
Fund balances:			
Assigned	36,051	889,743	925,794
Total Liabilities And Fund Balances	$ 8,575,487	$ 12,249,052	$ 20,824,539

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, 2011

	Operating	Federal	Total
Revenues			
Local:			
Investment income	$ —	$ 859	$ 859
Other	1,106,743	1,173,401	2,280,144
State:			
Categorical aid	73,838	3,980,178	4,054,016
Other	127,909	419,061	546,970
Federal	16,853,937	55,566,239	72,420,176
Total Revenues	18,162,427	61,139,738	79,302,165
Expenditures			
Current:			
Instruction	962,282	40,567,739	41,530,021
School administration	180,122	1,301,268	1,481,390
Instructional support	2,442,795	13,251,822	15,694,617
Noninstructional support	35,474	282,698	318,172
Food and community services	13,577,515	4,418,827	17,996,342
Capital outlay	2,893	1,282,789	1,285,682
Total Expenditures	17,201,081	61,105,143	78,306,224
Excess Of Revenues Over Expenditures	961,346	34,595	995,941
Other Financing Sources (Uses)			
Transfers in	1,812,578	61,351	1,873,929
Transfers out	(2,996,721)	(61,351)	(3,058,072)
Total Other Financing Sources (Uses)	(1,184,143)	—	(1,184,143)
Net Change In Fund Balances	(222,797)	34,595	(188,202)
Fund Balance - Beginning Of Year	258,848	855,148	1,113,996
Fund Balance - End Of Year	$ 36,051	$ 889,743	$ 925,794

NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS
For The Year Ended June 30, 2011

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.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS
June 30, 2011

	School Lunchroom	Student Health	Foundation 73	Foundation 16	Total
Assets					
Cash and short-term investments	$ —	$ —	$ 957,113	$ 2,727,988	$ 3,685,101
Receivables:					
Grants	1,588,184	3,156,986	—	—	4,745,170
Other	—	—	145,216	—	145,216
Total Assets	$ 1,588,184	$ 3,156,986	$ 1,102,329	$ 2,727,988	$ 8,575,487
Liabilities And Fund Balances					
Liabilities:					
Accounts payable	$ 5,004	$ 121,107	$ 36,511	$ 2,727,988	$ 2,890,610
Due to other funds	1,547,129	3,035,879	—	—	4,583,008
Unearned revenue	—	—	1,065,818	—	1,065,818
Total Liabilities	1,552,133	3,156,986	1,102,329	2,727,988	8,539,436
Fund balances:					
Assigned	36,051	—	—	—	36,051
Total Liabilities And Fund Balances	$ 1,588,184	$ 3,156,986	$ 1,102,329	$ 2,727,988	$ 8,575,487

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, 2011

	School Lunchroom	Student Health	Foundation 73	Foundation 16	Total
Revenues					
Local:					
Other	$ 445,301	$ —	$ 661,442	$ —	$ 1,106,743
State:					
Categorical aid	73,838	—	—	—	73,838
Other	—	—	127,909	—	127,909
Federal	12,375,033	4,478,904	—	—	16,853,937
Total Revenues	12,894,172	4,478,904	789,351	—	18,162,427
Expenditures					
Current:					
Instruction	—	928,770	33,512	—	962,282
School administration	—	—	180,122	—	180,122
Instructional support	—	2,370,261	72,534	—	2,442,795
Noninstructional support	—	—	35,474	—	35,474
Food and community services	13,277,643	—	299,872	—	13,577,515
Capital outlay	—	—	2,893	—	2,893
Total Expenditures	13,277,643	3,299,031	624,407	—	17,201,081
Excess (Deficiency) Of Revenues Over Expenditures	(383,471)	1,179,873	164,944	—	961,346
Other Financing Sources (Uses)					
Transfers in	160,674	600,000	1,051,904	—	1,812,578
Transfers out	—	(1,779,873)	(1,216,848)	—	(2,996,721)
Total Other Financing Sources (Uses)	160,674	(1,179,873)	(164,944)	—	(1,184,143)
Net Change In Fund Balances	(222,797)	—	—	—	(222,797)
Fund Balances - Beginning Of Year	258,848	—	—	—	258,848
Fund Balances - End Of Year	$ 36,051	$ —	$ —	$ —	$ 36,051

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 - OPERATING FUNDS
For The Year Ended June 30, 2011

	School Lunchroom			Student Health			Foundation 73		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues									
Local:									
Other	$ 523,920	$ 445,301	$ (78,619)	$ —	$ —	$ —	$ 1,931,650	$ 661,442	$ (1,270,208)
State:									
Categorical aid	60,128	73,838	13,710	—	—	—	—	—	—
Other	—	—	—	—	—	—	234,691	127,909	(106,782)
Federal	13,169,962	12,375,033	(794,929)	4,797,500	4,478,904	(318,596)	—	—	—
Total Revenues	13,754,010	12,894,172	(859,838)	4,797,500	4,478,904	(318,596)	2,166,341	789,351	(1,376,990)
Expenditures									
Current:									
Instruction	—	—	—	940,647	928,770	11,877	33,577	33,512	65
Building service	—	—	—	—	—	—	—	—	—
School administration	—	—	—	—	—	—	251,673	180,122	71,551
Instructional support	—	—	—	2,384,561	2,370,261	14,300	72,534	72,534	—
Noninstructional support	—	—	—	—	—	—	35,474	35,474	—
Food and community services	13,706,601	13,277,643	428,958	—	—	—	137,640	299,872	(162,232)
Capital outlay	—	—	—	—	—	—	4,393	2,893	1,500
Total Expenditures	13,706,601	13,277,643	428,958	3,325,208	3,299,031	26,177	535,291	624,407	(89,116)
Excess (Deficiency) Of Revenues Over Expenditures	47,409	(383,471)	(430,880)	1,472,292	1,179,873	(292,419)	1,631,050	164,944	(1,466,106)
Other Financing Sources (Uses)									
Transfers in	—	160,674	160,674	—	600,000	600,000	—	1,051,904	1,051,904
Transfers out	—	—	—	(1,472,292)	(1,779,873)	(307,581)	(1,231,304)	(1,216,848)	14,456
Total Other Financing Sources (Uses)	—	160,674	160,674	(1,472,292)	(1,179,873)	292,419	(1,231,304)	(164,944)	1,066,360
Net Change In Fund Balance	$ 47,409	$ (222,797)	$ (270,206)	$ —	$ —	$ —	$ 399,746	$ —	$ (399,746)

NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS
For The Year Ended June 30, 2011

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, 2011

	ECIA Title I	NCLB	Early Childhood	Adult Education And Literacy	Special Education	Community Development Agency	Adult Education	Other	Total
Assets									
Cash and short-term investments	$ 88,954	$ 1,486,189	$ —	$ —	$ 31,187	$ 26,342	$ 606,386	$ 344,134	$ 2,583,192
Receivables:									
Grants	102,844	1,574,051	5,253,006	413,981	795,574	311,168	56,590	1,158,646	9,665,860
Total Assets	$ 191,798	$ 3,060,240	$ 5,253,006	$ 413,981	$ 826,761	$ 337,510	$ 662,976	$ 1,502,780	$ 12,249,052
Liabilities And Fund Balances									
Liabilities:									
Accounts payable	$ 191,798	$ 136,148	$ 194,104	$ 73,486	$ 513,689	$ 30,927	$ 45,142	$ 308,020	$ 1,493,314
Due to other funds	—	948,988	4,861,718	340,495	313,072	231,858	—	326,140	7,022,271
Unearned revenue	—	1,975,104	—	—	—	—	—	868,620	2,843,724
Total Liabilities	191,798	3,060,240	5,055,822	413,981	826,761	262,785	45,142	1,502,780	11,359,309
Fund balances:									
Assigned	—	—	197,184	—	—	74,725	617,834	—	889,743
Total Liabilities And Fund Balances	$ 191,798	$ 3,060,240	$ 5,253,006	$ 413,981	$ 826,761	$ 337,510	$ 662,976	$ 1,502,780	$ 12,249,052

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, 2011

	ECIA Title I	NCLB	Early Childhood	Adult Education And Literacy	Special Education	Community Development Agency	Adult Education	Other	Total
Revenues									
Local:									
Investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ 859	$ —	$ 859
Other	—	—	855	—	—	—	1,158,317	14,229	1,173,401
State:									
Categorical aid	—	—	3,580,238	—	—	—	399,940	—	3,980,178
Other	—	—	—	192,557	—	—	—	226,504	419,061
Federal	20,215,523	13,165,056	1,334,401	2,918,850	8,544,340	748,390	—	8,639,679	55,566,239
Total Revenues	20,215,523	13,165,056	4,915,494	3,111,407	8,544,340	748,390	1,559,116	8,880,412	61,139,738
Expenditures									
Current:									
Instruction	17,998,648	7,505,087	4,293,334	1,470,221	6,377,530	—	—	2,922,919	40,567,739
School administration	230,274	104,187	—	—	165,760	—	—	801,047	1,301,268
Instructional support	1,246,797	4,865,757	622,160	—	1,998,883	—	—	4,518,225	13,251,822
Noninstructional support	22,153	—	—	—	—	—	—	260,545	282,698
Food and community services	46,671	353,344	—	1,583,263	—	717,254	1,555,657	162,638	4,418,827
Capital outlay	670,980	336,681	—	57,923	2,167	—	—	215,038	1,282,789
Total Expenditures	20,215,523	13,165,056	4,915,494	3,111,407	8,544,340	717,254	1,555,657	8,880,412	61,105,143
Excess Of Revenues Over Expenditures	—	—	—	—	—	31,136	3,459	—	34,595
Other Financing Sources (Uses)									
Transfers in	—	—	—	—	—	61,351	—	—	61,351
Transfers out	—	—	—	—	—	(61,351)	—	—	(61,351)
Total Other Financing Sources (Uses)	—	—	—	—	—	—	—	—	—
Net Change In Fund Balances	—	—	—	—	—	31,136	3,459	—	34,595
Fund Balances - Beginning Of Year	—	—	197,184	—	—	43,589	614,375	—	855,148
Fund Balances - End Of Year	$ —	$ —	$ 197,184	$ —	$ —	$ 74,725	$ 617,834	$ —	$ 889,743

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, 2011

	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)
Revenues												
Local:												
Other	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 855	$ 855	$ —	$ —	$ —
State:												
Categorical aid	—	—	—	—	—	—	6,493,523	3,580,238	(2,913,285)	—	—	—
Other	—	—	—	—	—	—	—	—	—	3,331,177	192,557	(3,138,620)
Federal	28,507,380	20,215,523	(8,291,857)	14,249,429	13,165,056	(1,084,373)	—	1,334,401	1,334,401	—	2,918,850	2,918,850
Total Revenues	28,507,380	20,215,523	(8,291,857)	14,249,429	13,165,056	(1,084,373)	6,493,523	4,915,494	(1,578,029)	3,331,177	3,111,407	(219,770)
Expenditures												
Current:												
Instruction	25,561,185	17,998,648	7,562,537	7,853,365	7,505,087	348,278	5,805,364	4,293,334	1,512,030	1,470,221	1,470,221	—
School administration	243,826	230,274	13,552	128,000	104,187	23,813	—	—	—	—	—	—
Instructional support	1,487,778	1,246,797	240,981	5,442,279	4,865,757	576,522	688,159	622,160	65,999	—	—	—
Noninstructional support	44,628	22,153	22,475	—	—	—	—	—	—	—	—	—
Food and community services	246,602	46,671	199,931	446,600	353,344	93,256	—	—	—	1,829,033	1,583,263	245,770
Capital outlay	923,361	670,980	252,381	350,756	336,681	14,075	—	—	—	57,923	57,923	—
Total Expenditures	28,507,380	20,215,523	8,291,857	14,221,000	13,165,056	1,055,944	6,493,523	4,915,494	1,578,029	3,357,177	3,111,407	245,770
Excess (Deficiency) Of Revenues Over Expenditures	—	—	—	28,429	—	(28,429)	—	—	—	(26,000)	—	26,000
Net Change In Fund Balance	$ —	$ —	$ —	$ 28,429	$ —	$ (28,429)	$ —	$ —	$ —	$ (26,000)	$ —	$ 26,000

(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, 2011

	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)
Revenues												
Local:												
Investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 859	$ 859	$ —	$ —	$ —
Other	—	—	—	—	—	—	1,200,000	1,158,317	(41,683)	1,268,963	14,229	(1,254,734)
State:												
Categorical aid	—	—	—	—	—	—	1,098,347	399,940	(698,407)	—	—	—
Other	—	—	—	—	—	—	—	—	—	338,090	226,504	(111,586)
Federal	9,120,514	8,544,340	(576,174)	1,265,000	748,390	(516,610)	—	—	—	12,300,952	8,639,679	(3,661,273)
Total Revenues	9,120,514	8,544,340	(576,174)	1,265,000	748,390	(516,610)	2,298,347	1,559,116	(739,231)	13,908,005	8,880,412	(5,027,593)
Expenditures												
Current:												
Instruction	6,916,462	6,377,530	538,932	—	—	—	—	—	—	5,811,719	2,922,919	2,888,800
School administration	153,727	165,760	(12,033)	—	—	—	—	—	—	806,481	801,047	5,434
Instructional support	2,048,158	1,998,883	49,275	—	—	—	—	—	—	6,513,637	4,518,225	1,995,412
Noninstructional support	—	—	—	—	—	—	—	—	—	311,402	260,545	50,857
Food and community services	—	—	—	1,262,763	717,254	545,509	2,298,347	1,555,657	742,690	166,710	162,638	4,072
Capital outlay	2,167	2,167	—	—	—	—	—	—	—	297,759	215,038	82,721
Total Expenditures	9,120,514	8,544,340	576,174	1,262,763	717,254	545,509	2,298,347	1,555,657	742,690	15,176,671	8,880,412	6,296,259
Excess (Deficiency) Of Revenues Over Expenditures	—	—	—	2,237	31,136	28,899	—	3,459	3,459	(1,268,666)	—	1,268,666
Other Financing Sources (Uses)												
Transfers in	—	—	—	—	61,351	61,351	—	—	—	—	—	—
Transfers out	—	—	—	—	(61,351)	(61,351)	—	—	—	(297)	—	(297)
Total Other Financing Sources (Uses)	—	—	—	—	—	—	—	—	—	(297)	—	(297)
Net Change In Fund Balance	$ —	$ —	$ —	$ 2,237	$ 31,136	$ 28,899	$ —	$ 3,459	$ 3,459	$ (1,268,963)	$ —	$ 1,268,369

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 FUND
For The Year Ended June 30, 2011

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Current taxes	$ 28,631,153	$ 24,743,821	$ (3,887,332)
Delinquent taxes	1,007,709	1,674,230	666,521
Investment income	324,000	409,892	85,892
Other	—	12,956	12,956
County	420,000	376,844	(43,156)
Total Revenues	30,382,862	27,217,743	(3,165,119)
Expenditures			
Current:			
Building service	7,004,902	7,366	6,997,536
Capital outlay	26,000	—	26,000
Debt service:			
Principal retirement	22,886,734	13,470,000	9,416,734
Interest charges	—	9,214,184	(9,214,184)
Total Expenditures	29,917,636	22,691,550	7,226,086
Excess Of Revenues Over Expenditures	465,226	4,526,193	4,060,967
Other Financing Sources			
Transfers in	—	265,718	265,718
Net Change In Fund Balance	$ 465,226	$ 4,791,911	$ 4,060,967

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, 2011

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	$ 703	$ 946	$ 243
Other	134,630	135,011	381
Total Revenues	135,333	135,957	624
Expenditures			
Capital outlay	116,759	114,977	1,782
Debt service:			
Principal retirement	284,820	282,000	2,820
Interest charges	6,516	6,516	—
Total Expenditures	408,095	403,493	4,602
Excess Of Expenditures Over Revenues	(272,762)	(267,536)	5,226
Other Financing Sources (Uses)			
Transfers in	272,762	6,552,684	6,279,922
Transfers out	—	(6,469,363)	(6,469,363)
Total Other Financing Sources (Uses)	272,762	83,321	(189,441)
Net Change In Fund Balance	$ —	$ (184,215)	$ (184,215)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
VOCATIONAL EDUCATION FUND
For The Year Ended June 30, 2011

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	$ —	$ 4,894	$ 4,894
Expenditures			
Capital outlay	1,436,528	47,900	1,388,628
Net Change In Fund Balance	$ (1,436,672)	$ (43,006)	$ 1,393,666

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 2006 FUND For The Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Interest	$ 702	$ 702	$ —
Expenditures			
Debt service interest charges	622,629	622,629	—
Excess Of Expenditures Over Revenues	(621,927)	(621,927)	—
Other Financing Uses			
Transfers out	(80,879)	(80,879)	—
Net Change In Fund Balance	$ (702,806)	$ (702,806)	$ —

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, 2011

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	$ 13,825	$ 13,825	$ —
Expenditures			
Current:			
Building service	690,994	454,601	236,393
Capital outlay	7,276,381	3,895,116	3,381,265
Total Expenditures	7,967,375	4,349,717	3,617,658
Net Change In Fund Balance	$ (7,953,550)	$ (4,335,892)	$ 3,617,658

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 PROP S SCHOOL RENOVATION BOND FUND I For The Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Interest	$ 8,029	$ 8,030	$ 1
Expenditures			
Current:			
Building service	56,415,256	581,066	55,834,190
Capital outlay	5,000	5,315,957	(5,310,957)
Debt service:			
Bond issuance costs	223,744	408,270	(184,526)
Total Expenditures	56,644,000	6,305,293	50,338,707
Excess Of Expenditures Over Revenues	(56,635,971)	(6,297,263)	50,338,708
Other Financing Sources			
Issuance of bonds	56,644,000	56,644,000	—
Net Change In Fund Balance	$ 8,029	$50,346,737	$ 50,338,708

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 PROP S SCHOOL RENOVATION BOND FUND II For The Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Interest	$ 11,994	$ 11,995	$ 1
Expenditures			
Current:			
Building service	24,901,250	338,885	24,562,365
Debt service:			
Bond issuance costs	98,750	180,191	(81,441)
Total Expenditures	25,000,000	519,076	24,480,924
Excess Of Expenditures Over Revenues	(24,988,006)	(507,081)	24,480,925
Other Financing Sources (Uses)			
Transfers out	(10,040,753)	(10,040,753)	—
Issuance of bonds	25,000,000	25,000,000	—
Total Other Financing Sources (Uses)	14,959,247	14,959,247	—
Net Change In Fund Balance	$ (10,028,759)	$14,452,166	$ 24,480,925

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - AGENCY FUND
For The Year Ended June 30, 2011

	Balance - July 1, 2010	Additions	Deductions	Balance - June 30, 2011
Assets				
Cash and short-term investments	$ 5,091,123	$ 77,181,503	$ 69,293,237	$ 12,979,389
Due from governmental funds	11,933,660	—	5,861,353	6,072,307
Total Assets	$ 17,024,783	$ 77,181,503	$ 75,154,590	$ 19,051,696
Liabilities				
Accounts payable	$ 890	$ —	$ 890	$ —
Deposits and escrow funds	16,844,711	71,491,975	69,284,990	19,051,696
Unexpended grant balances	179,182	—	179,182	—
Total Liabilities	$ 17,024,783	$ 71,491,975	$ 69,465,062	$ 19,051,696

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, 2011

		Special Revenue							
	General	Teachers	School Lunchroom	Student Health Fund	Federal	Debt Service	Capital Projects	Foundation Funds	Total
Local:									
Current Taxes:									
Real property	$ 101,044,962	$ —	$ —	$ —	$ —	$ 18,648,312	$ —	$ —	$ 119,693,274
Personal property	23,032,362	—	—	—	—	4,250,728	—	—	27,283,090
Surplus commissions	1,395,933	—	—	—	—	257,626	—	—	1,653,559
Merchant and									
Merchant and manufacturers	8,450,971	—	—	—	—	1,559,665	—	—	10,010,636
Financial institution	148,951	—	—	—	—	27,490	—	—	176,441
Surcharge	17,624,972	—	—	—	—	—	—	—	17,624,972
Sales tax	23,924,832	—	—	—	—	—	—	—	23,924,832
Sales tax-Prop C	—	21,752,048	—	—	—	—	—	—	21,752,048
Delinquent taxes	9,071,735	—	—	—	—	1,674,230	—	—	10,745,965
Investment income	169,369	—	—	—	859	400,989	40,392	1,441,479	2,053,088
Other:				—					
Interest and protested taxes	48,239	—	—	—	—	8,903	—	—	57,142
Tuition	—	—	—	—	1,173,401	—	—	—	1,173,401
School Lunch Program	—	—	291,959	—	—	—	—	—	291,959
School Lunch Nonprogram	—	—	71,140	—	—	—	—	—	71,140
Indirect costs recovered	2,884,421	—	—	—	—	—	—	—	2,884,421
Sundry	2,240,460	6,239	82,202	—	—	12,955	135,011	776,366	3,253,233
Total local	190,037,207	21,758,287	445,301	—	1,174,260	26,840,898	175,403	2,217,845	242,649,201
County:									
Fines and forfeitures	—	384,498	—	—	—	—	—	—	384,498
Utility and railroad taxes	2,041,917	—	—	—	—	376,844	—	—	2,418,761
Other	697,763	—	—	—	—	—	—	—	697,763
Total county	2,739,680	384,498	—	—	—	376,844	—	—	3,501,022

(Continued)

SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUNDS
Page 2 Of 2
For The Year Ended June 30, 2011

	General	Special Revenue: Teachers	Special Revenue: School Lunchroom	Special Revenue: Student Health Fund	Special Revenue: Federal	Debt Service	Capital Projects	Foundation Funds	Total
State:									
Basic formula	$ —	$ 33,331,874	$ —	$ —	$ —	$ —	$ —	$ —	$ 33,331,874
Categorical aid:									
Transportation	5,785,437	—	—	—	—	—	—	—	5,785,437
Exceptional pupil	—	—	—	—	3,580,238	—	—	—	3,580,238
Free and reduced	8,713,903	32,000	—	—	—	—	—	—	8,745,903
Vocational aid	111,890	123,375	—	—	399,940	—	—	—	635,205
School lunch program	—	—	73,838	—	—	—	—	—	73,838
Other	536,683	2,000	—	—	419,061	—	—	127,909	1,085,653
Total state	15,147,913	33,489,249	73,838	—	4,399,239	—	—	127,909	53,238,148
Federal:									
State administered:									
ECIA - Chapter 1	—	—	—	—	20,215,523	—	—	—	20,215,523
Education of the Handicapped Act (Public Law 94-142)	—	—	—	—	8,544,340	—	—	—	8,544,340
National School Breakfast/Lunch Program	—	—	12,375,033	—	—	—	—	—	12,375,033
Local and direct grants:									
Other	4,448,767	14,142,121	—	4,478,904	26,806,377	—	—	—	49,876,169
Total federal	4,448,767	14,142,121	12,375,033	4,478,904	55,566,240	—	—	—	91,011,065
Total Revenues	$ 212,373,567	$ 69,774,155	$ 12,894,172	$ 4,478,904	$ 61,139,739	$ 27,217,742	$ 175,403	$ 2,345,754	$ 390,399,436

Part III - Statistical Section (Unaudited)

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.

Contents **Page**

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

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 198,696,409
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	117,949,612
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	32,191,615
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	4,764,157
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)	(66,217,293)	(53,164,655)
Total primary government net assets	$ 418,316,123	$ 389,219,172	$ 370,329,160	$ 363,290,210	$ 365,942,385	$ 385,406,451	$ 388,572,619	$ 342,938,103	$ 302,470,382	$ 300,437,138

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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
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	$ 212,515,070
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	45,437,217
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	29,993,491
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	36,067,256
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	13,009,401
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	22,822,432
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	19,324,339
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	11,060,829
Total primary government expenses	480,296,992	504,848,064	464,609,745	460,632,676	462,502,735	442,786,986	458,163,280	444,022,504	449,860,636	390,230,035
Program Revenues										
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	1,459,337
Total charges for services	3,861,399	9,416,131	9,229,439	10,165,089	3,504,649	3,710,569	2,577,927	2,463,831	1,872,758	1,459,337
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	58,794,013
Building services	1,960,028	40,062	384,636	216,972	270,160	476,877	132,481	259,749	16,180	189,615
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	5,345,111
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	16,919,388
Noninstructional support	1,988,089	3,128,016	462,812	—	1,421,239	1,322,336	2,731,852	870,476	1,246,508	3,951,776
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	5,785,437
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	16,154,035
Total operating grants and contributi	161,408,716	155,910,274	146,236,899	139,881,708	152,680,829	104,544,637	106,939,280	97,062,063	107,791,268	107,139,375
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	921,159
Total primary government program revenue	191,131,845	191,783,332	176,314,687	166,048,564	171,964,564	121,412,682	121,325,993	110,465,639	118,937,736	109,519,871
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)	$ (280,710,164)

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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	$ (280,710,164)
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	158,349,365
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	26,418,051
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	45,676,880
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	39,900,358
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	2,118,690
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	5,869,172
Gain on disposal of capital assets	—	—	992,095	2,069,985	—	—	—	—	—	—
Total primary government	304,148,878	282,799,672	279,999,046	287,545,162	293,190,346	340,838,370	340,003,455	307,050,005	293,465,809	278,332,516
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)	(2,377,648)
Prior Period Adjustment	—	1,168,109	—	—	—	—	—	(22,022,596)	(1,677,588)	1,906,302
Change in Accounting Principle	—	—	(10,594,000)	—	—	—	—	—	—	—
Change In Net Assets - Primary Government	$ 14,983,731	$ (29,096,951)	$ (18,890,012)	$ (7,038,950)	$ 2,652,175	$ 19,464,066	$ 3,166,168	$ (48,529,456)	$ (39,134,679)	$ (471,346)

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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	—
Nonspendable	—	—	—	—	—	—	—	—	—	139,025
Unassigned	—	—	—	—	—	—	—	—	—	(54,661,562)
Total general fund	$ 46,190,556	$ (3,240,218)	$ (30,088,779)	$ (23,340,336)	$ (28,601,134)	$ (13,113,290)	$ (11,932,526)	$ (44,750,248)	$ (65,565,025)	$ (54,522,537)
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	—
Nonspendable	—	—	—	—	—	—	—	—	—	41,270,214
Restricted	—	—	—	—	—	—	—	—	—	186,078,889
Assigned	—	—	—	—	—	—	—	—	—	926,175
Total all other governmental funds	$149,758,931	$ 122,606,940	$ 117,180,946	$ 110,772,110	$ 161,244,550	$ 155,044,373	$ 156,910,234	$ 165,142,732	$ 162,704,303	$ 228,275,278

Note: the Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information reported 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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 91,011,064
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	33,331,874
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	18,820,621
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	1,085,653
Total state sources	206,062,624	183,316,541	161,495,060	152,309,886	150,916,167	151,116,980	136,982,586	113,262,593	76,352,468	53,238,148
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	222,118,852
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	10,745,965
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	2,110,230
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	7,674,155
Total local sources	221,297,389	213,495,521	229,611,971	230,032,908	231,534,213	243,439,217	251,848,118	239,246,933	235,485,830	242,649,202
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	3,501,022
Total revenues	$ 498,398,167	$ 473,156,382	$ 455,098,530	$ 453,169,477	$ 460,288,396	$ 462,600,754	$ 458,355,960	$ 416,221,406	$ 413,606,891	$ 390,399,436

Note: the Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information reported 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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 198,025,082
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	38,608,980
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	30,648,641
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	35,843,736
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	17,196,329
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	22,730,117
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	19,295,949
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	10,803,651
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	13,752,000
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	9,843,329
Bond issuance costs	—	—	—	496,084	597,432	255,740	—	390,986	—	—
Payments to escrow agent	—	—	—	—	—	—	—	4,927,979	4,878,622	588,461
Total expenditures	$ 541,115,684	$ 548,713,790	$ 476,779,087	$ 453,325,954	$ 475,542,910	$ 454,273,607	$ 450,523,212	$ 482,689,315	$ 435,182,509	$ 397,336,275
Debt service as a percentage of noncapital expenditures	5.0%	5.2%	4.7%	4.9%	4.9%	5.7%	5.4%	6.5%	6.8%	6.2%

Note: the Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information reported 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 TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Excess (deficiency) of revenues over 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)	$ (6,936,839)
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	85,958,357
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)	(85,958,357)
Proceeds from G.O. bonds	50,050,853	—	—	—	—	—	—	39,295,000	—	81,644,000
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	—	—	—	—
Total Other Financing Sources (Uses)	50,172,496	(2,193,466)	—	496,084	58,166,156	960,517	(4,786,123)	41,132,685	—	81,644,000
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)	74,707,161
Prior period adjustment	—	1,168,109	—	—	—	—	—	750,000	—	1,906,302
Change in accounting principle	—	—	(10,594,000)	—	—	—	—	—	—	—
Adjusted net change in fund balance	$ 7,454,979	$ (76,582,765)	$ (32,274,557)	$ 339,607	$ 42,911,642	$ 9,287,664	$ 3,046,625	$ (24,585,224)	$ (21,575,618)	$ 76,613,463

Note: the Board retroactively reported modified-accrual information back to 2002 to be consistent with the full accrual information reported 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

		Actual Value				
Fiscal Year	Assessed Value	Residential Property	Personal Property	Commercial Property	Total Taxable Value	Total Direct Rate (1)
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
2011	4,397,270,564	10,030,769,852	4,303,723,606	3,343,032,517	17,677,525,975	3.9865

(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

	District Direct Rates				Overlapping Rates								
Fiscal Year	General Purposes	Capital Purposes	Debt Purposes	Total	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
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
2011	3.3654	0.000	0.6211	3.9865	0.030	0.218	0.079	0.137	0.521	0.082	0.188	0.255	1.422

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

	Calendar Year 2010		Calendar Year 2001	
Tax Payer By Industry Classification (1)	**Taxable Assessed Value**	**Percentage Of Assessed Value**	**Taxable Assessed Value**	**Percentage Of Assessed Value**
Utilities	$ 91,220,000	2.21%	$ 85,211,000	3.12%
Gaming	81,466,000	1.98%	71,479,000	2.61%
Manufacturing	71,437,000	1.73%	74,413,000	2.73%
Telecommunications	71,083,000	1.73%	37,889,000	1.39%
Financial Services	39,054,000	0.95%	17,577,000	0.64%
Manufacturing	38,424,000	0.93%	15,348,000	0.56%
Utilities	30,321,000	0.74%	72,038,000	2.64%
Healthcare	28,009,000	0.68%	44,462,000	1.63%
Motor Leasing Services	25,920,000	0.63%	—	
Property Management	25,020,000	0.61%	—	
Healthcare			NP	
Educational Institution			NP	
Total	$ 501,954,000	12.19%	$ 418,417,000	15.32%

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.

(2) NP = Non-Profit

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
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%	15,128,145	129,375,146	96.10%
2004	139,471,649	119,151,342	85.43%	15,434,099	134,585,441	96.50%
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%	12,117,409	144,086,363	95.64%
2007	153,532,685	131,844,310	85.87%	9,506,091	141,350,401	92.07%
2008	160,984,090	145,188,991	90.19%	9,173,032	154,362,023	95.89%
2009	161,627,029	148,434,501	91.84%	12,053,091	160,487,592	99.30%
2010	168,287,844	160,525,095	95.39%	4,735,618	165,260,713	98.20%
2011	175,297,191	162,648,139	92.78%	—	162,648,139	92.78%

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

	Governmental Activities							
Fiscal Year	Net G.O. School Building And Refunding Bonds	Energy Loan Payable	Capital Lease Obligations	Leasehold Revenue And Crossover Refunding Bonds	Total Primary Government	Percentage Of Personal Income (a)	G.O. Debt Per Capita (a)	Ratio Of G.O. Debt To Estimated Actual Property Value (b)
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
2011	273,832,723	—	—	—	273,832,723	2.40	858	0.0154

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Direct And Overlapping Debt
City of St. Louis	$ 962,752,000	100%	$ 962,752,000
Metropolitan St. Louis Sewer District	626,400,000	10.23% *	64,081,000
St. Louis Junior College District	31,131,000	16.72% *	5,205,000
Subtotal Overlapping Debt	1,620,283,000		1,032,038,000
Board Direct Debt	306,354,000	100% *	306,354,000
Subtotal Direct Debt	306,354,000		306,354,000
Total Direct and Overlapping Debt	$ 1,926,637,000		$ 1,338,392,000

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 2011

Assessed Value	$ 4,397,270,564
Debt Limit (15% of assessed valuation)	659,590,585
Debt applicable to limit	273,832,723
Legal debt margin	$ 385,757,862

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 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	$ 659,590,585
Total net debt applicable to limit	226,965,000	243,655,000	233,830,000	199,636,197	238,899,210	224,912,975	206,263,624	227,412,211	210,450,885	273,832,723
Legal debt margin	$ 236,575,321	$ 225,953,452	$ 265,471,846	$ 296,535,031	$ 330,068,519	$ 332,269,330	$ 437,106,571	$ 410,119,459	$ 437,757,433	$ 385,757,862
Total net debt applicable to the limit as a percentage of debt limit	48.96%	51.88%	46.83%	40.24%	41.99%	40.37%	32.06%	35.67%	32.47%	41.52%

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
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%
2010		319,294	11,419,877	32,026	8.7%

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.

(2) Data provided by the U.S. Bureau of Labor Statistics

(3) Source: U.S. Bureau of Economic Analysis - Calendar year 2010 figures are estimates; actual statistics for this period are released in April 2012.

PRINCIPAL EMPLOYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO

	Calendar Year 2010		Calendar Year 2001	
Employer	**Employees**	**Percentage Of Total City Employment**	**Employees**	**Percentage Of Total City Employment**
Washington University	14,168	3.37%	11,463	2.17%
BJC Healthcare	12,414	2.96%	16,137	3.06%
St. Louis University	9,792	2.33%	9,772	1.85%
City of St. Louis	8,933	2.13%	8,663	1.64%
Defense Finance & Acct Services	6,572	1.56%		
AT&T Services, Inc.	5,240	1.25%	8,095	1.53%
Wells Fargo	5,228	1.24%	5,850	1.11%
St. Louis Board of Education	4,772	1.14%	8,803	1.67%
United States Postal Service	4,300	1.02%	6,409	1.21%
State of Missouri	3,810	0.91%	5,984	1.13%
Anheuser Busch	3,579	0.85%	7,213	1.37%
Total	78,808	18.76%	88,389	16.74%

Source: 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

	Full-Time-Equivalent District Employees By Type As Of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Supervisory										
Administrators and managers	56	56	37	55	75	85	78	169	111	146
Principals	109	109	92	93	91	91	84	78	74	72
Asst. principals - nonteaching	71	67	76	80	77	79	64	54	48	23
Total Supervisory	236	232	205	228	243	255	226	301	233	241
Instruction										
Elementary classroom teachers	1,834	1,826	1,794	1,624	1,521	1,509	1,331	1,418	1,343	1,050
Secondary classroom teachers	623	629	557	539	560	537	515	609	593	653
Other classroom teachers	705	772	1,325	1,455	861	512	412	544	37	36
Total Instruction	3,162	3,227	3,676	3,618	2,942	2,558	2,258	2,571	1,973	1,739
Student Services										
Guidance counselors	138	145	130	88	93	109	113	96	87	83
Psychological	47	48	47	37	37	36	32	35	68	22
Librarians, audio-visual	90	102	98	89	86	78	70	56	51	33
Consultants/inst. supervisors	138	127	102	93	66	82	114	87	—	—
Other professionals	596	392	525	483	518	523	402	119	114	29
Teacher aides	722	602	526	512	538	555	574	338	172	361
NLR teachers	—	—	—	—	—	—	—	—	212	262
Technicians	42	45	26	34	30	31	28	—	—	—
Total Student Services	1,773	1,461	1,454	1,336	1,368	1,414	1,333	731	704	790
Support and Administration										
Clerical/technical	560	425	495	414	362	371	240	213	194	150
Service workers	1,009	1,064	616	551	206	179	157	326	147	135
Skilled crafts	130	136	24	26	1	2	8	—	—	—
Unskilled laborers	41	31	—	—	—	—	1	—	—	—
Total Support and Administration	1,740	1,656	1,135	991	569	552	406	539	341	285
Total	6,911	6,576	6,470	6,173	5,122	4,779	4,223	4,142	3,251	3,055

Source: St. Louis Public Schools Department of Human Resources

LEVEL OF SERVICE
LAST TEN FISCAL YEARS

Function Activity	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Student enrollment	37,138	36,084	34,445	32,947	30,739	27,646	27,527	26,043	26,449	25,189
Building Services										
Number of schools	111	93	90	92	91	89	85	88	76	76
Transportation										
Number of students transported	41,629	45,519	27,216	26,447	24,707	22,450	22,876	26,784	27,671	26,902

Source: District Records

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

SCHOOL BUILDING INFORMATION

	Enrollment	Program Capacity	Year	Square Feet
Elementary Schools				
Adams-400	303	415	1878	63,201
Ames ES-425*	358	564	1956	72,468
Ashland-406	351	600	1909	74,146
Baden-408 (Closed)	—	360	1908	53,188
Bryan Hill-418	202	310	1912	58,991
Buder-420	408	450	1920	59,973
Carver-428 (Closed)	—	N/A	1989	51,760
Clark eMints-432	—	255	1907	57,671
Clay CEC-436	168	335	1905	51,297
Cole-440	134	350	1931	55,233
Columbia CEC-442	217	400	1930	59,059
Cote Brilliante-444	215	400	1904	59,640
Dewey International Studies-447*	458	452	1918	59,392
Dunbar-448	233	505	1912	67,284
Farragut Accelerated-458	189	410	1906	60,479
Ford CEC-463	315	525	1964	81,700
Froebel-466	301	460	1895	70,481
Gallaudet HI-472	—	70	1927	29,857
Gateway Math & Science Elem.-473*	467	714	1995	244,000
Gateway-Michael SpEd-552	60	41	1995	244,000
Hamilton CEC-478	326	510	1918	60,110
Henry-488	274	440	1906	66,465
Herzog CEC-490	381	400	1937	38,532
Hickey-489	293	325	1966	62,222
Hodgen-492	281	350	1884	63,211
International Welcome School-497	191	N/A	N/A	N/A
Jefferson-502	243	395	1960	89,976
Kennard CJA-503*	357	380	1930	47,151
Laclede-506	238	350	1915	64,020
Lexington-510	246	405	1996	58,554
Lyon ABI-518*	355	288	1910	38,983
Mallinckrodt ABI-524*	200	308	1940	38,044
Mann-526	243	295	1902	55,983
Mark Twain-528 (Closed)	—	360	1912	61,259
Mason-534	375	440	1921	47,673
Meda P. Washington ECC-540 (Closed)	—	350	1930	45,362
Meramec-550	257	200	1909	38,963
Monroe-556	298	400	1899	48,498
Mullanphy-559*	457	583	1915	83,122
Nance-561	437	400	2002	61,000
Oak Hill-560	368	500	1908	49,531
Peabody -562	343	515	1957	86,866
Scruggs-574 (Closed)	—	380	1918	59,566
Shaw VPA-CEC-578*	335	380	1908	53,961
Shenandoah-580	182	225	1926	34,344
Shepard eMints-582 (Closed)	—	420	1906	55,998
Sherman CEC-584	159	280	1899	47,638
Sigel CEC-586	311	475	1906	67,605
Simmons-Marshall MEGA-587 (Closed)*	—	460	1899	87,542
Stix ECC 1-593*	491	580	1921	78,961
Walbridge ECC-ACC-596	338	515	1924	67,827
Washington Montessori-601*	418	515	1956	35,757
Wilkinson ECC 1-603*	180	350	1920	47,683
Woerner-597	368	355	1932	57,623
Woodward-612	301	400	1922	56,510
Griscom-668	46	N/A	N/A	N/A
Lyon Elementary (Alternative)-671	—	N/A	1910	38,983
Big Picture - 697	—	150	1968	16,743

SCHOOL BUILDING INFORMATION *(Continued)*

	Enrollment	Program Capacity	Year	Square Feet
Middle Schools				
Bunche International Studies-311*	168	414	1911	74,807
Busch-305*	294	310	1953	43,110
Carr Lane VPA-307*	520	640	1959	87,620
Compton Drew ILC-339*	454	510	1996	92,000
Fanning-314	353	332	1907	70,117
Langston-324	283	389	1964	72,831
Long-326	286	529	1923	71,467
L'Ouverture-328	251	464	1950	83,803
McKinley CJA-313*	336	560	1903	166,823
Freshstart @ Turner Middle School-698*	—	N/A	1940	49,768
Stevens-340 (Closed 2011-2012)	170	375	1964	74,846
Stevens Multiple Pathways-671	135	N/A	N/A	N/A
Yeatman-Liddell-352	267	512	1967	77,030
Innovative Concept Academy @ Blewett-679	116	N/A	1956	90,471
Big Picture Middle/High @ Northwest-694	111	N/A	1964	170,460
Junior Prep Academies				
Gateway Math & Science Preparatory-373/206*	449	519	1995	N/A
Stowe Preparatory-375/207 (Closed)	—	572	1967	73,320
Small High Schools				
Carnahan High School of the Future-193	342	500	2003	73,500
Trans & Law Academy @ Northwest-194	294	791	1964	170,460
High Schools				
Roosevelt-168	841	1200	1925	294,104
Sumner-180	478	1106	1910	235,602
Vashon-183	505	1320	2002	242,000
Cleveland NJROTC-144 *	232	560	1955	103,470
Beaumont-125	458	1263	1926	274,599
Nottingham CAJT-114	101	180	1953	41,823
Central VPA-186 @Southwest Complex*	480	870	1937	247,733
Clyde Miller Career Academy-117	685	800	2004	141,000
Gateway IT High-111*	1,093	1625	1956	453,091
Metro A&C-156*	287	340	1997	56,726
Soldan International Studies-173*	660	1030	1909	251,097
McKinley Leadership Academy-157	83	N/A	1903	166,823
Fresh Start @ Sumner Multiple Pathways-698	165	N/A	N/A	N/A
Alternative-199	291	N/A	N/A	N/A

*Magnet schools
N/A = NOT AVAILABLE
Source: District records