
KIRKWOOD SCHOOL DISTRICT R-7
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2023

Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position – Modified Cash Basis.....	4
Statement of Activities – Modified Cash Basis.....	5
<i>Fund Financial Statements:</i>	
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds.....	7
Notes to Basic Financial Statements.....	9
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Modified Cash Basis – Budget and Actual:	
General Fund.....	25
Special Revenue Fund	26
Debt Service Fund.....	27
Capital Projects Fund	28
Note to Budgetary Comparison Information.....	29
Combining Balance Sheet – Modified Cash Basis – Debt Service Fund by Component Unit.....	30
Combining Balance Sheet – Modified Cash Basis – Capital Projects Fund by Component Unit.....	31
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Debt Service Fund by Component Unit.....	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Capital Projects Fund by Component Unit.....	33
Schedule of Selected Statistics.....	34
Report on Compliance – State Requirements.....	39

Table of Contents

	Page
FEDERAL COMPLIANCE SECTION:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	42
Schedule of Expenditures of Federal Awards	45
Schedule of Findings and Questions Costs	48



INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Education
Kirkwood School District R-7

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Kirkwood School District R-7 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter—Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

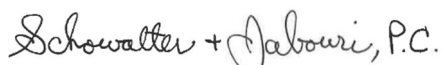
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules and related note, the combining schedules, and the schedule of selected statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards - modified cash basis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards - modified cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and related note, the combining schedules, and the schedule of selected statistics, except for the budgetary procedures, pupil attendance, and pupil transportation records are the responsibility of management and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
October 18, 2023

Basic Financial Statements

KIRKWOOD SCHOOL DISTRICT R-7

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2023**

	Governmental Activities
ASSETS:	
Cash and investments	\$ 79,994,056
Cash and investments - restricted	2,204,486
TOTAL ASSETS	\$ 82,198,542
LIABILITIES:	
Payroll liabilities	\$ 1,265,904
Total Liabilities	1,265,904
NET POSITION:	
Restricted for:	
Debt service	3,238,016
Prop I	884,818
Construction	25,923,227
Maintenance	4,808,573
Technology	2,238,699
Unrestricted	43,839,305
Total Net Position	80,932,638
TOTAL LIABILITIES AND NET POSITION	\$ 82,198,542

See accompanying notes to basic financial statements.

KIRKWOOD SCHOOL DISTRICT R-7

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
-- ASSETS --					
Cash and investments	\$ 47,322,762	\$ 1,182,609	\$ 3,238,016	\$ 28,250,669	\$ 79,994,056
Cash and investments-restricted	2,204,486	-	-	-	2,204,486
TOTAL ASSETS	\$ 49,527,248	\$ 1,182,609	\$ 3,238,016	\$ 28,250,669	\$ 82,198,542
-- LIABILITIES AND FUND BALANCES --					
LIABILITIES:					
Payroll liabilities	\$ 83,295	\$ 1,182,609	\$ -	\$ -	\$ 1,265,904
Total Liabilities	83,295	1,182,609	-	-	1,265,904
FUND BALANCES:					
Restricted for:					
Debt service	-	-	3,238,016	-	3,238,016
Prop I	-	-	-	884,818	884,818
Construction	684,835	-	-	25,238,392	25,923,227
Maintenance	2,681,114	-	-	2,127,459	4,808,573
Technology	2,238,699	-	-	-	2,238,699
Committed:					
Self-funded insurance	2,204,486	-	-	-	2,204,486
Assigned:					
Kirkwood Early Childhood Center	2,643,782	-	-	-	2,643,782
Student activities	2,522,219	-	-	-	2,522,219
Unassigned	36,468,818	-	-	-	36,468,818
Total Fund Balances	49,443,953	-	3,238,016	28,250,669	80,932,638
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,527,248	\$ 1,182,609	\$ 3,238,016	\$ 28,250,669	\$ 82,198,542

See accompanying notes to basic financial statements.

KIRKWOOD SCHOOL DISTRICT R-7

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES:					
Local sources:					
Property taxes	\$ 16,948,958	\$ 45,419,549	\$ 4,866,652	\$ 6,848,666	\$ 74,083,825
School District Trust Fund (Prop C)	4,378,128	2,626,877	-	-	7,005,005
Financial institution tax/M&M surtax	-	393,287	-	-	393,287
Investment income	2,024,025	32,365	129,680	1,369,539	3,555,609
Food service	1,130,437	-	-	-	1,130,437
Student activities and fundraising	1,541,613	-	-	-	1,541,613
Community services	1,393,930	-	-	-	1,393,930
Pre-Kg tuition	2,755,418	-	-	-	2,755,418
Rentals	597,430	-	-	-	597,430
Other local	1,321,646	-	-	2,390,375	3,712,021
Total Local	32,091,585	48,472,078	4,996,332	10,608,580	96,168,575
County sources:					
State assessed utilities	244,945	656,103	107,008	156,088	1,164,144
Other county	-	59,011	-	-	59,011
Total County	244,945	715,114	107,008	156,088	1,223,155
State sources:					
Basic formula	455,122	1,365,366	-	-	1,820,488
State grants and contributions	3,832,231	1,151,671	-	-	4,983,902
Total State	4,287,353	2,517,037	-	-	6,804,390
Federal grants and contributions	2,771,245	315,028	24,170	5,115	3,115,558
Total Revenues	39,395,128	52,019,257	5,127,510	10,769,783	107,311,678
EXPENDITURES:					
Current:					
Instruction	6,345,124	44,892,791	-	-	51,237,915
Attendance/social worker	291,621	76,779	-	-	368,400
Guidance	156,871	2,484,097	-	-	2,640,968
Health services	593,813	-	-	-	593,813
Improvement of instruction	784,086	791,831	-	-	1,575,917
Professional development	8,655	34,752	-	-	43,407
Media services	926,502	828,552	-	-	1,755,054
Board of Education services	2,048,120	-	-	-	2,048,120
Executive administration	3,090,174	534,908	-	-	3,625,082
Building level administration	2,233,140	3,395,676	-	-	5,628,816
Business, fiscal and internal services	721,680	-	-	-	721,680
Operation of plant	10,153,489	-	-	-	10,153,489
Security services	820,884	-	-	-	820,884
Transportation	1,562,154	-	-	-	1,562,154
Food service	1,640,611	-	-	-	1,640,611
Printing and publishing services	356,172	-	-	-	356,172
Central office support	149,566	-	-	-	149,566
Community services	3,354,306	628,910	-	-	3,983,216
Capital outlay	-	-	-	39,105,774	39,105,774
Debt service:					
Principal retirements	8,640	-	5,750,000	2,178,215	7,936,855
Interest	-	-	2,194,088	48,294	2,242,382
Other charges	-	-	1,250	3,710	4,960
Total Expenditures	35,245,608	53,668,296	7,945,338	41,335,993	138,195,235

See accompanying notes to basic financial statements.

KIRKWOOD SCHOOL DISTRICT R-7

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,149,520	(1,649,039)	(2,817,828)	(30,566,210)	(30,883,557)
OTHER FINANCING (USES) SOURCES:					
Transfers in (out)	(1,649,039)	1,649,039	2,638,930	(2,638,930)	-
Total Other Financing (Uses) Sources	(1,649,039)	1,649,039	2,638,930	(2,638,930)	-
NET CHANGE IN FUND BALANCES	2,500,481	-	(178,898)	(33,205,140)	(30,883,557)
FUND BALANCES, BEGINNING OF YEAR	46,943,472	-	3,416,914	61,455,809	111,816,195
FUND BALANCES, END OF YEAR	\$ 49,443,953	\$ -	\$ 3,238,016	\$ 28,250,669	\$ 80,932,638

See accompanying notes to basic financial statements.

KIRKWOOD SCHOOL DISTRICT R-7

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kirkwood School District R-7 (the "District") operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note 1 under "Basis of Accounting," these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Principles Determining the Scope of Reporting Entity

The basic financial statements of the reporting entity include those of the Kirkwood School District (the primary government) and the Kirkwood School District Educational Facilities Authority (the "Authority"). A component unit is a legally separate organization for which the primary government is financially accountable or closely related. The Authority has been determined to be a component unit of the District. Its purpose is to act on behalf of the District in its acquisition, construction, improvement, extension, repair, remodeling, renovation and financing of capital improvement projects. The financial information of the Authority has been incorporated into the District's financial statements using the blending method. Under the blending method, transactions of a component unit are presented as if they were executed directly by the primary government. Complete financial statements of the Authority are as shown in the supplementary information following these Notes to Basic Financial Statements.

Additionally, while the parent-teacher organizations of the District's schools and the Kirkwood School District Foundation are organizations that provide financial support exclusively to the District, they are not required to be included as a component unit because the amount of financial support provided is of a de minimus nature.

Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District's policy is to close all encumbrances at the end of each fiscal year. The following fund types are used by the District:

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund:

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

General Fund

This fund is the general operating fund of the District and accounts for expenditures for noncertified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditures not required or permitted to be accounted for in other funds.

Special Revenue Fund

A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

Debt Service Fund

This fund's use is to account for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on long-term debt.

Capital Projects Fund

This fund's use is to account for the proceeds of long-term debt, taxes, and other revenues restricted for acquisition or construction of major capital assets.

Basis of Presentation

Government-wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures and changes in fund balances are presented. The emphasis of

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

fund financial statements is on *major* governmental funds, each displayed in a separate column. The District considers each of its funds to be major.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets, payroll withholdings are reported as liabilities, and summer payroll is recorded as an in-substance cash disbursement when the direct deposit file is sent to the bank, regardless of the actual pay date. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable and general obligation bonds payable and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund financial statements would use the modified accrual basis of accounting, while the government-wide financial statements would be presented on the accrual basis of accounting.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. The County collects the property tax and remits it to the District.

The assessed valuations of the tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation were \$1,830,035,100 and \$1,771,528,890, respectively.

The blended tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation were:

	December 31, 2022	December 31, 2021
General Fund	\$ 0.9408	\$ 0.8952
Special Revenue Fund	2.5200	2.4994
Capital Projects Fund	0.3800	0.3500
Debt Service Fund	0.2700	0.2700
Total	\$ 4.1108	\$ 4.0146

The receipts of current property taxes during the year ended June 30, 2023, aggregated approximately 99% of the current and delinquent assessment computed on the basis of the levy as shown above.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which is managed by the District Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained.

The District may invest in United States Treasury bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations. Investments are reported at cost value.

Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested.

Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements and consist of amounts held by the District for self-insurance as discussed in Note 8.

Governmental Fund Balances

In the governmental fund financial statements, the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance as of June 30, 2023.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The District's restricted funds consist of debt service and various taxes approved by voters for specific purposes.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Education, the District's highest level of decision-making authority. The District's committed fund balance consists of monies available for the District's self-insurance program.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Education or b) Superintendent. The District's assigned fund balance includes tuition and student activities.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

The District's policy is to maintain sufficient financial reserves to provide for prudent financial management and for adequacy of cash flow to support operations. The District strives to

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

maintain a minimum unassigned fund balance in its operating funds equal to 25% of its operating budget.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Use of Restricted Resources

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources (net position) are available. For governmental funds, except the Debt Service fund, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances. For the Debt Service fund, unrestricted or assigned balances may be spent prior to restricted balances.

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

During the current year, the Authority made transfers between the Debt Service Fund and Capital Projects Fund to eliminate payments from the District under the Capital Projects Fund to the Authority's Debt Service Fund. The District also made a transfer from the General Fund to the Special Revenue Fund to eliminate the deficit.

Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Implementation of New Guidance

During the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as applicable to the modified cash basis of accounting.

2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law. The depository bank pledges securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Revised Statutes. The District may invest the funds in bonds or any instrument permitted by law for the investment of state monies in accordance with section 165.051 of the Missouri Revised Statutes.

The District participates in the Missouri Securities Investment Program ("MOSIP"). MOSIP is an external investment pool in which a district's monies are pooled with other districts' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share of the pool. A board of directors comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net asset value of \$1 per share. A separately issued financial statement can be obtained by contacting 1-877-MY-MOSIP.

The deposits and investments held at June 30, 2023 are as follows:

Type	Maturities	Cost
Deposits:		
Demand deposits		\$ 8,605,623
		<u>8,605,623</u>
Investments:		
MOSIP:		
Term Series	Less than 1 year	35,609,693
External investment pool	Less than 1 year	37,983,226
		<u>73,592,919</u>
Total Deposits and Investments		<u><u>\$ 82,198,542</u></u>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has a custodial credit risk policy for repurchase agreement investments and for certificate of deposits which requires these funds to be collateralized at least 100% or greater of the balance plus any demand deposit with the depository, less any insurance (Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund), as applicable. As of June 30, 2023, none of the District's deposits were exposed to custodial credit risk.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District has a custodial credit risk policy to minimize credit risk by (1) pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business and (2) diversifying the portfolio so that potential losses on individual securities will be minimized. The District's investments were not exposed to custodial credit risk at year end.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Investment Interest Rate Risk

Investment interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2023 were less than one year.

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitation of state law, as documented above. At June 30, 2023, the District's investments were rated as AAA.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the US Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District does not have a policy on limiting the amount it may invest in any one issuer. At June 30, 2023, none of the District's investments were subject to concentration of investment credit risk.

3. GENERAL LONG-TERM LIABILITIES

Bonds Payable

A summary of changes in bonds payable (excluding the Kirkwood School District Facilities Authority leasehold revenue bonds) for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	\$ 60,555,000	\$ -	\$ 3,375,000	\$ 57,180,000	\$ 690,000
Total	\$ 60,555,000	\$ -	\$ 3,375,000	\$ 57,180,000	\$ 690,000

Payments on the general obligation bonds are made by the debt service fund.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Bonds Payable

Bonds payable at June 30, 2023 consist of:

\$52,100,000 nontaxable general obligation bonds, Series 2021, issued on June 1, 2021; due in varying installments through February 15, 2034; interest at a variable rate ranging from 2.0% to 4.0% and is payable on February 15 and August 15 of each year	\$ 52,100,000
\$5,080,000 nontaxable general obligation bonds, Series 2022, issued on June 15, 2022; due February 15, 2035; interest at 4.375%. Interest is payable on February 15 and August 15 of each year	<u>5,080,000</u>
Total	<u><u>\$ 57,180,000</u></u>

General Obligation Bonds

General obligation bonds are supported by a pledge of the District's full faith and credit. These bonds were originally issued to finance various capital projects.

In July 2020, the Kirkwood School District defeased a portion of the general obligation bonds by placing \$1,815,000 in an irrevocable trust to provide for the principal payment due on February 15, 2023. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. During the year ended June 30, 2023, the remaining outstanding balance of the defeased bonds was fully repaid and no amount remains outstanding as of June 30, 2023.

In April 2021 Proposition R was approved by the voters to issue \$56,220,000 in nontaxable general obligation bonds Series 2021 on June 1, 2021 and \$5,080,000 in nontaxable general obligation bonds Series 2022 on June 15, 2022. The Bonds are payable from ad valorem taxes and were issued for the purpose of constructing and/or renovating classrooms to accommodate/maintain current class sizes & address overcrowding, repair & maintenance related to HVAC, doors windows, safety & security improvements, library & media center improvements, gymnasium improvements, accessibility for children with special needs and other matters.

The annual requirements to amortize bonded debt outstanding as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,690,000	\$ 1,783,650	\$ 5,473,650
2025	3,920,000	1,636,050	5,556,050
2026	4,230,000	1,479,250	5,709,250
2027	4,495,000	1,310,050	5,805,050
2028	4,695,000	1,130,250	5,825,250
2029-2033	25,615,000	3,366,600	28,981,600
2034-2035	10,535,000	553,600	11,088,600
Total	<u><u>\$ 57,180,000</u></u>	<u><u>\$ 11,259,450</u></u>	<u><u>\$ 68,439,450</u></u>

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including State assessed railroad and utility). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2023, was:

Constitutional debt limit	\$ 274,505,265
General obligation bonds payable	(57,180,000)
Amount available in Debt Service Fund	<u>3,238,016</u>
Legal Debt Margin	<u><u>\$ 220,563,281</u></u>

Leases

As of June 30, 2023, the District had the following lease obligations outstanding:

- a) a lease for solar panels which are installed on District buildings with a remaining balance of \$108,360. This lease calls for annual payments of \$10,800. The final payment will be made during the year ended June 30, 2033.
- b) a lease for computer equipment with a remaining balance of \$1,257,153. This lease calls for annual payments of \$628,576. The final payment will be made during the year ended June 30, 2024.
- c) a lease for HVAC equipment with a remaining balance of \$1,816,602. This lease calls for annual payments of principal and interest of \$616,808. The final payment will be made during the year ended June 30, 2026.
- d) a lease for computer equipment with a remaining balance of \$1,071,833. This lease calls for annual payments of \$535,917. The final payment will be made during the year ended June 30, 2025.
- e) a facilities lease for a portion of the District's administrative offices with a remaining balance of \$750,545. This lease calls for annual payments of principal and interest of \$93,308. The final payment will be made during the year ended June 30, 2032.

The lease obligations outstanding are paid by the capital projects fund.

The annual requirements to retire the lease obligations outstanding at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,861,663	\$ 25,905	\$ 1,887,568
2025	1,237,543	19,289	1,256,832
2026	708,307	12,609	720,916
2027	98,245	5,863	104,108
2028	99,333	4,775	104,108
2029-2033	370,826	7,951	378,777
Total	<u><u>\$ 4,375,917</u></u>	<u><u>\$ 76,392</u></u>	<u><u>\$ 4,452,309</u></u>

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Sale Leaseback Agreement

In a prior year, the District entered into a sale leaseback agreement under which boilers were purchased by the District and sold to a third party for \$576,500 and subsequently leased back to the District pursuant to a 60-month lease agreement. The principal amount of the lease, including equipment and installation, was \$1,700,000 with an interest rate of 1.155%.

The obligations under the sale leaseback agreement are paid by the capital projects fund

The annual requirements to retire the lease obligations outstanding at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 339,988	\$ 11,912	\$ 351,900
2025	343,913	7,987	351,900
2026	347,884	4,016	351,900
Total	<u>\$ 1,031,785</u>	<u>\$ 23,915</u>	<u>\$ 1,055,700</u>

4. KIRKWOOD SCHOOL DISTRICT EDUCATIONAL FACILITIES AUTHORITY

The Kirkwood School District adopted a resolution approving the formation of the Kirkwood School District Educational Facilities Authority (the "Authority") on February 19, 2002. The Authority is organized under the not for profit provisions of Chapter 355, revised statutes of Missouri (1986) as amended, for the purpose of acting on behalf of the Kirkwood School District (the "District") in its acquisition, construction, improvement, extension, repair, remodeling, renovation and financing of capital improvement projects, and other purposes as specified in the Authority's Articles of Incorporation.

On August 1, 2005, the District leased to the Authority the Kirkwood High School in exchange for issuing bonds. The District also authorized the Authority to issue \$30,335,000 principal amount of Leasehold Revenue Bonds ("2005B Bonds"). On April 24, 2013, the Authority issued \$20,110,000 principal amount of Leasehold Refunding Revenue Bonds ("2013 Bonds") to advance refund \$23,520,000 of the outstanding Series 2005B Bonds.

On April 14, 2014, the District authorized the Authority to issue \$3,565,000 principal amount of Leasehold Revenue Bonds ("2014 Bonds") for certain project additions.

The District executed a lease agreement dated August 1, 2005, as amended May 1, 2013 and April 29, 2014, between the Authority and the District under which the Authority will lease the Kirkwood High School to the District. The term of the lease expires on February 16, 2025. Rental payments will be determined annually based on the amount of monies necessary for the payment of bond principal and interest on the outstanding bonds when due, less amounts held by the Authority in its Bond Fund and Bond Reserve Fund. The District is also obligated to make additional payments for costs specified in the lease agreement. The Authority has agreed to convey to the District title to the Kirkwood High School at the expiration of the lease term following full payment of the outstanding bonds.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

The following is a summary of bond transactions for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Leasehold revenue bonds payable	\$ 7,470,000	\$ -	\$ 2,375,000	\$ 5,095,000	\$ 2,500,000
	<u>\$ 9,775,000</u>	<u>\$ -</u>	<u>\$ 2,375,000</u>	<u>\$ 5,095,000</u>	<u>\$ 2,500,000</u>

Bonds Payable

Bonds payable at June 30, 2023 consist of:

\$20,110,000 leasehold revenue refunding bonds, Series 2013; issued on April 24, 2013; due in varying installments through February 15, 2025; interest at a variable rate ranging from 2.00% to 5.00% and is payable on February 15 and August 15 of each year	\$ 4,435,000
\$3,565,000 leasehold revenue bonds, Series 2014; issued on April 14, 2014; due in varying installments through February 15, 2025; interest at a variable rate ranging from 2.00% to 2.65% and is payable on February 15 and August 15 of each year	<u>660,000</u>
Total	<u>\$ 5,095,000</u>

The following are the annual debt service requirements of the bonds:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,500,000	\$ 194,403	\$ 2,694,403
2025	2,595,000	99,277	2,694,277
Total	<u>\$ 5,095,000</u>	<u>\$ 293,680</u>	<u>\$ 5,388,680</u>

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

5. RETIREMENT PLANS

Public School and Education Employee Retirement Systems of Missouri (PSRS and PEERS also referred to as the Systems)

General Information about the Pension Plans

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600-169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing service retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psr-s-peers.org.

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2021, 2022 and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2021, 2022 and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$6,618,474 and \$1,084,542, respectively, for the year ended June 30, 2023.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

6. EMPLOYEE BENEFIT PLANS

The District offers its employees a tax-sheltered annuity program created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary for investment purposes.

The District also offers a Section 125 cafeteria plan to all employees. Under this plan, the deferred portion can be used to purchase health insurance benefits.

In addition, the District offers a Section 457 Deferred Compensation Plan that is offered to all employees. This plan is an investment program to enhance retirement benefits similar to the 403(b) plan.

7. INSURANCE PROGRAM

The District, along with various other local school districts, participates in the Missouri United School Insurance Council (MUSIC), an insurance association for workers' compensation, general liability and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities. MUSIC requires an annual premium payment to cover estimate claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The District's premium payments to MUSIC for the year ended June 30, 2023 were \$1,028,387. There were no significant reductions in insurance coverage and settled claims have not exceeded insurance coverage in any of the past three years.

8. SELF-INSURANCE

The District has self-insurance plans which cover participating employees' and retirees' medical and dental coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes the general fund to account for the activity of the plans. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected and unusual claims. The District purchases stop loss insurance coverage to limit its exposure to catastrophic claims in excess of \$150,000 per individual.

9. COMMITMENTS AND CONTINGENCIES

Construction

As of June 30, 2023, the District had commitments totaling approximately \$63,900,000 for construction and rehabilitation of buildings of which approximately \$37,800,000 has been paid.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Early Separation Incentive

The District has an Early Separation Incentive Plan (ESIP) that provides a financial incentive to certified employees and professional employees who elect early separation from the Kirkwood School District. This is a cost savings plan for the District. During the year ended June 30, 2023, there were 18 employees who participated in the ESIP plan who received payments totaling approximately \$395,500.

Protested Taxes

Each year St. Louis County remits certain unresolved protested tax payments to the District. When the County refunds tax payments to those who are successful in their protests, it withholds the refunded amount from future distributions to taxing districts. Normal withholdings by the County are not material in relation to the District's financial position and results of operations.

Litigation

The District is involved in various lawsuits and any other legal matters at June 30, 2023. While in the District's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the District, the results of the proceedings have yet to be finalized.

Compensated Absences

Vacation time, personal days and sick leave are considered expenditures in the year paid. Unused sick time vested in the employee are payable upon retirement. The amount of unpaid vacation, personal days and sick leave, which is not included in the accompanying financial statements, has not been calculated by the District.

10. OTHER POST EMPLOYMENT BENEFITS

In addition to providing the pension benefits described in Note 6, the District provides an opportunity for continuation of medical, prescription drug, dental and vision insurance to employees that retire from the District who meet the retirement requirements of PSRS and PEERS. Retirees who elect to participate must pay 100% of the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since the retirees pay the premium for each year, the District share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The plan is a single-employer defined benefit OPEB plan. The benefits and benefit levels are governed by District policy. The plan is not accounted for as a trust fund since an irrevocable trust has not been established. A stand-alone financial report is not available for the plan.

The District currently pays for the implicit rate subsidy associated with these post employment health care benefits on a pay-as-you-go basis. During the current year, 359 retirees participating in the District's insurance plans paid premiums totaling approximately \$1,500,000.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

11. TAX ABATEMENTS

As of June 30, 2023, the District is subject to the following tax abatement programs initiated by other governmental entities:

	Real Estate and Property Tax and Surcharge
City of Hazelwood	\$ 37,278
St. Louis County	27,639
City of Clayton	11,432
City of Kinloch	8,589
City of Bridgeton	3,908
Port Authority	3,415
City of Edmundson	2,067
City of Frontenac	1,914
City of Brentwood	1,876
City of Maryland Heights	1,386
City of Richmond Heights	1,039
City of Maplewood	1,032
City of Ferguson	887
City of Overland	707
City of Bellerive	558
City of Eureka	548
City of Rock Hill	303
City of Sunset Hills	228
City of Berkeley	172
City of Northwoods	148
City of University City	86
City of Pagedale	54
City of Woodson Terrace	30
City of Jennings	30
Total	\$ 105,326

Supplementary Information

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES:				
Local	\$ 30,412,051	\$ 31,010,922	\$ 32,091,585	\$ 1,080,663
County	443,700	443,700	244,945	(198,755)
State	4,375,407	4,380,488	4,287,353	(93,135)
Federal	829,706	2,457,893	2,771,245	313,352
Total Revenues	36,060,864	38,293,003	39,395,128	1,102,125
EXPENDITURES:				
Current:				
Instruction	6,701,728	6,463,433	6,345,124	118,309
Attendance	302,074	321,836	291,621	30,215
Guidance	124,555	158,431	156,871	1,560
Health services	569,239	594,159	593,813	346
Improvement of instruction	712,413	853,589	784,086	69,503
Professional development	-	13,009	8,655	4,354
Media services	958,055	1,075,958	926,502	149,456
Board of Education services	1,966,617	2,048,120	2,048,120	-
Executive administration	3,185,880	3,285,843	3,090,174	195,669
Building level administration	2,112,238	2,266,869	2,233,140	33,729
Business, fiscal and internal services	1,122,925	863,566	721,680	141,886
Operation of plant	9,190,290	10,120,713	10,153,489	(32,776)
Security services	948,728	846,566	820,884	25,682
Pupil transportation	1,394,493	1,615,105	1,562,154	52,951
Food service	1,548,834	1,504,695	1,640,611	(135,916)
Printing and publishing services	-	400,568	356,172	44,396
Central office support	279,282	293,126	149,566	143,560
Community services	3,336,699	3,492,209	3,354,306	137,903
Debt service:				
Principal retirements	-	-	8,640	(8,640)
Total Expenditures	34,454,050	36,217,795	35,245,608	972,187
EXCESS OF REVENUES OVER EXPENDITURES	1,606,814	2,075,208	4,149,520	2,074,312
OTHER FINANCING USES:				
Transfers out	-	-	(1,649,039)	(1,649,039)
Total Other Financing Uses	-	-	(1,649,039)	(1,649,039)
NET CHANGE IN FUND BALANCE	1,606,814	2,075,208	2,500,481	425,273
FUND BALANCE, BEGINNING OF YEAR	46,943,472	46,943,472	46,943,472	-
FUND BALANCE, END OF YEAR	\$ 48,550,286	\$ 49,018,680	\$ 49,443,953	\$ 425,273

See accompanying independent auditors' report and note to budgetary comparison information.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 48,430,040	\$ 48,098,496	\$ 48,472,078	\$ 373,582
County	618,300	618,300	715,114	96,814
State	2,264,660	2,264,660	2,517,037	252,377
Federal	750,789	722,358	315,028	(407,330)
Total Revenues	52,063,789	51,703,814	52,019,257	315,443
EXPENDITURES:				
Current:				
Instruction	43,238,865	42,361,908	44,892,791	(2,530,883)
Attendance	88,970	77,141	76,779	362
Guidance	2,426,509	2,484,097	2,484,097	-
Improvement of instruction	840,043	804,028	791,831	12,197
Professional development	-	39,148	34,752	4,396
Media services	875,539	828,552	828,552	-
Executive administration	543,007	534,908	534,908	-
Building level administration	3,426,104	3,395,748	3,395,676	72
Community services	624,752	663,412	628,910	34,502
Total Expenditures	52,063,789	51,188,942	53,668,296	(2,479,354)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	514,872	(1,649,039)	(2,163,911)
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,649,039	1,649,039
Total Other Financing Sources	-	-	1,649,039	1,649,039
NET CHANGE IN FUND BALANCE	-	514,872	-	(514,872)
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 514,872	\$ -	\$ (514,872)

See accompanying independent auditors' report and note to budgetary comparison information.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS – BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local	\$ 4,869,412	\$ 4,883,921	\$ 4,996,332	\$ 112,411
County	96,390	96,390	107,008	10,618
Federal	30,673	30,673	24,170	(6,503)
Total Revenues	4,996,475	5,010,984	5,127,510	116,526
EXPENDITURES:				
Debt Service:				
Principal retirements	3,375,000	3,375,000	3,375,000	-
Interest	1,930,159	1,930,159	1,930,158	1
Other charges	3,500	3,500	1,250	2,250
Total Expenditures	5,308,659	5,308,659	5,306,408	2,251
NET CHANGE IN FUND BALANCE	(312,184)	(297,675)	(178,898)	118,777
FUND BALANCE, BEGINNING OF YEAR	3,416,914	3,416,914	3,416,914	-
FUND BALANCE, END OF YEAR	\$ 3,104,730	\$ 3,119,239	\$ 3,238,016	\$ 118,777

This schedule does not include the activity of the Kirkwood School District Educational Authority.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 7,557,237	\$ 9,717,178	\$ 10,608,580	\$ 891,402
County	-	-	156,088	156,088
Federal	-	7,899	5,115	(2,784)
Total Revenues	7,557,237	9,725,077	10,769,783	1,044,706
EXPENDITURES:				
Current:				
Instruction	25,117	118,370	118,248	122
Media services	14,492	22,223	11,481	10,742
Board of Education services	-	2,629	2,629	-
Executive administration	300,059	737,429	737,429	-
Building level administration	25,500	17,031	16,949	82
Business, fiscal and internal services	261,000	-	-	-
Operation of plant	101,500	163,092	163,092	-
Security services	-	2,941	2,941	-
Food service	-	247,042	247,043	(1)
Printing and publishing services	-	265,726	265,726	-
Central office support	-	7,474	7,474	-
Community services	10,000	54,918	54,918	-
Capital outlay	38,576,496	39,691,415	37,477,844	2,213,571
Debt service:				
Lease payments to facilities authority	2,638,930	2,638,930	2,638,930	-
Principal retirements	1,973,397	2,178,525	2,178,215	310
Interest	133,549	48,294	48,294	-
Other charges	4,000	4,000	3,710	290
Total Expenditures	44,064,040	46,200,039	43,974,923	2,225,116
NET CHANGE IN FUND BALANCE	(36,506,803)	(36,474,962)	(33,205,140)	3,269,822
FUND BALANCE, BEGINNING OF YEAR	61,455,809	61,455,809	61,455,809	-
FUND BALANCE, END OF YEAR	\$ 24,949,006	\$ 24,980,847	\$ 28,250,669	\$ 3,269,822

This schedule does not include the activity of the Kirkwood School District Educational Authority.

See accompanying independent auditors' report and note to budgetary comparison information.

KIRKWOOD SCHOOL DISTRICT R-7

**NOTE TO BUDGETARY COMPARISON INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

1. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.

Budgeted amounts are as originally adopted on June 27, 2022 and as amended throughout the year.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the final budget amounts included in the budget and actual schedules.
6. Budgets are adopted on the modified cash basis of accounting.
7. Actual expenditures exceeded those budgeted in the Special Revenue Fund.

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS –
DEBT SERVICE FUND BY COMPONENT UNIT
JUNE 30, 2023**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Total
-- ASSETS --			
ASSETS:			
Cash and investments	\$ 3,238,016	\$ -	\$ 3,238,016
TOTAL ASSETS	<u>\$ 3,238,016</u>	<u>\$ -</u>	<u>\$ 3,238,016</u>
-- FUND BALANCES --			
FUND BALANCES:			
Restricted for debt service	\$ 3,238,016	\$ -	\$ 3,238,016
TOTAL FUND BALANCES	<u>\$ 3,238,016</u>	<u>\$ -</u>	<u>\$ 3,238,016</u>

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
CAPITAL PROJECTS FUND BY COMPONENT UNIT
JUNE 30, 2023**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Total
-- ASSETS --			
ASSETS:			
Cash and investments	\$ 28,250,669	\$ -	\$ 28,250,669
TOTAL ASSETS	\$ 28,250,669	\$ -	\$ 28,250,669
-- FUND BALANCES --			
FUND BALANCES:			
Restricted for:			
Prop I	\$ 884,818	\$ -	\$ 884,818
Prop R	25,238,392	-	25,238,392
Maintenance	2,127,459	-	2,127,459
TOTAL FUND BALANCES	\$ 28,250,669	\$ -	\$ 28,250,669

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - DEBT SERVICE
FUND BY COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2023**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ 4,996,332	\$ -	\$ -	\$ 4,996,332
County	107,008	-	-	107,008
Federal	24,170	-	-	24,170
Lease/purchase payments from the District	-	2,638,930	(2,638,930)	-
Total Revenues	5,127,510	2,638,930	(2,638,930)	5,127,510
EXPENDITURES:				
Debt service:				
Principal retirements	3,375,000	2,375,000	-	5,750,000
Interest	1,930,158	263,930	-	2,194,088
Other charges	1,250	-	-	1,250
Total Expenditures	5,306,408	2,638,930	-	7,945,338
EXCESS OF REVENUES (UNDER) EXPENDITURES	(178,898)	-	(2,638,930)	(2,817,828)
OTHER FINANCING SOURCES:				
Transfers in	-	-	2,638,930	2,638,930
Total Other Financing Sources	-	-	2,638,930	2,638,930
NET CHANGE IN FUND BALANCES	(178,898)	-	-	(178,898)
FUND BALANCES, BEGINNING OF YEAR	3,416,914	-	-	3,416,914
FUND BALANCES, END OF YEAR	\$ 3,238,016	\$ -	\$ -	\$ 3,238,016

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –
CAPITAL PROJECTS FUND BY COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2023**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ 10,608,580	\$ -	\$ -	\$ 10,608,580
County	156,088	-	-	156,088
Federal	5,115	-	-	5,115
Total Revenues	10,769,783	-	-	10,769,783
EXPENDITURES:				
Capital outlay	39,105,774	-	-	39,105,774
Debt service:				
Lease/purchase payments to the Authority	2,638,930	-	(2,638,930)	-
Principal retirements	2,178,215	-	-	2,178,215
Interest	48,294	-	-	48,294
Other charges	3,710	-	-	3,710
Total Expenditures	43,974,923	-	(2,638,930)	41,335,993
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(33,205,140)	-	2,638,930	(30,566,210)
OTHER FINANCING USES:				
Transfers out	-	-	(2,638,930)	(2,638,930)
Total Other Financing Uses	-	-	(2,638,930)	(2,638,930)
NET CHANGE IN FUND BALANCES	(33,205,140)	-	-	(33,205,140)
FUND BALANCES, BEGINNING OF YEAR	61,455,809	-	-	61,455,809
FUND BALANCES, END OF YEAR	\$ 28,250,669	\$ -	\$ -	\$ 28,250,669

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2023**

County District Number 096-092

1. Calendar (Sections 160.041, 171.029, 171.031 and 171.033 RSMO)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1050	9	12	-	6.6500	166	1,089.0167
3000	6	8	-	6.5000	166	1,075.9167
3025	6	8	-	6.5000	165	1,069.4167
5000	K	5	-	6.5833	166	1,089.7500
5020	K	5	-	6.5833	166	1,089.7500
5060	K	5	-	6.5833	166	1,089.7500
6000	K	5	-	6.5833	166	1,089.7500
6020	K	5	-	6.5833	165	1,083.1667
7500	K	K	-	6.5833	166	1,089.7500

Notes:	

2. Attendance Hours

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summary School Hours	Total Hours
1050	9-12	1,426,573.3177	188,415.5494	-	20,548.0166	35,075.5200	1,670,612.4037
3000	6-8	663,806.7848	4,915.6666	-	4,717.1500	10,661.8400	684,101.4414
3025	6-8	643,189.9676	1,860.1333	-	8,095.9499	-	653,146.0508
5000	K-5	648,569.7163	1,957.5000	-	2,023.6500	-	652,550.8663
5020	K-5	616,522.8664	1,314.2333	-	-	-	617,837.0997
5060	K-5	498,215.5832	182.9167	-	4,168.4000	20,610.5169	523,177.4168
6000	K-5	481,988.6498	1,133.0833	-	1,986.5834	-	485,108.3165
6020	K-5	595,623.6004	1,048.7666	-	-	-	596,672.3670
		<u>5,574,490.4862</u>	<u>200,827.8492</u>	<u>-</u>	<u>41,539.7499</u>	<u>66,347.8769</u>	<u>5,883,205.9622</u>

Notes:	

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day and in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9-12	1,456.00	221.83	24.44	1,702.27
3000	6-8	664.00	0.39	5.00	669.39
3025	6-8	641.00	2.29	8.00	651.29
5000	K-5	613.00	0.23	2.00	615.23
5020	K-5	596.00	0.31	-	596.31
5060	K-5	485.00	0.24	4.00	489.24
6000	K-5	468.00	0.16	2.00	470.16
6020	K-5	582.00	1.86	-	583.86
7500	K-K	303.00	-	-	303.00
		<u>5,808.00</u>	<u>227.31</u>	<u>45.44</u>	<u>6,080.75</u>

Notes:	

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A	-	-	N/A	N/A	-
1050	133.01	31.00	8.72	3.00	175.73
3000	56.00	8.00	1.00	N/A	65.00
3025	40.00	10.00	4.00	1.00	55.00
5000	27.00	3.00	2.00	N/A	32.00
5020	54.00	8.00	N/A	N/A	62.00
5060	68.00	12.00	1.00	N/A	81.00
6000	21.00	2.00	1.00	N/A	24.00
6020	18.00	6.00	N/A	N/A	24.00
7500	-	-	N/A	N/A	-
	<u>417.01</u>	<u>80.00</u>	<u>17.72</u>	<u>4.00</u>	<u>518.73</u>

Notes:	

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	TRUE
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	TRUE
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	TRUE
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	TRUE
	Homebound instruction	TRUE
	Missouri Options	TRUE
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	TRUE
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	TRUE
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	TRUE
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	TRUE
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	TRUE
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

Section	Question	Answer
5.6	The District's charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	TRUE
5.7	The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	TRUE
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	TRUE
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The District/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121. RSMo.	TRUE
5.11	The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	TRUE
5.12	The amount spent for approved professional development committee plan activities was:	\$15,888
5.13	The District/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	TRUE

Notes:	

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

Finding:	

See accompanying independent auditors' report.

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

6. Transportation (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	TRUE
6.2	The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	TRUE
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: <ul style="list-style-type: none"> • Eligible ADT • Ineligible ADT 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border-bottom: 1px solid black; width: 100%; text-align: center;">1,549.0</div> <div style="border-bottom: 1px solid black; width: 100%; text-align: center;">128.5</div> </div>
6.4	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	TRUE
6.5	Actual odometer records show the total District-operated and contracted mileage for the year was:	169,160
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route and disapproved miles (combined) was: <ul style="list-style-type: none"> • Eligible Miles • Ineligible Miles (Non-route/Disapproved) 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border-bottom: 1px solid black; width: 100%; text-align: center;">147,970</div> <div style="border-bottom: 1px solid black; width: 100%; text-align: center;">21,190</div> </div>
6.7	Number of days the District operated the school transportation system during the regular school year:	166

Notes:	

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

Finding:	
Management Letter Comment:	



REPORT ON COMPLIANCE - STATE REQUIREMENTS

To the Members of the Board of Education
Kirkwood School District R-7

We have audited the financial statements of the Kirkwood School District R-7 (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated October 18, 2023. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) and Section 165.121.3(7) RSMo with respect to the methods of maintaining pupil attendance and pupil transportation records for the year ended June 30, 2023. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2023. It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance; resident membership on the last Wednesday of September; average number of students transported on a regular basis; and mileage and allowable cost for pupil transportation in compliance with state law and administrative rules for the year ended June 30, 2023.

This report is intended for the information and use of the Board of Education, District management, the Missouri Department of Elementary and Secondary Education and federal awarding agencies and pass-through entities and is not intended to be, and should not, be used by anyone other than these specified parties.

Schowalter + Jabouri, P.C.
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
October 18, 2023

Federal Compliance Section



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board of Education
Kirkwood School District R-7

We have audited, 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, the financial statements of the governmental activities and each major fund of the Kirkwood School District R-7 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated (DATE). Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
October 18, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Board of Education
Kirkwood School District R-7

Report on Compliance for Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kirkwood School District R-7's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schowalter + Jabouri, P.C.
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
October 18, 2023

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Program Title	Federal Assistance Listing Number	Pass-Through Identification Number	Total Federal Expenditures
U.S. Department of Education			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I	84.010	096-092	\$ 161,029
Title II A	84.367	096-092	124,989
Title IV	84.424	096-092	12,515
Special Education Cluster (IDEA):			
Early Childhood Special Education	84.173	096-092	28,733
COVID-19: ARP Early Childhood Special Education	84.173X	096-092	24,872
Total Special Education Cluster (IDEA)			<u>53,605</u>
Education Stabilization Fund:			
COVID-19: ESSER I	84.425D	096-092	43,241
COVID-19: ESSER II	84.425D	096-092	51,654
COVID-19: Grow Your Own Grant	84.425D	096-092	1,880
COVID-19: Teacher Retention Grant	84.425D	096-092	51,867
Subtotal Assistance Listing 84.425D			<u>148,642</u>
COVID-19: ESSER III	84.425U	096-092	405,353
COVID-19: Transportation Supplement	84.425C	096-092	710
Subtotal Education Stabilization Fund			<u>554,705</u>
Passed through Special School District of St. Louis County:			
Carl Perkins Career and Technical Education	84.048	096-092	<u>31,232</u>
Total U.S. Department of Education:			<u>938,075</u>
U.S. Department of Agriculture			
Passed through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch	10.555	096-092	592,212
COVID-19: Supply Chain Assistance Funds	10.555	096-092	161,850
Food Distribution	10.555	096-092	109,116
Subtotal Assistance Listing 10.555			<u>863,178</u>
National School Breakfast	10.553	096-092	100,136
DOD Fresh Fruits and Vegetable Program	10.582	096-092	32,109
Subtotal Child Nutrition Cluster			<u>995,423</u>
Passed through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	22CACFP	8,138
Child and Adult Care Food Program	10.558	22CACFP-CIL	3,141
Child and Adult Care Food Program	10.558	23CACFP	18,967
Child and Adult Care Food Program	10.558	23CACFP-CIL	7,095
Subtotal Assistance Listing 10.558			<u>37,341</u>
Total U.S. Department of Agriculture:			<u>1,032,764</u>

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Expenditures of Federal Awards (continued)

Program Title	Assistance Listing Number	Pass - Through Identification Number	Expenditures
U.S. Department of Health and Human Services			
Passed through Missouri Department of Health and Senior Services:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CK000546-02R	80,670
Passed through Missouri Department of Elementary and Secondary Education:			
Kindergarten Entry Assessment	93.434	096-092	<u>2,200</u>
477 Cluster:			
Child Care and Development Block Grant:			
KECC Retention of Childcare Staff	93.575	096-092	174,350
KECC Annual Training Costs for Childcare	93.575	096-092	11,895
KECC Enhancement	93.575	096-092	<u>10,000</u>
Subtotal Assistance Listing 93.575 and 477 Cluster			<u>196,245</u>
Total U.S. Department of Health and Human Services:			<u>279,115</u>
TOTAL			<u><u>\$ 2,249,954</u></u>

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Expenditures of Federal Awards (continued)

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information reported in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 - Indirect cost Rate

The District has elected not to use the ten (10) percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 5 - Insurance

The District did not have any federal insurance in effect during the year ended June 30, 2023.

Note 6 - Loans/Loan Guarantees

The District did not have any loans or loan guarantees outstanding as of June 30, 2023.

Note 7 - Subrecipients

The District did not provide federal awards to any subrecipients during the year ended June 30, 2023.

Note 8 - Donated Personal Protective Equipment (Unaudited)

The District did not receive donations of personal protective equipment during the year ended June 30, 2023.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified on the modified cash basis
of accounting

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified
not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements
noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified
not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------------	---

10.553, 10.555 and 10.582	Child Nutrition Cluster
---------------------------	-------------------------

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

2. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards.