
***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, 2009



St. Louis, Missouri

Report Submitted by

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

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Part I - Introductory Section



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

December 24, 2009

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, 2009. 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 2008 ASBO Certificate of Excellence and the 2008 GFOA Certificate of Achievement.
2. Financial section: Government-wide financial statements; fund financial statements, supplemental information for combined and individual fund financial statements and schedules; the independent auditors' report on the financial statements; and Management's Discussion and Analysis. It is designed to be an objective and easily readable analysis of the District's financial activities.
3. Statistical section: Unaudited tables of both financial and demographic data. This information is for the purpose of presenting social and economic information, financial trends and fiscal capacity of the District presented on a multi-year basis.

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

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Board'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 2008-2009

- The District invested in the Missouri Securities Investment Program (MOSIP)
- Developed and implemented the computerized four year guidance plan for each student.
- Instituted the Attendance Officer Program which increased attendance by over 5% in each participating school.
- Developed a performance-based Principal evaluation module.
- Received TAH Grant Funding for over \$800,000 for professional development of American History for elementary teachers.
- All but one of the District's high schools have applied for and received NCA accreditation.

Current Initiatives

- Establish the presence of School Councils at all schools.
- The District formed a partnership with Ranken Technical College, which will allow seniors to earn approximately 13-15 college credits while enrolled at Ranken during the second semester of their senior year.
- Establish 13 Full Service Schools that will focus on addressing the impediments that prevent students from achieving at higher levels.

- Establish new and strengthen current relationships that result in community partners providing services at the school site for students, families, and members of the broader community.

Year End Audit and Financial Results

The final independent audit for the 2009 fiscal year was completed by RubinBrown, LLP in December 2009 and is the basis of the audited financials included in the Financial Section of this CAFR.

The District began the year with a \$12 million unrestricted General Operating fund deficit and ended the year with a \$45 million deficit. Prior to fiscal year 2009 the District had not deficit spent for 4 consecutive years. However, this was not the situation for fiscal year 2009, given the sharp drop in state revenues, significant increases in charter enrollments and the need to increase investments in the academic area. Since a deficit fund balance still exists, the District is designated as a financially stressed district for the seventh 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 354,361. 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.

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.

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 government of the District. The Board had final control over the supervision and government 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 4,142 full-time and part-time employees, including approximately 2,703 certified employees, including teachers and principals and approximately 731 classified employees.

Presently there are 88 schools including 50 elementary schools, 13 middle schools and 17 high schools and 8 special or alternative schools in the District, with an average daily enrollment of approximately 26,043 students. Significant repairs, renovations, improvements and additions to the District's facilities have been and will continue to be an ongoing process.

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

School Year	Average Daily Attendance
2009	23,484
2008	23,498
2007	27,646
2006	30,739
2005	32,947
2004	34,445

In preparation for the next formal DESE review, the District has initiated a number of programs to improve our accreditation status. In addition, more emphasis is being placed on review sessions for the American College Test (ACT), more emphasis on school tracking of data and building overall awareness in the district about key drivers of accreditation. The district's leadership is committed to improving the accreditation status aggressively.

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 (K-5) schools offer mathematics, art and language arts (reading, writing, speaking and listening). Middle schools (6-8) offer art, business education (magnet schools), foreign language (magnet schools), home economics, industrial arts, language arts (reading, speaking, writing, listening), mathematics, music (vocal and instrumental), physical education, science, social studies, career awareness and orientation, counseling, remedial reading, remedial mathematics, and special education programs.

High schools offer art, business education, foreign language (four years of French, German, or Spanish; two years of Latin), home economics, industrial arts, language arts (literature, writing, speaking, journalism), mathematics (basic mathematics through calculus), music (vocal and instrumental, physical education, science (general science, chemistry, physics), social studies (complete sequence), athletic programs (all sports), counseling, work-study and special education programs

Included within the District's elementary, middle and high schools are magnet schools. Besides 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.

In addition, the District operates alternative programs for students with specialized needs. These programs include programs for adjudicated students and students with disciplinary problems; special schools for physically challenged students, and tutoring for students who are hospitalized.

Economic Condition and Outlook

The fiscal condition of the St. Louis Public Schools, which serve the residents of the City of St. Louis, is closely linked to the economic health and population trends of the City of St. Louis and the State of Missouri budgetary constraints. The City's share of regional employment and population has declined since 1985. However, according to census bureau estimates for 2008, the city's population is showing signs of growth. The St. Louis metro area's unemployment rate at June 2009 was 11.5% compared to 8.1% for June 2008. The U.S. Census estimates that the City's population posted a slight decline of just over 1,302 people to approximately 354,361 (latest Census update). It is important to note that significant investment continues in downtown St. Louis with the expansion of the loft district and the corresponding restaurants and other services. The District's revenue depends upon successful revitalization of the City, which in turn requires attracting new residents and growing the economic base. There are presently 209 development projects occurring in the City of St. Louis. Many of these developments are entirely privately financed, a reflection of the strength of the marketplace in St. Louis. These projects represent over \$4.5 billion in ongoing and proposed investments in the City of St. Louis. And they are just some of the many public and private initiatives in St. Louis today.

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 Saint 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, the district secured some flexibility in use of the desegregation funds for Clyde C. Miller and Curriculum development. The district was also successful in renegotiating payments to assist with cash flow management.

Capital Renovation Status

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

All of the originally scheduled renovations have been completed.

In order to lessen the impact of the Saint 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 55 schools have been air-conditioned and 1 will be completed during the 2009-2010 fiscal year.

The District started working on a lead abatement/window replacement project at 25 schools for \$8,860,000. This started in June 2009 and will finish in August 2010. The goal of the project is to remove the risk of lead hazards in schools with children between 3 – 6 years of age.

Long-Range Planning

The District is reviewing options for realigning the budget, enhancing revenue and cost containment initiatives. The immediate plan is to eliminate the deficit fund balance during a period plagued with declining enrollment, increasing enrollment in charter schools and significant losses in State aid. Operating with a leaner budget and resources will require constant vigilance and the elimination of inessential costs. Monthly cash flow projections, budget to actual reports, developing a five-year comprehensive financial planning model, allocating resources to meet the instructional needs of students and forming a cost cutting team 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; undertaking efforts to increase the tax levy; 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 2008 Census, the median household income for the City was \$34,074 and more than 75% 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 Board of Education.

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, 2009 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.

Cash Management and Investments

The District maintains a cash and investment pool that is available for use by all operating funds. The District follows the general practice of investing in certificates of deposit, perfected repurchase agreements, guaranteed securities of the United States Government, and a "Demand Deposit Account" which earns interest based on a percent of the federal fund rate calculated on a daily basis.

Pension Funding

Employees of the District participate in the Public School Retirement System of the City of St. Louis. Employee participation is mandatory and based on a 5% rate of salaries and related benefits. The Board's employer contributions are also mandatory at an actuarially determined rate based on percentages of employees' salaries and related benefits. During calendar year 2008, the employer contribution was \$19,091,518.

Risk Management

The District is self-insured with respect to its obligations to provide Workers' Compensation and Unemployment compensation benefits to its employees. The reserves maintained in the Internal Service Fund are monitored to assure that we are maintaining an appropriate level, compared to our estimated claim liabilities. In addition, the District obtains periodic funding valuations from the claims-servicing companies managing our self-insured program and adjusts the charges as required to maintain the appropriate reserve levels.

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

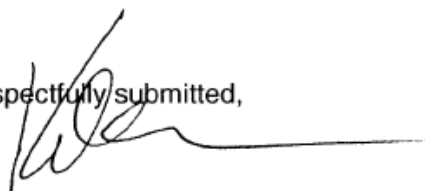
The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the 25th consecutive year for the ASBO and 21st 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 2008-2009 fiscal year.

Respectfully submitted,



Dr. Kelvin Adams
Superintendent of Schools



Enos K. Moss
Chief Financial Officer / Treasurer

Special Administrative Board

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

Senior Administration

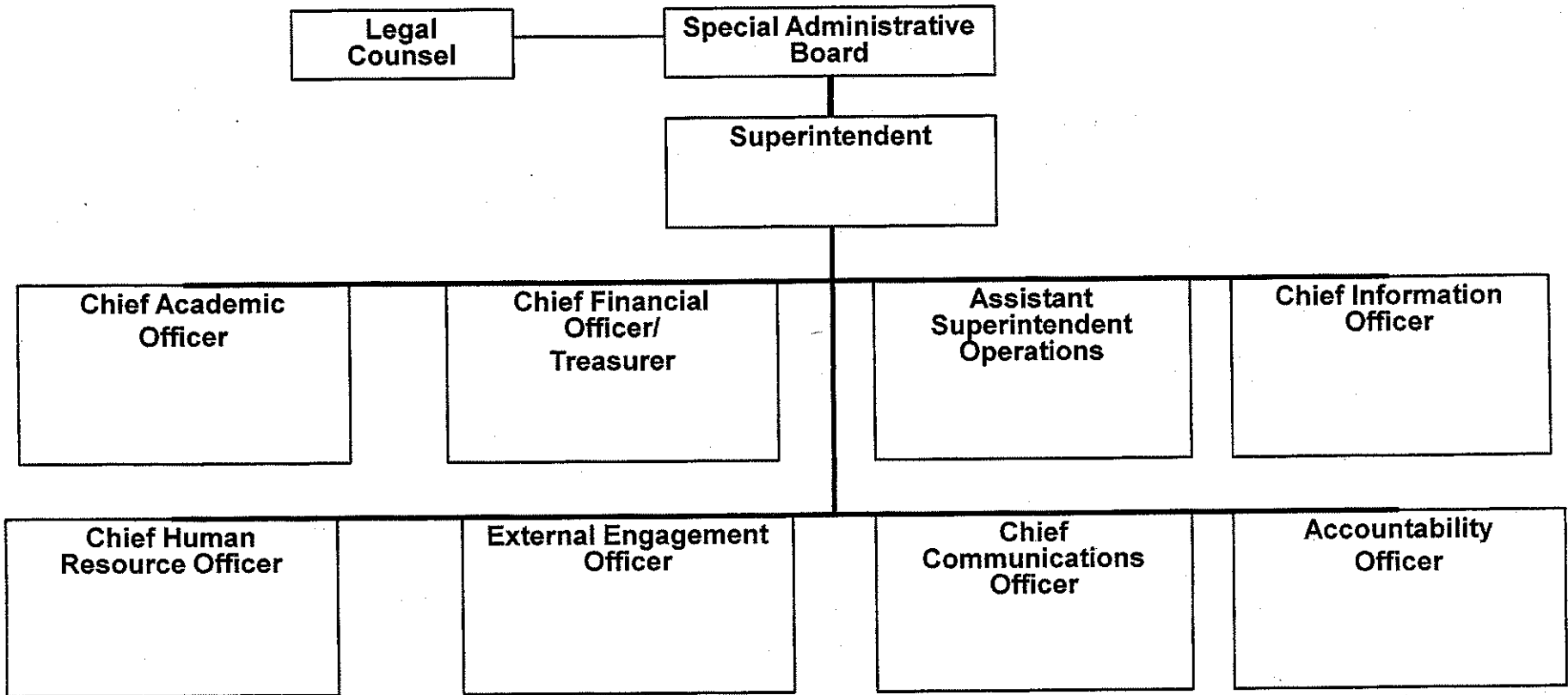
Kelvin Adams, Ph.D., Superintendent of Schools
Mr. Enos K. Moss, Chief Financial Officer / Treasurer

Elected Board

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



**District Organizational Chart
2007-2008**



**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, 2008

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

Angele Peteman

President

John D. Musso

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, 2008

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



President

Executive Director

Part II – Financial Section

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, 2009, 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, 2009, 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 described in Note 5 to the financial statements, the District adopted the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2009.

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 15 to the financial statements, the District incurred a significant operating loss in its general operating funds (General, Teachers, Building Capital and Student Health Funds) in 2009 and has increased its deficit in the government-wide unrestricted net assets and unreserved fund balances of the general operating funds that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2009 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 24, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For The Fiscal Year Ended June 30, 2009**

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, 2009. 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 seventh consecutive year. A school district has to have a combined unrestricted balance remaining in the incidental and teachers funds of less than 3% of the amount expended from those funds during the year to be designated as financially stressed. The District has depleted its unrestricted general operating fund balance.
- The District secured approval from the State of Missouri and certain plaintiffs from the original desegregation litigation case, to reduce the amount due on the settlement loan by \$10.6 million and to use these same funds to satisfy the District's share of the cost to build the Clyde C. Miller Career Academy. This leaves a balance due on this interest free loan of \$36.5 million. The original amount of \$47.1 million was approved by the plaintiffs to supplement the operating needs of the District. It was agreed that the original loan would be repaid over the next six years, in equal installment payments, beginning in fiscal year 2004-2005. However, an amended agreement was made between the District, the State of Missouri, and the plaintiffs to allow the District to 1) reschedule and delay the initial repayments of the Loan until June 30, 2008, 2) utilize the capital funds to pay for the District's portion of the Clyde C. Miller Career Academy, and 3) allow the District to borrow an additional \$10 million if required to fund the development and implementation of new curricula in the schools. (See Note 14 for additional comments.)
- Pooled cash reserves were sufficient enough to provide adequate funds for day-to-day operations. As a result, the District did not use Tax and Revenue Anticipation Notes (TRANS) for the 2008-09 fiscal year.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

- The deficit unrestricted fund balance increased significantly during the 2008-09 fiscal year. This was due to the sharp drop in state revenues, significant increases in charter enrollments and the need to increase investments in the academic area. (See Note 15 for additional comments.) The unrestricted fund deficit for the general operating funds began the year with a \$12.4 million deficit and ended the year with a \$45.2 million deficit. General Operating Funds consist of: General, Teachers, Building Capital and Student Health Funds.
- The assets for the District exceeded liabilities by \$340.0 million on the government-wide financial statements. Of this amount, there is a negative \$44.0 million in unrestricted net assets, compared to a negative \$8.7 million in 2008. This net change was primarily the result of declining state revenues, deficit spending on capital projects and a prior period adjustment for an environmental remediation liability. The District's total net assets, when compared to fiscal year 2008, decreased by \$48.6 million (\$22 million of which related to a prior period adjustment). Unrestricted net assets showed a decrease of \$35.3 million, when compared to fiscal year 2008.
- On the fund financial statements, the net change in fund balances was a negative \$25.3 million as compared to a positive \$3.1 million from fiscal year 2008.
- The total fund balance reported for the District's total governmental funds was \$120.4 million, a decrease of \$24.6 million from the prior year.
- The largest portion of the District's net assets reflects an investment of \$241.5 million or 71 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 a result of recording a remediation liability, adjusting claims reserves, reducing termination liabilities and issuing new bonds which were offset by scheduled repayments of debt and a refunding, long-term debt increased by \$13.0 million during the current fiscal year,.
- As in prior years, the District continues to lose significant revenues as a result of declining enrollment and increasing charter school enrollments. The District's allocation from the Department of Elementary Secondary Education (DESE) was reduced by \$77.4 million to fund the charter schools. This represents a 27% increase over the \$61 million of funding given in fiscal year 2008.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

- The voters of the City of St. Louis at the June 1993 election approved an indefinite waiver of a tax rollback. Assessed valuation of \$4.25 billion represents an increase from the preceding year. The increase was due mainly to increases in property valuations from new construction, improvements and abated properties being placed onto the tax roll. The tax levy was increased to maintain the level of general operating revenue authorized by law. The tax levy, per \$100 assessed valuation of tangible taxable property, for each of the District's last two calendar years was as follows:

	<u>2008</u>	<u>2009</u>	<u>Change</u>
General fund	\$ 3.1322	\$ 3.1817	\$.0495
Debt service fund	<u>.6211</u>	<u>.6211</u>	<u>.0000</u>
	<u>\$ 3.7533</u>	<u>\$ 3.8028</u>	<u>\$.0495</u>

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.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

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.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

Note to Financial Statements

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

Required Supplementary Information

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

Supplementary Information

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

GOVERNMENT-WIDE ANALYSIS

This is the eighth 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,		
	2008	2009	Change
Assets			
Current and other assets	\$ 197.7	\$ 180.9	\$ (16.8)
Capital assets, net	471.2	474.6	3.4
Total Assets	668.9	655.5	(13.4)
Liabilities			
Current liabilities	38.7	39.7	1.0
Long-term liabilities	241.6	275.8	34.2
Total Liabilities	280.3	315.5	35.2
Net Assets			
Invested in capital assets, net of related debt	263.6	241.5	(22.1)
Restricted for capital projects	99.6	109.1	9.5
Restricted for debt service	29.1	29.6	0.5
Restricted for endowments, nonexpendable	5.0	3.8	(1.2)
Unrestricted	(8.7)	(44.0)	(35.3)
Total Net Assets	\$ 388.6	\$ 340.0	\$ (48.6)

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (Continued)

Changes in Net Assets from Operating Results (In Millions)

	For The Years Ended June 30,		
	2008	2009	Change
Revenues			
Program Revenues:			
Charges for services	\$ 2.6	\$ 2.5	\$ (0.1)
Operating grants and contributions	106.9	97.1	(9.8)
Capital grants and contributions	11.8	10.9	(0.9)
Total Program Revenues	121.3	110.5	(10.8)
General Revenues:			
Taxes	231.6	229.2	(2.4)
Federal and state aid not restricted to specific	91.9	71.8	(20.1)
Earnings on investments	7.2	1.3	(5.9)
Miscellaneous	9.4	4.7	(4.7)
Total General Revenues	340.1	307.0	(33.1)
Total Revenues	461.4	417.5	(43.9)
Expenses			
Instruction	227.8	229.7	1.9
Building services	50.6	48.2	(2.4)
School administration	47.2	48.0	0.8
Instructional support	48.6	38.3	(10.3)
Noninstructional support	19.3	19.0	(0.3)
Transportation	32.0	29.3	(2.7)
Food and community services	21.3	20.0	(1.3)
Interest expense	11.4	11.5	0.1
Total Expenses	458.2	444.0	(14.2)
Change In Net Assets	3.2	(26.5)	(29.7)
Net Assets - Beginning Of Year, As Previously	385.4	388.6	3.2
Prior Period Restatement	—	(22.1)	(22.1)
Net Assets - Beginning Of Year, As Restated	385.4	366.5	366.5
Net Assets - End Of Year	\$ 388.6	\$ 340.0	\$ (48.6)

Total net assets for the District decreased \$48.6 million from the prior year due primarily to deficit spending and a prior period adjustment for environmental remediation pursuant to GASB 49. Current and other assets decreased by \$16.8 million due to depletion of cash and investments to fund deficit spending. Capital assets increased by \$3.4 million despite a prior period adjustment that decreased capital assets by \$4.1 million. Capital assets also decreased due to depreciation expense, as well as an impairment loss on buildings that were being sold. Total long term liabilities increased \$34.2 million, primarily due to the 2009 Series Bond issue of \$39.3 million, offset by a refunding and principal payments on long-term debt.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

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

Under general revenues, federal and state aid not restricted to specific purposes decreased by \$20.1 million due to declining enrollment, while federal interest rate cuts reduced our investment earnings by \$5.9 million. Expenses decreased by \$14.2 million from 2008 as a result of decreased spending on instructional support, building services and transportation. The health benefit trust was reported as an internal service fund this year. Previously, the health benefit trust was treated as a fiduciary fund.

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, 2009. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financial sources from fiscal year 2008.

Revenue Source (In Millions)	2008	2009	Increase	Percentage
	Amount	Amount	(Decrease) Over 2008	(Decrease) Over 2008
Local	\$ 251.8	\$ 239.2	\$ (12.6)	(5.1)
County	3.2	3.4	0.2	6.3
State	137.0	113.3	(23.7)	(17.3)
Federal	66.4	60.3	(6.1)	(9.2)
Total	\$ 458.4	\$ 416.2	\$ (42.2)	(9.2)

Local revenues decreased by \$12.6 million as a result of lower investment earnings and lower realization of property tax revenues. Property tax revenues declined mostly due to increases in deferred property taxes from 2008. State revenues decreased by \$23.7 million or 17.3% due to declining enrollments.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

The following schedule represents a summary of the expenditures for the governmental funds by function for the period ended June 30, 2009. It also depicts the amount and percentage increases and decreases in relation to prior year amounts.

	Expenditures (In Millions)					
	2008 Amount	Percent Of Total	2009 Amount	Percent Of Total	Increase (Decrease) From 2008	Percentage Increase (Decrease) From 2008
Instruction	\$ 206.1	45.2	\$ 209.2	43.3	\$ 3.1	1.5
Building service	42.2	9.3	42.2	8.8	0.0	1.7
School administration	46.6	10.2	47.4	9.8	0.8	1.7
Instructional support	45.7	10.0	42.5	8.8	(3.2)	(7.0)
Noninstructional support	19.1	4.2	21.2	4.4	2.1	11.0
Transportation	32.0	7.0	29.1	6.0	(2.9)	(9.1)
Food and community	21.3	4.7	20.0	4.2	(1.3)	(6.1)
Capital outlay	13.7	3.0	42.5	8.8	28.8	210.2
Debt service	23.8	5.2	23.7	4.9	(0.1)	(1.3)
Escrow agent	5.7	1.2	4.9	1.0	(0.8)	(22.8)
Total	\$ 456.2	100.0	\$ 482.7	100.0	\$ 26.5	5.8

The District experienced an overall expenditure increase of \$26.5 million from the prior year. This was primarily the result of increased capital outlays for environmental remediation or lead abatement and air conditioning projects at various schools. Individual fund information is as follows:

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund deficit of the General Fund was \$(45.4) million. This represents a \$32.8 million increase in the deficit when compared to the 2008 unreserved fund deficit of \$(11.9) million.

Other Major Funds

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

- The Debt Service Fund revenues and expenditures were relatively unchanged when compared to 2008.
- The Vocational Education Fund and the Settlement Fund are restricted capital project funds set up in connection with the Desegregation Settlement Agreement and had very little capital activity in 2009.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

- Other capital projects funds are used to account for proceeds of general obligation debt primarily for the purpose of providing air conditioning improvement in the schools. Approximately \$40.5 million in capital expenditures were incurred in 2009, which is an increase in spending of \$29.6 million compared to 2008. The remaining fund balances to be spent are \$18.5 million.
- The Teachers' Fund is supplemented by the General Fund and therefore maintains a zero fund balance.

CAPITAL ASSETS

At June 30, 2009, the District had \$474.6 million invested in a broad range of capital assets, including land, building and improvements, and equipment.

	Primary Government (In Thousands)			
	June 30, 2008 Balance	Additions And Transfers In	Deletions And Transfers Out	June 30, 2009 Balance
Land	\$ 29,621	\$ —	\$ 2,939	\$ 26,682
Construction in progress	7,017	37,059	4,399	39,677
Idle and held for sale assets	—	29,681	—	29,681
Building and nonmovable equipment	711,376	7,900	12,515	678,170
Movable equipment	43,335	1,030	1,105	43,260
Total Capital Assets	791,349	75,670	49,549	817,470
Less: Accumulated depreciation	324,297	20,508	1,934	342,871
Totals	\$ 467,052	\$ 55,162	\$ 47,615	\$ 474,599

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

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

LONG-TERM DEBT

As of June 30, 2009, the District had \$275.8 million in debt compared to \$262.8 million last year. This represents a \$13 million increase in long-term obligations. There was a prior period restatement of \$20.4 million for implementation of GASB 49 related to environmental remediation or lead abatement.

	For The Years Ended June 30,		
	2008	2009	Change
Changes In Long-Term Debt (In Thousands)			
Compensated absences	\$ 3,218	\$ 3,319	\$ 101
Other postemployment benefits	460	1,626	1,166
Termination benefits	4,714	2,357	(2,357)
Claims payable	5,793	5,253	(540)
Remediation liability	20,400	11,000	(9,400)
Arbitrage liability	750	702	(48)
General obligation school building and refunding bonds	235,755	256,810	21,055
Capital lease obligations	1,076	589	(487)
Less: Capital appreciation to maturity on bonds	14,112	12,302	(1,810))
Deferred amount on refunding	2,970	2,535	(435)
Plus: Unamortized premium on bonds	7,741	9,015	1,274
Totals	\$ 262,825	\$275,834	\$ 13,009

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 a \$9.0 million increase when compared to the original budget. This increase was primarily due to increases in the Instruction and School Administration sections of the budget.

ST. LOUIS PUBLIC SCHOOLS

Management's Discussion And Analysis (*Continued*)

ECONOMIC OUTLOOK

Given the deficit spending of more than \$32 million for fiscal year 2009 and the projected drop in the subsequent year's revenue, the District was faced with a \$50 million budget gap. To address this financial challenge various initiatives were implemented, which resulted in significant cost reductions. Some of these initiatives included closing 12 schools, staff realignments and significant reductions in contractual fees. These and other initiatives have reduced the projected budget gap to approximately \$10 million. Other options have been identified, which if implemented, will provide opportunities to close the gap. Some of these options include District wide furloughs, renegotiating vendor contracts and reducing medical costs. The District is also in the process of contracting with a financial consultant specializing in financial planning and fiscal recovery. This firm would assist the District in the budget process and a 5 year financial plan focused on eliminating deficit spending and achieving fiscal solvency.

The decline of the District's enrollment has slowed to a level that has produced relatively flat enrollment numbers. The budgeting process and multi year financial plan, should guide the District in a fiscally sound and responsible direction. The District will continue to be prudent in financial management in order to meet the challenges of the future.

More detailed information pertaining to the District's economic outlook can be found in the letter of transmittal and Note 15 to 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, 2009

	<u>Governmental Activities</u>
Assets	
Cash and short-term investments	\$ 117,320,749
Investments	20,635,663
Receivables (net):	
Grants	16,952,782
Taxes	22,359,967
Other	1,541,092
Inventories	637,350
Deferred charges	1,429,195
Capital assets:	
Land	26,681,801
Construction in progress	39,677,441
Idle and held for sale assets	29,680,671
Depreciable buildings, movable and nonmovable equipment, net	378,558,668
Total Assets	<u>655,475,379</u>
Liabilities	
Accounts payable	28,457,156
Accrued interest	2,484,460
Retainage payable	3,617,403
Unearned revenue	5,039,481
Long-term liabilities:	
Long-term obligations due within one year	32,789,887
Long-term obligations due in more than one year	243,043,829
Total Liabilities	<u>315,432,216</u>
Net Assets	
Invested in capital assets, net of related debt	241,527,496
Restricted:	
Capital projects	109,162,189
Debt service	29,563,100
Endowments, nonexpendable	3,828,326
Unrestricted	<u>(44,037,948)</u>
Total Net Assets	<u>\$ 340,043,163</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS

Page 1 Of 2
June 30, 2009

	Capital Projects							Air Conditioning 2006	Air Conditioning 2009	Other Governmental Funds	Total Governmental Funds
	General	Teachers	Debt Service	Building	Vocational Education	Settlement					
Assets											
Cash And Investments:											
Cash and short-term investments	\$ 395,551	\$ —	\$ 21,475,293	\$ 244,700	\$ 1,483,899	\$ 61,784,530	\$ 701,830	\$ 22,278,791	\$ 7,683,540	\$ 116,048,134	
Other investments	—	—	—	—	—	9,395,822	—	—	3,812,912	13,208,734	
Investments held for bonded indebtedness by trustee	—	—	7,426,929	—	—	—	—	—	—	7,426,929	
Total Cash And Investments	395,551	—	28,902,222	244,700	1,483,899	71,180,352	701,830	22,278,791	11,496,452	136,683,797	
Receivables:											
Grants	—	181,428	—	—	—	—	—	—	16,771,354	16,952,782	
Taxes	26,442,403	—	3,646,717	—	—	—	—	—	—	30,089,120	
Other	973,884	18,400	6,379	—	—	—	—	—	523,822	1,522,485	
Total Receivables	27,416,287	199,828	3,653,096	—	—	—	—	—	17,295,176	48,564,387	
Due from other funds	2,603,862	14,917,199	—	280,759	—	—	—	—	9,584	17,811,404	
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	36,506,057	
Inventories	637,350	—	—	—	—	—	—	—	—	637,350	
Total Assets	\$ 31,053,050	\$ 15,117,027	\$ 32,555,318	\$ 525,459	\$ 1,483,899	\$ 107,686,409	\$ 701,830	\$ 22,278,791	\$ 28,801,212	\$ 240,202,995	

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

BALANCE SHEET - GOVERNMENTAL FUNDS

**Page 2 Of 2
June 30, 2009**

	Capital Projects										Other Governmental Funds	Total Governmental Funds
	General	Teachers	Debt Service	Building	Vocational Education	Settlement	Air Conditioning 2006	Air Conditioning 2009				
Liabilities And Fund Balances												
Liabilities:												
Accounts payable	\$ 6,535,347	\$ 15,089,183	\$ —	\$ 341,140	\$ 8,119	\$ —	\$ —	\$ 857,758	\$ 5,268,105	\$ 28,099,652		
Retainage payable	—	—	—	—	—	—	3,617,403	—	—	3,617,403		
Due to other funds	15,224,190	27,844	—	—	—	—	—	—	10,598,651	25,850,685		
Advances from settlement fund	36,506,057	—	—	—	—	—	—	—	—	36,506,057		
Unearned revenue	—	—	—	—	—	—	—	—	5,039,481	5,039,481		
Deferred tax revenues	17,537,704	—	3,159,529	—	—	—	—	—	—	20,697,233		
Total Liabilities	75,803,298	15,117,027	3,159,529	341,140	8,119	—	—	4,475,161	20,906,237	119,810,511		
Fund Balances:												
Reserved:												
Advances to general fund	—	—	—	—	—	36,506,057	—	—	—	36,506,057		
Bonded indebtedness	—	—	29,395,789	—	—	—	—	—	—	29,395,789		
Endowments	—	—	—	—	—	—	—	—	3,828,326	3,828,326		
Inventories	637,350	—	—	—	—	—	—	—	—	637,350		
Unreserved - Undesignated, reported in:												
General fund	(45,387,598)	—	—	—	—	—	—	—	—	(45,387,598)		
Special revenue funds	—	—	—	—	—	—	—	—	4,066,649	4,066,649		
Capital projects funds	—	—	—	184,319	1,475,780	71,180,352	701,830	17,803,630	—	91,345,911		
Total Fund Balances	(44,750,248)	—	29,395,789	184,319	1,475,780	107,686,409	701,830	17,803,630	7,894,975	120,392,484		
Total Liabilities And Fund Balances												
Balances	\$ 31,053,050	\$ 15,117,027	\$ 32,555,318	\$ 525,459	\$ 1,483,899	\$ 107,686,409	\$ 701,830	\$ 22,278,791	\$ 28,801,212	\$ 240,202,995		

**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, 2009**

Total fund balance - governmental funds \$ 120,392,484

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 \$817,469,945 and the accumulated depreciation is \$342,871,364. 474,598,581

Property taxes assessed by the Board, 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. 20,697,233

Allowance for doubtful accounts are recorded against receivables in the government-wide statements. (7,729,153)

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. 3,720,330

Long-term liabilities applicable to the Board'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, 2009 are:

Accrued interest on outstanding debts	(2,484,460)
Bonds and notes payable	(245,096,873)
Unamortized deferred loss on refunding	2,535,169
Unamortized bond issue costs	1,429,195
Unamortized bond premium	(9,014,840)
Accrued compensated absences	(3,319,402)
Early retirement benefits	(2,357,200)
Other post-employment benefits	(1,626,071)
Remediation liability	(11,000,000)
Arbitrage payable	(701,830)

Total net assets - governmental activities \$ 340,043,163

**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, 2009**

	General	Teachers	Debt Service	Capital Projects					Other Governmental Funds	Total Governmental Funds
				Building	Vocational Education	Settlement	Air Conditioning			
							2006	2009		
Revenues										
Local:										
Current taxes	\$ 185,296,151	\$ 9,084,936	\$ 25,612,594	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 219,993,681
Delinquent taxes	6,676,908	—	1,303,400	—	—	—	—	—	—	7,980,308
Investment income (loss)	1,895,687	—	742,647	2,889	20,047	—	144,538	23,194	(1,537,125)	1,291,877
Other	5,964,312	1,667	124	183,665	—	29,319	1,830	—	3,800,150	9,981,067
County	2,827,844	123,399	415,376	—	—	—	—	—	—	3,366,619
State:										
Basic formula	—	72,559,111	—	—	—	—	—	—	—	72,559,111
Categorical aid	20,789,749	123,375	—	—	—	—	—	—	4,487,605	25,400,729
Other	3,813,778	21,150	—	—	—	10,000,000	—	—	1,467,825	15,302,753
Federal	15,545	591,893	—	—	—	—	—	—	59,737,823	60,345,261
Total Revenues	227,279,974	82,505,531	28,074,141	186,554	20,047	10,029,319	146,368	23,194	67,956,278	416,221,406
Expenditures										
Current:										
Instruction	47,304,589	128,484,150	—	—	—	—	—	—	33,396,576	209,185,315
Building service	40,601,245	—	—	13,854	64,306	—	652,573	843,171	—	42,175,149
School administration	29,678,159	14,248,442	—	—	—	—	—	—	3,489,301	47,415,902
Instructional support	16,949,509	11,312,234	—	5,002	—	—	—	—	14,245,657	42,512,402
Noninstructional support	20,025,019	314,814	—	—	—	—	18,515	—	818,968	21,177,316
Transportation	29,115,240	—	—	—	—	—	—	—	—	29,115,240
Food and community services	1,145,420	105,172	—	—	—	—	—	—	18,723,768	19,974,360
Capital outlay	159,785	—	7,305	684,446	423,643	—	19,035,515	21,418,092	792,448	42,521,234
Debt service:										
Principal retirement	—	—	13,855,000	487,645	—	—	—	—	—	14,342,645
Interest charges	—	—	8,912,226	38,561	—	—	—	—	—	8,950,787
Bond issuance costs	—	—	—	—	—	—	—	390,986	—	390,986
Payments to escrow agent	—	—	4,927,979	—	—	—	—	—	—	4,927,979
Total Expenditures	184,978,966	154,464,812	27,702,510	1,229,508	487,949	—	19,706,603	22,652,249	71,466,718	482,689,315
Excess (Deficiency) Of Revenues Over Expenditures	42,301,008	(71,959,281)	371,631	(1,042,954)	(467,902)	10,029,319	(19,560,235)	(22,629,055)	(3,510,440)	(66,467,909)
Other Financing Sources (Uses)										
Transfers in	18,577	71,959,281	—	1,030,759	—	—	700,000	—	3,506,186	77,214,803
Transfers out	(75,137,307)	—	—	—	—	—	—	(700,000)	(1,377,496)	(77,214,803)
Issuance of bonds	—	—	—	—	—	—	—	39,295,000	—	39,295,000
Premium on issuance of bonds	—	—	—	—	—	—	—	1,837,685	—	1,837,685
Total Other Financing Sources (Uses)	(75,118,730)	71,959,281	—	1,030,759	—	—	700,000	40,432,685	2,128,690	41,132,685
Net Change In Fund Balances	(32,817,722)	—	371,631	(12,195)	(467,902)	10,029,319	(18,860,235)	17,803,630	(1,381,750)	(25,335,224)
Fund Balances - Beginning Of Year - As Previously Stated	(11,932,526)	—	29,024,158	196,514	1,943,682	97,657,090	18,812,065	—	9,276,725	144,977,708
Prior Period Adjustment	—	—	—	—	—	—	750,000	—	—	750,000
Fund Balances - Beginning Of Year - As Restated	(11,932,526)	—	29,024,158	196,514	1,943,682	97,657,090	19,562,065	—	9,276,725	145,727,708
Fund Balances - End Of Year	\$ (44,750,248)	\$ —	\$ 29,395,789	\$ 184,319	\$ 1,475,780	\$ 107,686,409	\$ 701,830	\$ 17,803,630	\$ 7,894,975	\$ 120,392,484

**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, 2009**

Net change in fund balances - total governmental funds \$ (25,335,224)

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 capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 41,590,380	
Depreciation expense	<u>(20,507,948)</u>	
		21,082,432

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. (13,536,014)

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	487,645
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These amounts presented represent the change in these accrued liabilities for the current year.

Accrued compensated absences	(101,409)
Early retirement benefits	2,357,199
Other post-employment benefits	(1,165,730)
Remediation liability	9,400,000
Arbitrage payable	48,170

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

Proceeds from bond refunding	(39,295,000)	
Bond issuance costs	390,986	
Proceeds from premium on bonds	(1,837,685)	
Repayment of bond principal	13,855,000	
Interest accrued - general obligation bonds	(238,751)	
Amortization of premium, issuance costs, deferred amount on refunding and capital appreciation	(1,790,655)	
Payment to Refunding Escrow Agent	<u>4,385,000</u>	
		(24,531,105)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. 1,256,681

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. 3,530,495

Change in net assets of governmental activities \$ (26,506,860)

**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, 2009**

	<u>Governmental Activity</u>
	<u>Internal Service</u>
Assets	
Current Assets:	
Cash	\$ 1,272,615
Due from other funds	8,039,281
Other receivables	18,607
Total Assets	<u>9,330,503</u>
Liabilities	
Current Liabilities:	
Accounts payable	357,504
Claims payable	2,034,088
Noncurrent Liabilities:	
Claims payable	<u>3,218,581</u>
Total Liabilities	<u>5,610,173</u>
Net Assets	
Unrestricted	<u>\$ 3,720,330</u>

**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, 2009**

	Governmental Activity
	Internal Service
Operating Revenues	
Interfund services provided or used	\$ 46,854,299
Operating Expenses	
Claims	2,759,454
Insurance premiums	40,601,907
Total Operating Expenses	43,361,361
Operating Income	3,492,938
Nonoperating Revenue	
Interest	37,557
Change In Net Assets	3,530,495
Net Assets - Beginning Of Year, As Previously Stated	(2,316,492)
Prior Period Adjustment	2,506,327
Net Assets - Beginning Of Year, As Restated	189,835
Net Assets - End Of Year	\$ 3,720,330

**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, 2009**

	Governmental Activity
	Internal Service
Cash Flows From Operating Activities	
Cash receipts from interfund services provided or used	\$ 47,163,022
Cash payments to suppliers for goods and services	(47,156,692)
Net Cash Used In Operating Activities	6,330
Cash Flows From Noncapital Financing Activities	
Due from other funds	(8,039,281)
Net Decrease In Cash	(8,032,951)
Cash - Beginning Of Year	9,305,566
Cash - End Of Year	\$ 1,272,615
Reconciliation Of Net Income To Net Cash Provided By Operating Activities:	
Change in net assets	\$ 3,530,495
Change in assets and liabilities:	
Decrease in accounts receivable	271,166
Decrease in accounts payable	(3,254,705)
Decrease in claims payable	(540,626)
Net Cash Provided By Operating Activities	\$ 6,330

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

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009**

Assets

Cash and short-term investments	<u>\$ 17,269,985</u>
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Liabilities

Accounts payable	207
Deposits and escrow funds	16,939,525
Unexpended grant balances	<u>330,253</u>

Total Liabilities	<u>\$ 17,269,985</u>
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**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS
(ST. LOUIS PUBLIC SCHOOLS)**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. Summary Of Significant Accounting Policies

As discussed in Notes 13 and 14 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 Transitional School District of the City of St. Louis (the District).

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

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

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

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

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

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

Notes To Basic Financial Statements (*Continued*)

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

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, 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 their fund based on the District’s tax levy to be used for the payment of teachers’ salaries, related benefits and tuition for students.

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

Notes To Basic Financial Statements (*Continued*)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types:

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

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

Notes To Basic Financial Statements (*Continued*)

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.

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

Notes To Basic Financial Statements (*Continued*)

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 revenues.

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

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

Notes To Basic Financial Statements (*Continued*)

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 maintenance supplies, are valued at cost (average cost). Inventoried goods are charged to expenditures on the consumption method when requisitioned from the supplies warehouse by various departments. Surplus commodities are reflected as inventory and deferred revenue upon receipt, and recognized as revenue and as an expenditure when consumed, based on the fair values of such items determined at the date of receipt. 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.

Prepaid Items: Payments made to vendors for services that will benefit periods beyond June 30, 2009 have been expended in the current year and such amounts are not significant.

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.

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

Notes To Basic Financial Statements (*Continued*)

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

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

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

Effective January 1, 2004, as amended in October 2005, the District changed its sick leave policy and implemented a paid-time-off (PTO) policy. Unused PTO may be carried over from year to year up to a maximum accumulation of 36 days. Unused PTO days in excess of the 36 carryover days will be lost. Accumulated, unused PTO up to 36 days will only be paid out upon retirement at 75% of the employee's regular pay rate. At June 30, 2009, no accrual for PTO is required.

Compensated absences are typically liquidated by the general and teachers' funds.

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.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

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

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

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

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

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

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

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

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

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

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

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

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).

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Notes To Basic Financial Statements (*Continued*)

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, 2009 is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Primary Government:			
Cash overdraft	\$ (14,439,943)	\$ (14,439,943)	\$ (14,439,943)
Money market funds	57,364,376	57,364,376	57,364,376
Repurchase agreements	53,958,030	53,958,030	53,958,030
Federal Home Loan Bank Discount Notes	19,829,648	19,997,086	19,829,648
Equity securities (endowment)	1,779,049	3,812,912	3,812,912
Guaranteed investment contracts	7,073,177	7,073,177	7,073,177
Certificates of deposit	27,628,197	27,628,197	27,628,197
	<u>\$ 153,192,534</u>	<u>\$ 155,393,835</u>	<u>\$ 155,226,397</u>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

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, 2009, the District held the following debt securities with maturities of less than a year: Federal Home Loan Bank Discount Notes, money market funds and repurchase agreements. The District also owns one Federal Home Loan Bank Discount Note that matures in 1.3 years. The carrying value of this security is \$5,018,000. The District's investments in guaranteed investment contracts (related to bond indentures) have weighted average maturities of 10.78 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, 2009.

	<u>S&P</u>	<u>Moody's</u>	<u>Fair Value</u>
Federal Home Loan Bank Discount Notes (short term)	A-1+	P-1	\$ 14,979,086
Federal Home Loan Bank Discount Notes (long term)	AAA	Aaa	5,018,000
Guaranteed investment contracts	AAA	AAA	7,073,177
Repurchase agreements	Unrated	Unrated	53,958,030
Money market funds	Unrated	Unrated	57,364,376

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

Concentration Of Credit Risk

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

	<u>Percent Of Total Investments</u>
MOSIP money market funds	40.39%
Repurchase agreements	37.99%
Federal Home Loan Bank Discount Notes	13.96%

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, 2009, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2008 or earlier. Delinquent property tax receivables 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.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements *(Continued)*

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 \$4,250,211,130.

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

	<u>2009</u>	<u>2008</u>
General fund	\$ 3.1817	\$ 3.1322
Debt service	0.6211	0.6211
	<u>\$ 3.8028</u>	<u>\$ 3.7533</u>

The receipts of local current property taxes during the fiscal year ended June 30, 2009 aggregated 91.8% of the current assessed valuation, computed on the basis of the levy as shown above.

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Notes To Basic Financial Statements (*Continued*)

4. Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	Balance - June 30, 2008	Prior Period Adjustments	Additions And Transfers In	Deletions And Transfers Out	Balance - June 30, 2009
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 29,621,506	\$ —	\$ —	\$ (2,939,705)	\$ 26,681,801
Construction in progress	11,145,766	(4,128,923)	37,059,015	(4,398,417)	39,677,441
Idle and held for sale assets	—	—	29,680,671	—	29,680,671
Total capital assets being depreciated	40,767,272	(4,128,923)	66,739,686	(7,338,122)	96,039,913
Capital assets being depreciated:					
Buildings and nonmovable equipment	711,376,367	—	7,900,110	(41,105,820)	678,170,657
Movable equipment	43,334,675	—	1,029,672	(1,104,972)	43,259,375
Total capital assets being depreciated:	754,711,042	—	8,929,782	(42,210,792)	721,430,032
Less accumulated depreciation for:					
Buildings and equipment	283,778,737	—	19,968,348	(480,092)	303,266,993
Movable equipment	40,518,491	—	539,600	(1,453,720)	39,604,371
Total accumulated depreciation	324,297,228	—	20,507,948	(1,933,812)	342,871,364
Total capital assets being depreciated, net	430,413,814	—	(11,578,166)	(40,276,980)	378,558,668
Governmental activities capital assets, net	\$ 471,181,086	\$ (4,128,923)	\$ 55,161,520	\$ (47,615,102)	\$ 474,598,581

During 2009, eighteen school buildings were deemed to be impaired and written down to their fair value. Sixteen of the school buildings are currently closed and two school buildings are currently being held for sale under a Listing Agreement. For the sixteen idle buildings, fair value was determined by calculating the standard market rate per building condition multiplied by the square footage of the idle building, which was less than the carrying value by \$11,361,171. For the two available-for-sale buildings, fair value was determined by reference to the offering prices per the Listing Agreement, which was less than the carrying value by \$157,310. In total, impairment losses for buildings amounted to \$11,518,481 for 2009. Additionally, land at eleven 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 \$1,849,443. Total impairment losses amounting to \$13,367,924 (included in Building Services) has been charged to operations in 2009.

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Notes To Basic Financial Statements (*Continued*)

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 17,697,044
Building services	1,923,315
School administration	389,084
Instructional support	48,676
Non-instructional support	198,926
Transportation	219,731
Food and community services	<u>31,172</u>
Total governmental activities depreciation expense	<u><u>\$ 20,507,948</u></u>

5. Long-Term Obligations

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

During the fiscal year ended June 30, 2009, the following changes occurred in long-term obligations:

	Balance - June 30, 2008	Additions	Reductions	Balance - June 30, 2009	Due Within One Year
Governmental activities:					
Compensated absences	\$ 3,217,993	\$ 3,308,496	\$ 3,207,087	\$ 3,319,402	\$ 2,884,894
Other postemployment benefits	460,341	3,967,606	2,801,876	1,626,071	—
Termination benefits	4,714,399	—	2,357,199	2,357,200	2,357,200
Claims payable	5,793,295	1,820,882	2,361,508	5,252,669	2,034,088
Remediation liability	20,400,000	—	9,400,000	11,000,000	11,000,000
Arbitrage liability	750,000	—	48,170	701,830	—
General obligation school building and refunding bonds, Series 1993, 1993A, 1998A, 1998B, 2000, 2001, 2002A, 2002B, 2003A, 2004, 2006A and 2007A, 2009	235,755,000	39,295,000	18,240,000	256,810,000	14,235,000
Capital lease obligations	1,076,087	—	487,645	588,442	278,705
	<u>236,831,087</u>	<u>39,295,000</u>	<u>18,727,645</u>	<u>257,398,442</u>	<u>14,513,705</u>
Less: Capital appreciation to maturity on bonds				12,301,569	
Deferred amount on refunding				2,535,169	
Add: Unamortized premium on bonds				<u>9,014,840</u>	
				<u>251,576,544</u>	
Total Long-Term Obligations	<u>\$ 262,825,397</u>	<u>\$ 48,391,984</u>	<u>\$ 40,503,160</u>	<u>\$ 275,833,716</u>	<u>\$ 32,789,887</u>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
SCHOOL DISTRICT OF THE CITY OF ST. LOUIS
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Notes To Basic Financial Statements (*Continued*)

General Obligation School Building And Refunding Bonds

General Obligation Bonds	Balance - June 30, 2008	Additions	Reductions	Balance - June 30, 2009	Due Within One Year
1998A Series	\$ 23,755,000	\$ —	\$ 5,605,000	\$ 18,150,000	\$ 5,590,000
2000 Series	195,000	—	95,000	100,000	100,000
2001 Series	7,805,000	—	205,000	7,600,000	215,000
2002A Series	33,795,000	—	—	33,795,000	—
2002B Series	28,175,000	—	6,095,000	22,080,000	6,440,000
2003A Series	20,810,000	—	1,075,000	19,735,000	1,100,000
2004 Series	43,560,000	—	280,000	43,280,000	290,000
2006A Series	49,320,000	—	4,885,000	44,435,000	500,000
2007A Series	28,340,000	—	—	28,340,000	—
2009 Series	—	39,295,000	—	39,295,000	—
Total General Obligation School					
Building And Refunding Bonds	\$ 235,755,000	\$ 39,295,000	\$ 18,240,000	\$ 256,810,000	\$ 14,235,000

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 4.00% to 5.00% 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 2.50% to 5.25% and maturing at various dates through April 2020. The bond proceeds were used to advance refund maturities of various bond issuances.

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Notes To Basic Financial Statements (*Continued*)

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%. 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 3.00% to 9.00% 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, 2009, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to \$96,760,000.

Capital Leases

The District leases heating, ventilation and air conditioning equipment with an aggregate cost and accumulated depreciation of \$6,321,233 and \$3,318,648, 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%.

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Notes To Basic Financial Statements (*Continued*)

Principal And Interest Requirements To Maturity

Obligations related to the general obligation school building and refunding bonds are payable in varying amounts through 2024. Annual principal and interest requirements to maturity (including capital appreciation to maturity of \$12,301,569) on the general obligation school building and refunding bonds as of June 30, 2009 are as follows:

Year Ending June 30,	General Obligation School Building And Refunding Bonds	
	Principal	Interest
2010	\$ 14,235,000	\$ 9,974,014
2011	13,470,000	9,416,734
2012	14,200,000	8,821,696
2013	15,915,000	8,141,015
2014	16,920,000	7,531,913
2015 - 2019	100,480,000	31,035,073
2020 - 2024	81,590,000	9,292,401
	<u>\$ 256,810,000</u>	<u>\$ 84,212,846</u>

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

Year Ending June 30,	Amount
2010	\$ 306,891
2011	310,062
Total minimum lease payments	616,953
Less: Amount representing interest	28,511
<u>Present value of net minimum lease payments</u>	<u>\$ 588,442</u>

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

Remediation Liability

The District has an environmental remediation obligation as a result of the following obligating events: {a} pollution created an imminent endangerment to public health or welfare or the environment, leaving it little or no discretion to avoid remediation action; {b} the District commenced cleanup, monitoring and/or operation as well as maintenance of the remediation effort as a result of HVAC renovations to be funded with general obligation bonds previously issued; and {c} the District was named in a lawsuit that may result in the District being compelled to participate in remediation. During fiscal year 2008, the District completed an Asbestos Hazard Emergency Response Act (AHERA) study in order to comply with the Environmental Protection Agency regulations applicable to schools throughout the United States. At substantial completion of the AHERA study, the remediation outlays were reasonably estimable. In addition to the AHERA study, the District began remediation design and implementation to enable HVAC renovations to take place in compliance with the purpose of the 2006 and 2009 general obligation bond issuances. During the design phase of the remediation, the District developed a better understanding of the work to be done and was able to provide an estimate of the corresponding total remediation outlays. The District will continue to refine its estimate of the \$20,400,000 liability as additional information becomes available. As a result of implementing GASB 49, *Pollution Remediation*, during fiscal year 2009, beginning net assets were restated, along with recording a remediation liability, for \$20,400,000 (Note 12). In addition, construction in progress and net assets were restated by reducing the corresponding balances by \$4,128,923 for improperly capitalized remediation completed and placed in service as of June 30, 2008 (Note 12).

At June 30, 2009, the District has a remaining pollution remediation obligation of \$11,000,000 as a result of the conditions described above. The District utilized the expected cash flow method to determine an accurate measurement of the District's pollution remediation liability which includes all remediation work that the government expects to perform. The District is not expected to receive recoveries from any other parties or from insurance policies indemnifying the District for its pollution remediation obligations.

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

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, 2008, the rate is 9.51% of annual covered payroll. The District's 2009, 2008, and 2007 fiscal year contributions for the plan years ended December 31, 2008, 2007 and 2006 were \$24,660,633, \$21,518,355 and \$18,958,236, respectively. These contributions were at least 100% of the required contributions for those years. For plan years 2008, 2007 and 2006, the required contributions were \$19,091,518, \$16,204,917 and \$14,299,464, respectively, plus \$5,569,115, \$5,313,438 and \$4,658,772 contributed for the District's supplemental pension benefits under the sick leave conversion program, respectively.

7. Other Postemployment Benefits

In fiscal year 2008, the District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement required the District to calculate and record a net other postemployment benefit obligation (OPEB) at June 30, 2008. The net OPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007 (Note 5).

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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Notes To Basic Financial Statements (*Continued*)

Plan Description:

The Public School Retirement System of the City of St. Louis (the System) provides OPEB, other than pensions, 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. 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, 2009, 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, 2009, the schedule of employer contributions and the net OPEB obligation is as follows:

Plan Year	PY OPEB Obligatio	Annual Required Contribution	Interest On Net OPEB Obligation	Annual Required Contribution Adjustment	Employer Contribution	Percentage Of ARC Contributed	Net OPEB Obligation
2008	\$ —	\$ 3,969,455	\$ —	\$ —	\$ 3,509,114	88.4%	\$ 460,341
2009	460,341	3,969,455	6,397	(8,246)	2,801,876	70.6%	1,626,071

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

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.

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In the July 1, 2007 actuarial valuation, the liabilities were computed using the Unit Credit cost method. The closed, level dollar method was selected for amortizing the unfunded actuarial liability over 30 years. The actuarial assumptions utilized a 5% discount rate. Because the plan is unfunded, reference to “employer assets,” which are short-term in nature, was considered in the 5% rate. The valuation assumes a 10% premium cost rate trend for 2009, reduced by decrements to an ultimate 5% increase for 2014 and later years.

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

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

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 August 23, 2007. There are 130 employees, including former teachers, administrators, and noncertified staff, participating in the plan. The amount of benefits paid to employees ranges from \$22,000 to \$50,000 to be paid out over 2 to 8 years. During the year ended June 30, 2009, the District funded \$2,357,199 of the benefits and has a remaining balance to fund of \$2,357,200 (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 is recorded in the government-wide and internal service fund financial statements.

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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 2009, 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, 2009, the District's total estimated liability for payment of incurred (both reported and unreported) but unpaid claims for workers' compensation and unemployment benefits was \$5,049,827 and \$202,842, respectively.

Changes in the self-insured claims liabilities at June 30, 2009 and 2008 were as follows:

	Workers'		Total
	Compensation	Unemployment	Self-Insured
			Liabilities
Balance - July 1, 2007	\$ 6,233,875	\$ 257,411	\$ 6,491,286
Current year claims and changes in estimate	1,435,048	638,417	2,073,465
<u>Claim payments</u>	<u>(2,346,789)</u>	<u>(424,667)</u>	<u>(2,771,456)</u>
Balance - June 30, 2008	5,322,134	471,161	5,793,295
Current year claims and changes in estimate	1,593,908	226,974	1,820,882
<u>Claim payments</u>	<u>(1,866,215)</u>	<u>(495,293)</u>	<u>(2,361,508)</u>
<u>Balance - June 30, 2009</u>	<u>\$ 5,049,827</u>	<u>\$ 202,842</u>	<u>\$ 5,252,669</u>

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Notes To Basic Financial Statements *(Continued)*

10. Interfund Balances And Transfers

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

Due From/Due To	Interfund Receivables	Interfund Payables
Governmental		
General	\$ 2,603,862	\$ 15,224,190
Teachers	14,917,199	27,844
Building	280,759	—
Other Governmental		
School Lunchroom	—	1,128,951
Student Health	781	2,389,730
ECIA Title I	—	4,192,308
Early Childhood	—	1,522,999
Adult Education And Literacy	—	354,594
Special Education	8,803	—
Other federal	—	1,010,069
Proprietary		
Internal Service	8,039,281	—
	\$ 25,850,685	\$ 25,850,685

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	\$ 18,577	\$ 75,137,307
Teachers	71,959,281	—
Building	1,030,759	—
A/C 2006	700,000	—
A/C 2009	—	700,000
Other Governmental:		
School Lunchroom	812,239	—
Student Health	54,895	—
Foundation 73	986,074	1,004,651
Early Childhood	5,622	268,308
Special Education	1,486,569	—
Community Development Agency	160,787	104,537
	\$ 77,214,803	\$ 77,214,803

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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 2009, 2008, 2007, 2006 or 2005 and the scheduled payments for 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, 2009 is \$36,506,057.

11. Fund Deficits

The following funds have a deficit fund balance at June 30, 2009:

<u>Fund</u>	<u>Balance</u>
General	\$ (44,750,248)

12. Prior Period Adjustments

The Health Benefits Trust Fund was errantly classified as a fiduciary fund in the prior year financial statements. Since the District has not set aside assets in an irrevocable trust to pay for future other post employment benefits and has not established a plan that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in the Health Benefits Trust Fund, a prior period adjustment to net assets has been made for \$2,506,327 to properly classify the beginning net assets of the Health Benefits Trust Fund as an internal service fund.

As a result of implementing GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, during fiscal year 2009, beginning net assets were restated, along with recording a remediation liability, for \$20,400,000 (Note 5). In addition, construction in progress and net assets were restated by reducing the corresponding balances by \$4,128,923 for improperly capitalized remediation completed and placed in service as of June 30, 2008 (Note 5).

The District booked an arbitrage payable in the prior year fund financial statements in error. The liability should have been recorded as a liability in the government-wide financial statements only. Beginning fund balance for the 2006 Air Conditioning fund was increased by \$750,000 to correct the error.

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Notes To Basic Financial Statements (*Continued*)

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 vent of an unfavorable outcome in one or more of these matters, the impact could be material to the District's financial position or operating results.

14. Commitments And Contingencies

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

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

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

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

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

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The borrowed funds are scheduled to be repaid as follows:

<u>Year</u>	<u>Amount</u>
2010*	\$ 21,000,000
2011	7,000,000
2012	7,000,000
2013	1,506,057
	<u>\$ 36,506,057</u>

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

Other Federal Funding

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

USAC funding covers the cost of approximately 88% of eligible services provided to the District, which is approximately \$4,621,600 for fiscal years 2007, 2008 and 2009. In the event that USAC funding is not approved, the District will be responsible for amounts due to these vendors. A liability has not been recorded in connection with the aforementioned items as it is management's opinion that the likelihood of an unfavorable outcome to the District is not probable at this time.

In addition, the District has paid in full for amounts subject to USAC reimbursement. The reimbursement of these funds is contingent on federal funding approval.

Operating Lease

The District leases equipment under a noncancelable Document Services Agreement expiring in November 2011. The agreement also includes a variety of services including maintenance, on-site personnel, training and support related to all document reproduction needs of the District. Lease expense totaled \$1,429,692 in 2009.

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Notes To Basic Financial Statements (*Continued*)

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

<u>Year</u>	<u>Amount</u>
2010	\$ 1,429,692
2011	1,429,692
2012	595,705
	<u>\$ 3,455,089</u>

Letter Of Credit

During the District's normal course of operations, letters of credit are issued. At June 30, 2009, a letter of credit for \$2.2 million was outstanding.

15. Management's Plan To Address Funding Uncertainties

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

The deficit financial condition has been financed through a loan agreement between the District and the plaintiffs in the 1999 Desegregation Settlement Case, which allowed the District to borrow up to \$49,500,000, interest free, from the District's restricted capital fund that was established and funded as part of the settlement agreement. The original loan agreement was modified during the 2005 fiscal year to allow the District to 1) reschedule and delay the initial repayments of the loan until June 30, 2008, 2) utilize the capital funds to pay for the District's portion of the Clyde C. Miller Career Academy, and 3) allow the Board to borrow an additional \$10,000,000 if required to fund the development and implementation of new curricula in the schools. Due to the financial condition of the District, repayment efforts have been tabled through fiscal year 2009, as the SAB seeks approval from the appropriate parties for flexibility in the use of the Desegregation funds (Note 14).

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Notes To Basic Financial Statements (*Continued*)

Fiscal Year 2008-2009

Fiscal Year 2009 marked a year in which the District and the SAB, recognizing years of declining investment, made the conscious decision to increase its investments in academic programs to reflect the District's top priority - providing a high quality education to students in a safe and secure learning environment. These investments included, but were not limited to:

- Guaranteeing small class sizes to enhance student / teacher interaction;
- Implementing an attendance monitoring and student / parent engagement program at the high school level;
- Providing technology improvements in the classroom;
- Increasing salaries to ensure certified teachers in every classroom;
- Implementing an incentive compensation plan for school principals;
- Providing incentive pay to certified teachers in the high-needs areas of math, science and special education;
- Installing GPS systems in all school buses to track location, monitor timeliness and increase student safety; and
- Completing HVAC installation in schools.

Fiscal Year 2009 also marked a year of declining revenues due to decreased state and local revenues related to continued declines in enrollment, and loss of public funding due to increased charter school enrollments. For the first time in four years, District expenditures in the General Operating Funds (General, Teachers, Building Capital and Student Health Funds) exceeded revenues by \$32.8 million and the unreserved fund deficit increased to \$45.2 million. For the seventh consecutive year, the District was designated as a financially stressed district by Missouri Department of Elementary and Secondary Education. These factors raise substantial doubt about the District's ability to continue as a going concern. The financial statements do not included any adjustments that might be necessary if the District is unable to continue as a going concern.

Fiscal Year 2009-2010

At the beginning of the Fiscal Year 2009-2010, the SAB and District leadership faced the challenge of reducing the General Operating Budget (GOB) expenditures from \$344 million in 2008-2009 to \$300 million in 2009-2010. While the SAB recognizes the importance of operating the District with a balanced budget, additional investments are needed to increase student achievement. Some investments made included, but are not limited to:

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

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To address the reduction of General Operating Expenditures by 13 percent, various initiatives have been implemented, including closing 12 schools, staff realignments, renegotiating contractual fees and vendor contracts, district-wide building closures during winter break, staff furloughs, and reducing medical costs. These and other initiatives have reduced the projected 2009-2010 expenditures to less than \$310 million. The SAB and District leadership will continue to work diligently to reduce General Operating Expenditures by an additional \$10 million through additional cost savings initiatives. If these cost savings cannot be attained, then the District is projected to have a \$10 million loss in the General Operating Funds in 2009-2010.

As a result of these and other initiatives, it is management's contention that these factors will contribute towards achieving financial stability and positive operating results. The need to reduce the deficit and build a contingency fund is still a major concern and must continue to be addressed. With that in mind, the District is partnering with a financial consultant specializing in financial planning and fiscal recovery. This firm will assist the District in the budget process and a five-year financial plan focused on eliminating deficit spending and achieving fiscal solvency. Realistically, financial solvency will not be resolved in one year, but the intent is to assess and implement viable options to reach this goal.

The District understands that increasing revenue is directly tied to its ability to provide a high quality education and enroll more students. Investing in academic programs and infrastructure improvements is necessary to provide a high quality education to students in a safe and secure learning environment. The SAB and the District's efforts appear to have made an impact on enrollment. The 2009-2010 school year enrollment numbers exceeded budgeted expectations by 1,500 students, possibly signaling future increases in enrollment, which would in turn increase state and federal funding in future fiscal years.

16. Subsequent Events

On September 22, 2009, the District defeased \$4,395,000 of principal of the Series 2006A General Obligation Bonds. Funds from existing debt service reserves were placed in escrow to defease the bonds.

Required Supplementary Information

**SPECIAL ADMINISTRATIVE BOARD OF THE TRANSITIONAL
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
For The Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local:				
Current taxes	\$ 178,489,040	\$ 184,120,069	\$ 185,296,151	\$ 1,176,082
Delinquent taxes	4,900,000	7,135,126	6,676,908	(458,218)
Interest	3,125,000	1,722,343	1,895,687	173,344
Other	4,850,000	5,533,340	5,964,312	430,972
County	2,600,000	2,780,000	2,827,844	47,844
State:				
Basic formula	—	—	—	—
Categorical aid	20,621,128	20,679,012	20,789,749	110,737
Other	—	4,000,000	3,813,778	(186,222)
Federal	2,500,000	—	15,545	15,545
Total Revenues	217,085,168	225,969,890	227,279,974	1,310,084
Expenditures				
Current:				
Instruction	42,027,013	47,050,472	47,304,589	(254,117)
Building service	40,946,736	40,469,596	40,601,245	(131,649)
School administration	25,555,559	29,416,134	29,678,159	(262,025)
Instructional support	15,453,934	16,838,501	16,949,509	(111,008)
Noninstructional support	16,583,066	19,929,093	20,025,019	(95,926)
Transportation	32,838,846	29,068,187	29,115,240	(47,053)
Food and community services	1,376,083	1,144,920	1,145,420	(500)
Capital outlay	227,555	155,143	159,785	(4,642)
Total Expenditures	175,008,792	184,072,046	184,978,966	(906,920)
Excess Of Revenues Over Expenditures	42,076,376	41,897,844	42,301,008	403,164
Other Financing Sources (Uses)				
Transfers in	—	—	18,577	18,577
Transfers out	(60,081,250)	(74,581,250)	(75,137,307)	(556,057)
Total Other Financing Sources (Uses)	(60,081,250)	(74,581,250)	(75,118,730)	(537,480)
Net Change In Fund Balance	\$ (18,004,874)	\$ (32,683,406)	\$ (32,817,722)	\$ (134,316)

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local:				
Current taxes	\$ 10,483,980	\$ 9,100,000	\$ 9,084,936	\$ (15,064)
Other	—	—	1,667	1,667
County	50,000	104,999	123,399	18,400
State:				
Basic formula	88,827,405	72,500,000	72,559,111	59,111
Categorical aid	64,000	234,112	123,375	(110,737)
Other	—	—	21,150	21,150
Federal	—	500,000	591,893	91,893
Total Revenues	99,425,385	82,439,111	82,505,531	66,420
Expenditures				
Current:				
Instruction	128,339,885	128,562,094	128,484,150	77,944
School administration	16,122,615	14,249,459	14,248,442	1,017
Instructional support	13,338,519	11,312,333	11,312,234	99
Noninstructional support	235,070	314,814	314,814	—
Food and community services	209,794	105,172	105,172	—
Total Expenditures	158,245,883	154,543,872	154,464,812	79,060
Excess Of Expenditures Over Revenues	(58,820,498)	(72,104,761)	(71,959,281)	145,480
Other Financing Sources (Uses)				
Transfers in	58,820,498	72,104,761	71,959,281	(145,480)
Net Change In Fund Balance	\$ —	\$ —	\$ —	\$ —

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2009**

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 budgeted 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 Foundation 16 Fund.

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

Notes To Required Supplementary Information *(Continued)*

2. Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2009:

<u>Fund</u>	<u>Amount</u>
General	\$ 906,920
A/C 2006	750,000
A/C 2009	2,218,435

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

<u>Fund</u>	<u>Deficit</u>
General	\$ 32,683,406
Foundation 73	850,963
Adult Education	161,952

3. Other Postemployment Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>
July 1, 2007*	\$ —	\$ 48,775,833	\$ 48,775,833	—%

*Actuarial valuation only required every 2 years, this valuation is for fiscal years 2008 and 2009.

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, 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**

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

**COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	Special Revenue	Permanent	Total Nonmajor Governmental Funds
Assets			
Cash and short-term investments	\$ 6,147,893	\$ 1,535,647	\$ 7,683,540
Other investments	—	3,812,912	3,812,912
Total cash and investments	6,147,893	5,348,559	11,496,452
Receivables:			
Grants	16,771,354	—	16,771,354
Other	500,265	23,557	523,822
Total receivables	17,271,619	23,557	17,295,176
Due from other funds	9,584	—	9,584
Total Assets	\$ 23,429,096	\$ 5,372,116	\$ 28,801,212
Liabilities And Fund Balances			
Liabilities:			
Accounts payable	\$ 5,268,105	\$ —	\$ 5,268,105
Due to other funds	10,598,651	—	10,598,651
Unearned revenue	3,495,691	1,543,790	5,039,481
Total Liabilities	19,362,447	1,543,790	20,906,237
Fund balances:			
Reserved:			
Endowments	—	3,828,326	3,828,326
Unreserved - Undesignated	4,066,649	—	4,066,649
Total Fund Balances	4,066,649	3,828,326	7,894,975
Total Liabilities And Fund Balances	\$ 23,429,096	\$ 5,372,116	\$ 28,801,212

**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, 2009**

	Special Revenue	Permanent	Total Nonmajor Governmental Funds
Revenues			
Local:			
Investment income (loss)	\$ 5,732	\$ (1,542,857)	\$ (1,537,125)
Other	3,412,578	387,572	3,800,150
State:			
Categorical aid	4,487,605	—	4,487,605
Other	1,467,825	—	1,467,825
Federal	59,737,823	—	59,737,823
Total Revenues	69,111,563	(1,155,285)	67,956,278
Expenditures			
Current:			
Instruction	33,388,474	8,102	33,396,576
School administration	3,490,448	(1,147)	3,489,301
Instructional support	14,245,657	—	14,245,657
Noninstructional support	810,843	8,125	818,968
Food and community services	18,723,768	—	18,723,768
Capital outlay	792,448	—	792,448
Total Expenditures	71,451,638	15,080	71,466,718
Excess Of Revenues Over Expenditures	(2,340,075)	(1,170,365)	(3,510,440)
Other Financing Sources (Uses)			
Transfers in	3,506,186	—	3,506,186
Transfers out	(1,377,496)	—	(1,377,496)
Total Other Financing Sources (Uses)	2,128,690	—	2,128,690
Net Change In Fund Balances	(211,385)	(1,170,365)	(1,381,750)
Fund Balance - Beginning Of Year	4,278,034	4,998,691	9,276,725
Fund Balance - End Of Year	\$ 4,066,649	\$ 3,828,326	\$ 7,894,975

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

**NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2009**

Operating:

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

Federal:

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

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009**

	Operating	Federal	Total
Assets			
Cash and short-term investments	\$ 3,976,742	\$ 2,171,151	\$ 6,147,893
Receivables:			
Grants	4,191,004	12,580,350	16,771,354
Other	500,265	—	500,265
Total Receivables	4,691,269	12,580,350	17,271,619
Due from other funds	781	8,803	9,584
Total Assets	\$ 8,668,792	\$ 14,760,304	\$ 23,429,096
Liabilities And Fund Balances			
Liabilities:			
Accounts payable	\$ 3,973,847	\$ 1,294,258	\$ 5,268,105
Due to other funds	3,518,681	7,079,970	10,598,651
Unearned revenue	1,176,264	2,319,427	3,495,691
Total Liabilities	8,668,792	10,693,655	19,362,447
Fund balances:			
Unreserved - Undesignated	—	4,066,649	4,066,649
Total Liabilities And Fund Balances	\$ 8,668,792	\$ 14,760,304	\$ 23,429,096

**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, 2009**

	Operating	Federal	Total
Revenues			
Local:			
Investment income	\$ —	\$ 5,732	\$ 5,732
Other	1,880,830	1,531,748	3,412,578
State:			
Categorical aid	72,499	4,415,106	4,487,605
Other	977,474	490,351	1,467,825
Federal	14,663,948	45,073,875	59,737,823
Total Revenues	17,594,751	51,516,812	69,111,563
Expenditures			
Current:			
Instruction	412,221	32,976,253	33,388,474
School administration	865,019	2,625,429	3,490,448
Instructional support	3,795,563	10,450,094	14,245,657
Noninstructional support	19,119	791,724	810,843
Food and community services	13,310,354	5,413,414	18,723,768
Capital outlay	41,032	751,416	792,448
Total Expenditures	18,443,308	53,008,330	71,451,638
Excess (Deficiency) Of Revenues Over Expenditures	(848,557)	(1,491,518)	(2,340,075)
Other Financing Sources (Uses)			
Transfers in	1,853,208	1,652,978	3,506,186
Transfers out	(1,004,651)	(372,845)	(1,377,496)
Total Other Financing Sources (Uses)	848,557	1,280,133	2,128,690
Net Change In Fund Balances	—	(211,385)	(211,385)
Fund Balance - Beginning Of Year	—	4,278,034	4,278,034
Fund Balance - End Of Year	\$ —	\$ 4,066,649	\$ 4,066,649

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

**NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS
For The Year Ended June 30, 2009**

School Lunchroom:

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

Student Health:

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

Foundation 73 And 16:

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

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

**COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS - OPERATING FUNDS
June 30, 2009**

	School Lunchroom	Student Health	Foundation 73	Foundation 16	Total
Assets					
Cash and short-term investments	\$ —	\$ 14	\$ 1,170,264	\$ 2,806,464	\$ 3,976,742
Receivables:					
Grants	1,613,288	2,577,716	—	—	4,191,004
Other	351,752	—	148,513	—	500,265
Due from other funds	—	781	—	—	781
Total Assets	\$ 1,965,040	\$ 2,578,511	\$ 1,318,777	\$ 2,806,464	\$ 8,668,792
Liabilities And Fund Balances					
Liabilities:					
Accounts payable	\$ 836,089	\$ 188,781	\$ 142,513	\$ 2,806,464	\$ 3,973,847
Due to other funds	1,128,951	2,389,730	—	—	3,518,681
Unearned revenue	—	—	1,176,264	—	1,176,264
Total liabilities	1,965,040	2,578,511	1,318,777	2,806,464	8,668,792
Fund balances:					
Undesignated	—	—	—	—	—
Total Liabilities And Fund Balances	\$ 1,965,040	\$ 2,578,511	\$ 1,318,777	\$ 2,806,464	\$ 8,668,792

**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, 2009**

	School Lunchroom	Student Health	Foundation 73	Foundation 16	Total
Revenues					
Local:					
Other	\$ 1,033,290	\$ —	\$ 847,540	\$ —	\$ 1,880,830
State:					
Categorical aid	72,499	—	—	—	72,499
Other	—	—	977,474	—	977,474
Federal	11,159,824	3,504,124	—	—	14,663,948
Total Revenues	12,265,613	3,504,124	1,825,014	—	17,594,751
Expenditures					
Current:					
Instruction	—	403,959	8,262	—	412,221
School administration	—	111,301	753,718	—	865,019
Instructional support	—	3,043,759	751,804	—	3,795,563
Noninstructional support	—	—	19,119	—	19,119
Food and community services	13,077,852	—	232,502	—	13,310,354
Capital outlay	—	—	41,032	—	41,032
Total Expenditures	13,077,852	3,559,019	1,806,437	—	18,443,308
Excess (Deficiency) Of Revenues Over Expenditures	(812,239)	(54,895)	18,577	—	(848,557)
Other Financing Sources (Uses)					
Transfers in	812,239	54,895	986,074	—	1,853,208
Transfers out	—	—	(1,004,651)	—	(1,004,651)
Total Other Financing Sources (Uses)	812,239	54,895	(18,577)	—	848,557
Net Change In Fund Balances	—	—	—	—	—
Fund Balances - Beginning Of Year	—	—	—	—	—
Fund Balances - End Of Year	\$ —	\$ —	\$ —	\$ —	\$ —

**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 BALANCES -
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS - OPERATING FUNDS
For The Year Ended June 30, 2009**

	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	\$ 950,640	\$ 1,033,290	\$ 82,650	\$ —	\$ —	\$ —	\$ 1,463,937	\$ 847,540	\$ (616,397)
State:									
Categorical aid	106,840	72,499	(34,341)	—	—	—	—	—	—
Other	—	—	—	—	—	—	1,400,000	977,474	(422,526)
Federal	11,218,763	11,159,824	(58,939)	3,506,734	3,504,124	(2,610)	—	—	—
Total Revenues	12,276,243	12,265,613	(10,630)	3,506,734	3,504,124	(2,610)	2,863,937	1,825,014	(1,038,923)
Expenditures									
Current:									
Instruction	—	—	—	403,959	403,959	—	10,265	8,262	2,003
School administration	—	—	—	111,301	111,301	—	640,132	753,718	(113,586)
Instructional support	—	—	—	3,043,759	3,043,759	—	773,108	751,804	21,304
Noninstructional support	—	—	—	—	—	—	32,264	19,119	13,145
Food and community services	13,270,291	13,077,852	192,439	—	—	—	320,744	232,502	88,242
Capital outlay	—	—	—	—	—	—	84,375	41,032	43,343
Total Expenditures	13,270,291	13,077,852	192,439	3,559,019	3,559,019	—	1,860,888	1,806,437	54,451
Net Change In Fund Balances	(994,048)	(812,239)	181,809	(52,285)	(54,895)	(2,610)	1,003,049	18,577	(984,472)
Other Financing Sources (Uses)									
Transfers in	994,048	812,239	(181,809)	52,285	54,895	2,610	29,567	986,074	956,507
Transfers out	—	—	—	—	—	—	(1,883,579)	(1,004,651)	878,928
Total Other Financing Sources (Uses)	994,048	812,239	(181,809)	52,285	54,895	2,610	(1,854,012)	(18,577)	1,835,435
Net Change In Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (850,963)	\$ —	\$ 850,963

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

**NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS
For The Year Ended June 30, 2009**

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, 2009**

	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	\$ 289	\$ 92,137	\$ —	\$ —	\$ 450,408	\$ 63,886	\$ 701,163	\$ 863,268	\$ 2,171,151
Receivables:									
Grants	4,715,941	744,647	4,877,823	379,223	—	—	105,069	1,757,647	12,580,350
Due from other funds	—	—	—	—	8,803	—	—	—	8,803
Total Assets	\$ 4,716,230	\$ 836,784	\$ 4,877,823	\$ 379,223	\$ 459,211	\$ 63,886	\$ 806,232	\$ 2,620,915	\$ 14,760,304
Liabilities And Fund Balances									
Liabilities:									
Accounts payable	\$ 523,922	\$ 107,728	\$ 60,195	\$ 24,629	\$ 190,903	\$ 18,181	\$ 79,917	\$ 288,783	\$ 1,294,258
Due to other funds	4,192,308	—	1,522,999	354,594	—	—	—	1,010,069	7,079,970
Unearned revenue	—	729,056	—	—	268,308	—	—	1,322,063	2,319,427
Total Liabilities	4,716,230	836,784	1,583,194	379,223	459,211	18,181	79,917	2,620,915	10,693,655
Fund balances:									
Unreserved - Undesignated	—	—	3,294,629	—	—	45,705	726,315	—	4,066,649
Total Liabilities And Fund Balances	\$ 4,716,230	\$ 836,784	\$ 4,877,823	\$ 379,223	\$ 459,211	\$ 63,886	\$ 806,232	\$ 2,620,915	\$ 14,760,304

**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, 2009**

	ECIA Title I	NCLB	Early Childhood	Adult Education And Literacy	Special Education	Community Development Agency	Adult Education	Other	Total
Revenues									
Local:									
Investment income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,732	\$ —	\$ 5,732
Other	—	—	111	—	67	—	1,531,570	—	1,531,748
State:									
Categorical aid	—	—	4,060,963	—	—	—	334,800	19,343	4,415,106
Other	—	—	—	489,352	999	—	—	—	490,351
Federal	18,591,400	6,194,364	715,547	1,374,102	7,742,033	696,302	—	9,760,127	45,073,875
Total Revenues	18,591,400	6,194,364	4,776,621	1,863,454	7,743,099	696,302	1,872,102	9,779,470	51,516,812
Expenditures									
Current:									
Instruction	16,449,051	3,265,739	4,203,255	—	6,365,792	—	—	2,692,416	32,976,253
School administration	339,230	—	—	—	97,644	—	—	2,188,555	2,625,429
Instructional support	1,392,794	2,481,623	578,988	—	2,546,690	—	—	3,449,999	10,450,094
Noninstructional support	253,352	—	—	—	—	—	—	538,372	791,724
Food and community services	150,045	447,002	—	1,862,442	—	818,603	1,956,917	178,405	5,413,414
Capital outlay	6,928	—	—	1,012	—	11,132	621	731,723	751,416
Total Expenditures	18,591,400	6,194,364	4,782,243	1,863,454	9,010,126	829,735	1,957,538	9,779,470	53,008,330
Excess (Deficiency) Of Revenues Over Expenditures	—	—	(5,622)	—	(1,267,027)	(133,433)	(85,436)	—	(1,491,518)
Other Financing Sources (Uses)									
Transfers in	—	—	5,622	—	1,486,569	160,787	—	—	1,652,978
Transfers out	—	—	(268,308)	—	—	(104,537)	—	—	(372,845)
Total Other Financing Sources (Uses)	—	—	(262,686)	—	1,486,569	56,250	—	—	1,280,133
Net Change In Fund Balances	—	—	(268,308)	—	219,542	(77,183)	(85,436)	—	(211,385)
Fund Balances - Beginning Of Year	—	—	3,562,937	—	(219,542)	122,888	811,751	—	4,278,034
Fund Balances - End Of Year	\$ —	\$ —	\$ 3,294,629	\$ —	\$ —	\$ 45,705	\$ 726,315	\$ —	\$ 4,066,649

**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 BALANCES -
BUDGET TO ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS
Page 1 Of 2
For The Year Ended June 30, 2009**

	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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 111	\$ 111	\$ —	\$ —	\$ —
State:												
Categorical aid	—	—	—	—	—	—	4,070,000	4,060,963	(9,037)	—	—	—
Other	—	—	—	—	—	—	—	—	—	1,979,356	489,352	(1,490,004)
Federal	20,850,743	18,591,400	(2,259,343)	6,231,176	6,194,364	(36,812)	800,000	715,547	(84,453)	—	1,374,102	1,374,102
Total Revenues	20,850,743	18,591,400	(2,259,343)	6,231,176	6,194,364	(36,812)	4,870,000	4,776,621	(93,379)	1,979,356	1,863,454	(115,902)
Expenditures												
Current:												
Instruction	17,711,697	16,449,051	1,262,646	3,262,055	3,265,739	(3,684)	4,220,297	4,203,255	17,042	—	—	—
School administration	546,169	339,230	206,939	—	—	—	48,801	—	48,801	—	—	—
Instructional support	2,058,506	1,392,794	665,712	2,523,586	2,481,623	41,963	579,018	578,988	30	—	—	—
Noninstructional support	282,493	253,352	29,141	—	—	—	—	—	—	—	—	—
Food and community services	186,368	150,045	36,323	445,535	447,002	(1,467)	—	—	—	1,965,052	1,862,442	102,610
Capital outlay	21,508	6,928	14,580	—	—	—	—	—	—	5,912	1,012	4,900
Total Expenditures	20,806,741	18,591,400	2,215,341	6,231,176	6,194,364	36,812	4,848,116	4,782,243	65,873	1,970,964	1,863,454	107,510
Excess (Deficiency) Of Revenues Over Expenditures	44,002	—	(44,002)	—	—	—	21,884	(5,622)	(27,506)	8,392	—	(8,392)
Other Financing Sources (Uses)												
Transfers in	—	—	—	—	—	—	—	5,622	5,622	—	—	—
Transfers out	—	—	—	—	—	—	—	(268,308)	(268,308)	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—	—	(262,686)	(262,686)	—	—	—
Net Change In Fund Balance	\$ 44,002	\$ —	\$ (44,002)	\$ —	\$ —	\$ —	\$ 21,884	\$ (268,308)	\$ (290,192)	\$ 8,392	\$ —	\$ (8,392)

(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 BALANCES -
BUDGET TO ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS - FEDERAL FUNDS**

Page 2 Of 2
For The Year Ended June 30, 2009

	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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,732	\$ 5,732	\$ —	\$ —	\$ —
Other	—	67	67	—	—	—	1,548,109	1,531,570	(16,539)	—	—	—
State:												
Categorical aid	—	—	—	—	—	—	372,960	334,800	(38,160)	31,686	19,343	(12,343)
Other	—	999	999	—	—	—	—	—	—	—	—	—
Federal	8,010,341	7,742,033	(268,308)	800,000	696,302	(103,698)	—	—	—	10,803,609	9,760,127	(1,043,482)
Total Revenues	8,010,341	7,743,099	(267,242)	800,000	696,302	(103,698)	1,921,069	1,872,102	(48,967)	10,835,295	9,779,470	(1,055,825)
Expenditures												
Current:												
Instruction	6,371,328	6,365,792	5,536	—	—	—	—	—	—	2,738,399	2,692,416	45,983
School administration	98,439	97,644	795	—	—	—	—	—	—	2,353,905	2,188,555	165,350
Instructional support	2,550,589	2,546,690	3,899	—	—	—	—	—	—	4,206,015	3,449,999	756,016
Noninstructional support	—	—	—	—	—	—	—	—	—	574,253	538,372	35,881
Food and community services	—	—	—	825,750	818,603	7,147	2,082,333	1,956,917	125,416	178,405	178,405	—
Capital outlay	—	—	—	11,132	11,132	—	688	621	67	777,251	731,723	45,528
Total Expenditures	9,020,356	9,010,126	10,230	836,882	829,735	7,147	2,083,021	1,957,538	125,483	10,828,228	9,779,470	1,048,758
Excess (Deficiency) Of Revenues Over Expenditures	(1,010,015)	(1,267,027)	(257,012)	(36,882)	(133,433)	(96,551)	(161,952)	(85,436)	76,516	7,067	—	(7,067)
Other Financing Sources (Uses)												
Transfers in	1,229,559	1,486,569	257,010	109,214	160,787	51,573	—	—	—	—	—	—
Transfers out	—	—	—	—	(104,537)	(104,537)	—	—	—	—	—	—
Total Other Financing Sources (Uses)	1,229,559	1,486,569	257,010	109,214	56,250	(52,964)	—	—	—	—	—	—
Net Change In Fund Balance	\$ 219,544	\$ 219,542	\$ (2)	\$ 72,332	\$ (77,183)	\$ (149,515)	\$ (161,952)	\$ (85,436)	\$ 76,516	\$ 7,067	\$ —	\$ (7,067)

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

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

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Current taxes	\$ 24,877,847	\$ 25,612,594	\$ 734,747
Delinquent taxes	1,356,340	1,303,400	(52,940)
Investment income	995,089	742,647	(252,442)
Other	—	124	124
County	390,343	415,376	25,033
Total Revenues	27,619,619	28,074,141	454,522
Expenditures			
Current:			
Building service	5,155,391	—	5,155,391
Capital Outlay	25,250	7,305	17,945
Debt Service:			
Principal retirement	13,855,000	13,855,000	—
Interest charges	8,787,838	8,912,226	(124,388)
Payments to escrow agent	—	4,927,979	(4,927,979)
Total Expenditures	27,823,479	27,702,510	120,969
Net Change In Fund Balance	\$ (203,860)	\$ 371,631	\$ 575,491

**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, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	\$ 2,000	\$ 2,889	\$ 889
Other	—	183,665	183,665
Total Revenues	2,000	186,554	184,554
Expenditures			
Current:			
Building service	14,639	13,854	785
Instructional support	5,002	5,002	—
Capital outlay	694,886	684,446	10,440
Debt Service:			
Principal retirement	487,740	487,645	95
Interest charges	38,561	38,561	—
Total Expenditures	1,240,828	1,229,508	11,320
Excess Of Expenditures Over Revenues	(1,238,828)	(1,042,954)	195,874
Other Financing Sources			
Transfers in	1,042,523	1,030,759	(11,764)
Total Other Financing Sources	1,042,523	1,030,759	(11,764)
Net Change In Fund Balance	\$ (196,305)	\$ (12,195)	\$ 184,110

**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 -
VOCATIONAL EDUCATION FUND
For The Year Ended June 30, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Investment income	\$ 20,000	\$ 20,047	\$ 47
Expenditures			
Current:			
Building service	79,977	64,306	15,671
Capital outlay	463,327	423,643	39,684
Total Expenditures	543,304	487,949	55,355
Net Change In Fund Balance	\$ (523,304)	\$ (467,902)	\$ 55,402

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

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

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Other	\$ —	\$ 29,319	\$ 29,319
State:			
Other	10,000,000	10,000,000	—
Total Revenues	10,000,000	10,029,319	29,319
Net Change In Fund Balance	\$ 10,000,000	\$ 10,029,319	\$ 29,319

**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, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	\$ 144,538	\$ 144,538	\$ —
Other	—	1,830	1,830
Total Revenues	144,538	146,368	1,830
Expenditures			
Current:			
Building service	653,079	652,573	506
Noninstructional support	18,009	18,515	(506)
Capital outlay	18,285,515	19,035,515	(750,000)
Total Expenditures	18,956,603	19,706,603	(750,000)
Deficiency Of Revenues Over Expenditures	(18,812,065)	(19,560,235)	(748,170)
Other Financing Sources			
Transfers in	—	700,000	700,000
Net Change In Fund Balance	\$ (18,812,065)	\$ (18,860,235)	\$ (48,170)

**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, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local:			
Investment income	\$ 20,000	\$ 23,194	\$ 3,194
Expenditures			
Building service	963,757	843,171	120,586
Capital outlay	19,470,057	21,418,092	(1,948,035)
Debt Service			
Bond issuance costs	—	390,986	(390,986)
Total Expenditures	20,433,814	22,652,249	(2,218,435)
Excess (Deficiency) Of Revenues Over Expenditures	(20,413,814)	(22,629,055)	(2,215,241)
Other Financing Sources (Uses)			
Operating transfers out	(700,000)	(700,000)	—
Proceeds from G.O. bonds	40,741,699	39,295,000	(1,446,699)
Premium on issuance of bonds	—	1,837,685	1,837,685
Total Other Financing Sources (Uses)	40,041,699	40,432,685	390,986
Net Change In Fund Balance	\$ 19,627,885	\$ 17,803,630	\$ (1,824,255)

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

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
FIDUCIARY FUND - AGENCY FUND
For The Year Ended June 30, 2009**

	Balance - July 1, 2008	Additions	Deductions	Balance - June 30, 2009
Assets				
Cash and short-term investments	\$ 12,412,128	\$ 84,184,692	\$ 79,326,835	\$ 17,269,985
Liabilities				
Due to other funds	\$ 420	\$ 207	\$ 420	\$ 207
Deposits and escrow funds	12,083,883	83,854,232	78,998,590	16,939,525
Unexpended grant balances	327,825	330,253	327,825	330,253
Total Liabilities	\$ 12,412,128	\$ 84,184,692	\$ 79,326,835	\$ 17,269,985

**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, 2009

Special Revenue

	General	Teachers	School Lunchroom	Federal	Debt Service	Capital Projects	Foundation Funds	Total
Local:								
Current Taxes:								
Real property	\$ 95,054,557	\$ —	\$ —	\$ —	\$ 18,555,610	\$ —	\$ —	\$ 113,610,167
Personal property	25,598,376	—	—	—	4,997,062	—	—	30,595,438
Surplus commissions	1,410,359	—	—	—	275,316	—	—	1,685,675
Merchant and								
Merchant and manufacturers	7,664,479	—	—	—	1,496,184	—	—	9,160,663
Financial institution	1,477,495	—	—	—	288,422	—	—	1,765,917
Surcharge	15,488,995	—	—	—	—	—	—	15,488,995
Sales tax	23,460,331	—	—	—	—	—	—	23,460,331
Sales tax-Prop C	15,141,559	9,084,936	—	—	—	—	—	24,226,495
Delinquent taxes	6,676,908	—	—	—	1,303,400	—	—	7,980,308
Investment income	1,673,344	—	—	5,732	699,243	190,668	(307,745)	2,261,242
Other:								
Interest and protested taxes	222,343	—	—	—	43,404	—	—	265,747
Tuition	295,200	—	—	1,528,572	—	—	—	1,823,772
School Lunch Program	—	—	640,681	—	—	—	—	640,681
School Lunch Nonprogram	—	—	40,857	—	—	—	—	40,857
Indirect costs recovered	902,563	—	—	—	—	—	—	902,563
Sundry	4,766,549	1,667	351,752	3,176	124	31,149	—	5,154,417
Total local	199,833,058	9,086,603	1,033,290	1,537,480	27,658,765	221,817	(307,745)	239,063,268
County:								
Fines and forfeitures	—	123,399	—	—	—	—	—	123,399
Utility and railroad taxes	2,127,844	—	—	—	415,376	—	—	2,543,220
Other	700,000	—	—	—	—	—	—	700,000
Total county	2,827,844	123,399	—	—	415,376	—	—	3,366,619

(Continued)

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

SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUNDS

Page 2 Of 2

For The Year Ended June 30, 2009

	Special Revenue								Total
	General	Teachers	School Lunchroom	Student Health Fund	Federal	Debt Service	Capital Projects	Foundation Funds	
State:									
Basic formula	\$ —	\$ 72,559,111	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 72,559,111
Categorical aid:									
Transportation	11,774,574	—	—	—	—	—	—	—	11,774,574
Exceptional pupil	—	—	—	—	4,060,963	—	—	—	4,060,963
Free and reduced	8,904,438	0	—	—	—	—	—	—	8,904,438
Vocational aid	110,737	123,375	—	—	354,143	—	—	—	588,255
School lunch program	—	—	72,499	—	—	—	—	—	72,499
Other	3,813,778	21,150	—	—	490,351	—	10,000,000	977,474	15,302,753
Total state	24,603,527	72,703,636	72,499	—	4,905,457	—	10,000,000	977,474	113,262,593
Federal:									
State administered:									
ECIA - Chapter 1	—	—	—	—	18,591,400	—	—	—	18,591,400
Education of the Handicapped Act (Public Law 94-142)	—	—	—	—	7,742,033	—	—	—	7,742,033
National School Breakfast/Lunch Program	—	—	11,159,824	—	—	—	—	—	11,159,824
Local and direct grants:									
Other	15,545	591,893	—	3,504,124	18,740,442	—	—	—	22,852,004
Total federal	15,545	591,893	11,159,824	3,504,124	45,073,875	—	—	—	60,345,261
Total Revenues	\$ 227,279,974	\$ 82,505,531	\$ 12,265,613	\$ 3,504,124	\$ 51,516,812	\$ 28,074,141	\$ 10,221,817	\$ 669,729	\$ 416,037,741

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

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

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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	\$ 241,527,496
Restricted:								
Capital projects	115,140,509	98,515,394	92,320,936	82,661,520	129,789,653	88,739,103	99,600,772	109,162,189
Debt service	23,035,131	22,082,289	20,780,332	22,928,803	27,370,790	29,425,037	29,126,080	29,563,100
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
Unrestricted	52,195,869	(7,758,477)	(31,414,644)	(21,207,908)	(23,717,985)	(8,358,504)	(8,709,789)	(44,037,948)
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	\$ 340,043,163

Note: The Board began to report accrual information when it implemented GASB Statement 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 EIGHT FISCAL YEARS**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
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
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
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
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
Building services	1,960,028	40,062	384,636	216,972	270,160	476,877	132,481	259,749
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
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
Noninstructional support	1,988,089	3,128,016	462,812	—	1,421,239	1,322,336	2,731,852	870,476
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
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
Total Operating Grants And Contributions	161,408,716	155,910,274	146,236,899	139,881,708	152,680,829	104,544,637	106,939,280	97,062,063
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
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
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)

Note: The Board began to report accrual information when it implemented GASB Statement 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 EIGHT FISCAL YEARS**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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)
General Revenues And Other Changes In Net Assets								
Governmental activities:								
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
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
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
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
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
Other revenues	2,023,172	917,513	741,177	1,647,811	4,380,322	5,858,940	9,351,258	4,656,391
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
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)
Prior Period Adjustment	—	1,168,109	—	—	—	—	—	(22,022,596)
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)

Note: The Board began to report accrual information when it implemented GASB Statement 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 EIGHT FISCAL YEARS**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General fund								
Reserved	\$ 6,485,697	\$ 9,089,715	\$ 10,674,725	\$ 5,961,814	\$ 1,063,124	\$ 618,742	\$ 637,350	\$ 637,350
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)
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)
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
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
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
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

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

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

**GOVERNMENTAL FUNDS REVENUES
LAST EIGHT FISCAL YEARS**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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
State sources:								
Basic formula	97,247,981	79,606,196	71,129,072	67,415,798	62,137,597	103,569,096	92,829,702	72,559,111
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
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
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
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
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
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
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
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
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
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

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

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

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
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
Bond issuance costs	—	—	—	496,084	597,432	255,740	—	390,986
Payments to escrow agent	—	—	—	—	—	—	—	4,927,979
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

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

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

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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)
Other Financing Sources (Uses)								
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
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)
Proceeds from G.O. bonds	50,050,853	—	—	—	—	—	—	39,295,000
Payments to refunding escrow agent	(33,118,698)	(30,579,800)	—	(47,569,000)	55,000,000	(29,680,211)	(5,680,000)	—
Proceeds from refunding debt	33,118,698	—	—	—	—	—	—	—
Proceeds from capital lease obligations	121,643	2,072,361	—	—	—	—	—	—
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	—	1,837,685
Total Other Financing Sources (Uses)	50,172,496	(2,193,466)	—	496,084	58,166,156	960,517	(4,786,123)	41,132,685
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)
Prior Period Adjustment	—	1,168,109	—	—	—	—	—	750,000
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)

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

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

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

Fiscal Year	Assessed Value	Actual Value			Total Taxable Value	Total Direct Rate (1)
		Residential Property	Personal Property	Commercial Property		
2000	\$ 2,910,685,161	\$ 5,006,586,453	\$ 3,206,704,854	\$ 2,814,366,613	\$ 11,027,657,920	4.3000
2001	2,901,376,591	5,003,137,584	3,135,793,451	2,864,065,028	11,002,996,063	4.1900
2002	3,090,268,806	5,373,228,868	3,344,509,913	3,054,162,834	11,771,901,615	4.3000
2003	3,130,763,016	5,362,253,053	3,450,458,582	3,005,451,803	11,818,163,438	4.3000
2004	3,328,678,975	6,120,981,195	3,379,281,322	3,247,739,703	12,748,002,220	4.1900
2005	3,307,808,188	6,191,217,458	3,250,075,970	3,275,403,275	12,716,696,703	4.3040
2006	3,793,118,911	8,276,431,968	3,262,633,771	3,540,822,256	15,079,887,995	3.9720
2007	3,714,548,699	8,110,635,568	3,429,869,522	3,228,231,905	14,768,736,995	4.0193
2008	4,289,134,632	10,268,651,237	4,075,980,234	3,101,334,767	17,445,966,238	3.7533
2009	4,250,211,130	10,111,094,805	3,942,733,184	3,202,288,696	17,256,116,685	3.8028

(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**

Tax Levy Year	District Direct Rates			Total	Overlapping Rates								
	General Purposes	Capital Purposes	Debt Purposes		State Blind Person	St. Louis Community College	Sheltered Workshop Dist.	St. Louis Public Library	Comm. Mental Health	Comm. Child Serv Fund	Zoo and Museum District	City of St. Louis	
1999	3.7300	0.020	0.5500	4.3000	0.030	0.237	0.069	0.149	0.556	0.089	0.000	0.276	1.620
2000	3.7300	0.020	0.5500	4.3000	0.030	0.223	0.069	0.144	0.510	0.082	0.000	0.265	1.633
2001	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
2002	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
2003	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
2004	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
2005	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
2006	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
2007	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
2008	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

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 AND NINE YEARS AGO**

Taxpayer	2009		2000	
	Taxable Assessed Value	Percentage Of Assessed Value	Taxable Assessed Value	Percentage Of Assessed Value
AT&T Services	\$ 43,761,605	1.03%	\$ 68,927,445	2.37%
Ameren UE	85,254,134	2.01%	71,759,999	2.47%
Anheuser-Busch	94,889,788	2.23%	72,166,062	2.48%
MB STL Chestnut	66,217,200	1.56%		
Casino One/Pinnacle	83,948,939	1.98%		
UGP-Kiener Parking	29,856,000	0.70%		
Laclede Gas	29,983,037	0.71%	68,465,911	2.35%
A. G. Edwards	40,896,439	0.96%	35,764,005	1.23%
First States Investor	27,484,500	0.65%		
Hertz	27,146,000	0.64%		
Union Center				
Redevelopment			12,059,900	0.41%
Mallinckrodt			12,447,177	0.43%
Trizechan Office				
Properties			20,529,600	0.71%
Seven-Seventeen				
Redevelopment			10,828,800	0.37%
Firststar			18,231,080	0.63%
Total	\$ 4,250,211,130	12.46%	\$ 2,910,685,161	13.76%

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)**

**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
2000	\$ 125,159,461	\$ 114,597,774	91.56	\$ 5,780,426	\$ 120,378,200	96.18
2001	125,299,650	109,904,842	87.71	13,128,177	123,033,019	98.19
2002	132,881,559	116,174,562	87.43	7,007,531	123,182,093	92.70
2003	134,621,090	114,247,001	84.87	15,125,039	129,372,040	96.10
2004	139,471,649	119,151,342	85.43	15,390,385	134,541,727	96.47
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	11,889,722	143,858,676	95.48
2007	153,532,685	131,844,310	85.87	8,574,848	140,419,158	91.46
2008	160,984,090	145,188,991	90.19	4,834,944	150,023,935	93.19
2009	161,627,029	148,434,501	91.84	—	148,434,501	91.84

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, Net	Percentage of Personal Income (a)	G.O. Debt Per Capita (a)	Ratio Of G.O. Debt To Estimated Actual Property Value (b)
2000	\$ 141,760,000	\$ 2,255,424	\$ 7,510,025	\$ 39,815,000	\$ 191,340,449	2.34	\$ 572	0.0129
2001	167,475,000	1,863,670	9,236,024	36,565,000	215,139,694	2.51	618	0.0152
2002	218,092,059	1,580,897	7,759,442	33,135,000	260,567,398	3.00	627	0.0185
2003	240,506,279	1,292,440	7,371,565	—	249,170,284	2.72	693	0.0204
2004	229,606,532	998,185	5,797,776	—	236,402,493	2.59	660	0.0180
2005	217,627,456	698,017	4,535,120	—	222,860,593	2.40	622	0.0171
2006	238,899,210	391,814	3,386,310	—	242,677,334	2.51	677	0.0158
2007	224,912,975	79,456	1,923,956	—	226,916,387	2.25	636	0.0152
2008	206,263,624	—	1,076,087	—	207,339,711	1.96	583	0.0118
2009	227,414,211	—	588,442	—	228,002,653	3.09	643	0.0132

Notes: N/A = Not Available

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

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

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2009**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Direct And Overlapping Debt
City of St. Louis	\$ 909,111,000	100.00%	\$ 909,111,000
Metropolitan St. Louis Sewer District	469,397,000	23.82%	111,810,365
St. Louis Junior College District	35,154,000	15.66%	5,505,116
Board Direct Debt	256,810,000	100.00%	256,810,000
Total Direct and Overlapping Debt	\$ 1,670,472,000		\$ 1,283,236,482

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

**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 2008

Assessed Value	\$4,250,211,130
Debt Limit (15% of assessed valuation)	637,531,670
Debt applicable to limit	<u>256,810,000</u>
Legal debt margin	<u><u>\$ 380,721,670</u></u>

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 291,068,515	\$ 435,206,489	\$ 463,540,321	\$ 469,608,452	\$ 499,301,846	\$ 496,171,228	\$ 568,967,729	\$ 557,182,305	\$ 643,370,195	\$ 637,531,670
Total Net Debt										
Applicable To Limit	141,760,000	167,475,000	226,965,000	243,655,000	233,830,000	199,636,197	238,899,210	224,912,975	206,263,624	227,414,211
Legal debt margin	\$ 149,308,515	\$ 267,731,489	\$ 236,575,321	\$ 225,953,452	\$ 265,471,846	\$ 296,535,031	\$ 330,068,519	\$ 332,269,330	\$ 437,106,571	\$ 410,117,459
Total Net Debt										
Applicable To The Limit As A Percentage Of Debt Limit	48.70%	38.48%	48.96%	51.88%	46.83%	40.24%	41.99%	40.37%	32.06%	35.67%

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

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

Calendar Year	Population ⁽¹⁾	Personal Income (Thousands Of Dollars)	Per Capita Personal Income	Unemployment Percentage Rate
1999	333,960	\$ 8,177,603	\$ 23,354	6.2
2000	348,189	8,560,506	24,686	5.2
2001	347,954	8,994,072	25,726	6.6
* 2002	347,252	9,162,420	26,162	7.8
* 2003	348,039	9,128,411	26,228	8.4
* 2004	350,075	9,285,829	26,525	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	10,587,985	29,770	7.0
2008	354,620	7,312,974	20,622	11.5

Notes:

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

Sources: Census Bureau

U.S. Bureau of Labor Statistics

U.S. Bureau of Economic Analysis - Calendar Year 2008 figures are estimates; actual statistics for this period are released in April 2010.

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

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

Employer	2009		2000	
	Employees	Percentage Of Total Employment	Employees	Percentage Of Total Employment
BJC Health Systems	16,477	3.52	13,017	2.36
Washington University	13,381	2.86	10,948	1.98
St. Louis University	9,399	2.01	9,968	1.80
City of St. Louis	8,682	1.85	10,633	1.93
AT&T Services, Inc.	5,917	1.26		
St. Louis Board of Education	4,142	0.93	6,258	1.13
Anheuser Busch, Inc	5,164	1.10		
U.S. Postal Service	5,109	1.09	6,942	1.26
State of Missouri	5,052	1.08	6,324	1.14
A . G. Edwards and Sons	4,811	1.03		
May Department Stores(Macy's)			5,600	1.01
Nations Bank(Bank of America)			5,756	1.04
Tenet Health Systems			6,060	1.10
Total	78,134	16.73%	81,506	14.75%

Sources: Assessor's Office - City of St. Louis
Collector of Revenue - City of St. Louis
St. Louis City Comptroller's 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,										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Supervisory										
Administrators and Managers	52	54	56	56	37	55	75	85	78	169
Principals	106	107	109	109	92	93	91	91	84	78
Asst. Principals - Nonteaching	76	72	71	67	76	80	77	79	64	54
Total Supervisory	234	233	236	232	205	228	243	255	226	301
Instruction										
Elem. Classroom Teachers	1,860	1,848	1,834	1,826	1,794	1,624	1,521	1,509	1,331	1,418
Sec. Classroom Teachers	652	646	623	629	557	539	560	537	515	609
Other Classroom Teachers	558	593	705	772	1,325	1,455	861	512	412	544
Total Instruction	3,070	3,087	3,162	3,227	3,676	3,618	2,942	2,558	2,258	2,571
Student Services										
Guidance counselors	131	139	138	145	130	88	93	109	113	96
Psychological	45	46	47	48	47	37	37	36	32	35
Librarians, Audio-Visual	135	97	90	102	98	89	86	78	70	56
Consultants/Inst. Supervisors	121	126	138	127	102	93	66	82	114	87
Other Professionals	373	382	596	392	525	483	518	523	402	119
Teacher Aides	591	604	722	602	526	512	538	555	574	338
Technicians	28	36	42	45	26	34	30	31	28	—
Total Student Services	1,424	1,430	1,773	1,461	1,454	1,336	1,368	1,414	1,333	731
Support and administration										
Clerical/Technical	378	422	560	425	495	414	362	371	240	213
Service Workers	992	994	1,009	1,064	616	551	206	179	157	326
Skilled Crafts	130	124	130	136	24	26	1	2	8	—
Unskilled Laborers	32	34	41	31	—	—	—	—	1	—
Total Support And Administration	1,532	1,574	1,740	1,656	1,135	991	569	552	406	539
Total	6,260	6,324	6,911	6,576	6,470	6,173	5,122	4,779	4,223	4,142

Source: St. Louis Public Schools Department of Human Resources

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

SCHOOL BUILDING INFORMATION

School Name	Enrollment	Program Capacity	Year	Square Feet
Elementary Schools:				
Adams-400	303	415	1878	63,201
Ames VPA-425	308	564	1956	72,468
Ashland-406	334	600	1909	74,146
Baden-408 @ Walnut Park (A/C Project)	266	360	1908	53,188
Bryan Hill-418	178	310	1912	58,991
Buder-420	341	450	1920	59,973
Carver-428	—	N/A	1989	51,760
Clark eMints-432	193	255	1907	57,671
Clay-436	202	335	1905	51,297
Cole eMints-440	165	350	1931	55,233
Columbia-442	218	400	1930	59,059
Cote Brilliante-444 @ Cupples (A/C Project)	197	400	1904	59,640
Dewey IS-447	481	452	1918	59,392
Dunbar-448	253	505	1912	67,284
Farragut-458	179	410	1906	60,479
Ford-463	285	525	1964	81,700
Froebel-466	262	460	1895	70,481
Gallaudet HI-472	48	70	1927	29,857
Gateway Math & Science Elem.-473	477	714	1995	244,000
Gateway-Michael SpEd-552	56	41	1995	244,000
Hamilton eMints-478 @ Scullin (A/C Project)	295	510	1918	60,110
Henry eMints-488	194	440	1906	66,465
Herzog-490	216	400	1937	38,532
Hickey-489	209	325	1966	62,222
Hodgen-492	229	350	1884	63,211
Jefferson-502	258	395	1960	89,976
Kennard CJA-503	369	380	1930	47,151
Laclede-506	263	350	1915	64,020
Lexington-510	248	405	1996	58,554
Lyon ABI-518	317	288	1910	38,983
Mallinckrodt ABI-524	218	308	1940	38,044
Mann eMints-526	246	295	1902	55,983
Mark Twain-528	229	360	1912	61,259
Mason eMints-534	318	440	1921	47,673
Meda P. Washington ECC-540	27	350	1930	45,362
Meramec-550	175	200	1909	38,963
Monroe eMints-556	196	400	1899	48,498
Mullanphy ILC-559	448	583	1915	83,122
Nance-561	320	400	2002	61,000
Oak Hill eMints-560	289	500	1908	49,531
Peabody eMints-562	259	515	1957	86,866
Scruggs-574	215	380	1918	59,566
Shaw VPA-578 @ Roe (A/C Project)	336	380	1908	53,961
Shenandoah-580	127	225	1926	34,344
Shepard eMints-582	135	420	1906	55,998
Sherman-584	170	280	1899	47,638
Sigel-586	255	475	1906	67,605
Simmons-Marshall MEGA-587	310	460	1899	87,542
Stix ECC-593	435	580	1921	78,961
Walbridge-596	277	515	1924	67,827
Washington Montessori-601	370	515	1956	35,757
Wilkinson ECC @ Rowe 572/603	210	350	1920	47,683
Woerner-597	387	355	1932	57,623
Woodward-612	281	400	1922	56,510
Big Picture - 697	59	150	1968	16,743

(Continued)

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

SCHOOL BUILDING INFORMATION

School Name	Enrollment	Program Capacity	Year	Square Feet
Middle Schools:				
Blewett-302	—	423	1956	90,471
Bunche IS @ Madison 311	250	414	1911	74,807
Busch AAA-305	276	310	1953	43,110
Carr Lane VPA-307	427	640	1959	87,620
Compton Drew ILC-339	415	510	1996	92,000
Fanning-314	306	332	1907	70,117
Langston-324	300	389	1964	72,831
Long-326	306	529	1923	71,467
L'Ouverture-328	220	464	1950	83,803
McKinley CJA-313	334	560	1903	166,823
Lyon-Blow	172	N/A	1964	170,460
Stevens-340	269	375	1964	74,846
Junior Prep Academies:				
Gateway Math & Science Preparatory-373/206	431	519	1995	N/A
Stowe Preparatory-375/207	—	572	1967	73,320
Yeatman/Liddell Preparatory-377/208	185	512	1967	77,030
Ninth Grade Academies:				
Roosevelt 9th Grade Center @ Humboldt	—	366	1910	62,479
Vashon 9th Grade @ Williams	—	1,320	1964	64,504
Small High Schools:				
Carnahan High School of the Future-193/150	283	500	2003	73,500
Trans & Law Academy @ Northwest-194/154	258	791	1964	170,460
High Schools:				
Roosevelt-168	769	1,200	1925	294,104
Sumner-180	669	1,106	1910	235,602
Vashon-183	598	1,320	2002	242,000
Cleveland NJROTC-144 @ Pruitt	257	560	1955	103,470
Beaumont-125	658	1,263	1926	274,599
Nottingham CAJT-114	131	180	1953	41,823
Central VPA-186 @ Southwest Complex	760	870	1937	247,733
Clyde Miller Career Academy-117	722	800	2004	141,000
Gateway IT High-111	1,134	1,625	1956	453,091
Metro A&C-156	303	340	1997	56,726
Soldan IS-173	640	1,030	1909	251,097
McKinley Leadership Academy	44	N/A	1903	166,823

N/A = NOT AVAILABLE

Source: District records

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

**LEVEL OF SERVICE
LAST NINE FISCAL YEARS**

Function/Activity	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Instruction									
Student Enrollment	36,939	37,138	36,084	34,445	32,947	30,739	27,646	27,527	26,043
Building Services									
Number Of Schools	108	111	93	90	92	91	89	85	88
Transportation									
Number Of Students Transported	41,384	41,629	45,519	27,216	26,447	24,707	22,450	22,876	26,784

Source: District Records