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

JUNE 30, 2021

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.....	27
Special Revenue Fund	28
Debt Service Fund.....	29
Capital Projects Fund	30
Note to Budgetary Comparison Information.....	31
Combining Balance Sheet – Modified Cash Basis – Debt Service Fund by Component Unit.....	32
Combining Balance Sheet – Modified Cash Basis – Capital Projects Fund by Component Unit.....	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Debt Service Fund by Component Unit.....	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Capital Projects Fund by Component Unit.....	35
Schedule of Selected Statistics.....	36
Report on Compliance – State Requirements.....	41

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>	42
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	44
Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questions Costs	49



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and each major fund of the District as of June 30, 2021, and the respective changes in financial position – modified cash basis for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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

As discussed in Note 9 to the financial statements, in March of 2020, the World Health Organization declared COVID-19 to constitute a "public health emergency of international concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

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 15, 2021 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.
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
October 15, 2021

Basic Financial Statements

KIRKWOOD SCHOOL DISTRICT R-7

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2021**

	Governmental Activities
ASSETS:	
Cash and investments	\$ 111,596,421
Cash and investments - restricted	5,119,152
	<hr/>
TOTAL ASSETS	\$ 116,715,573
	<hr/> <hr/>
LIABILITIES:	
Payroll liabilities	\$ 2,308,604
	<hr/>
Total Liabilities	2,308,604
	<hr/>
NET POSITION:	
Restricted for:	
Certified employees' compensation and benefits	202,902
Debt service	2,852,987
Maintenance	2,882,455
Technology	1,814,640
Prop I	481,076
Prop R	61,263,687
Unrestricted	44,909,222
	<hr/>
Total Net Position	114,406,969
	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 116,715,573
	<hr/> <hr/>

See accompanying notes to basic financial statements

KIRKWOOD SCHOOL DISTRICT R-7

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions and Bond Proceeds	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 46,903,093	\$ 911,768	\$ 3,110,256	\$ 16,009	\$ (42,865,060)
Attendance	453,723	-	-	-	(453,723)
Guidance	2,288,660	-	-	-	(2,288,660)
Health services	520,839	-	-	-	(520,839)
Improvement of instruction	1,017,577	-	88,370	-	(929,207)
Professional development	1,965	-	-	-	(1,965)
Media services	1,614,224	-	-	10,391	(1,603,833)
Board of Education services	316,453	-	-	-	(316,453)
General administration	3,741,539	-	-	-	(3,741,539)
Building level administration	5,275,163	-	-	-	(5,275,163)
Business, fiscal and internal services	654,747	-	-	-	(654,747)
Operation of plant	8,441,594	-	289,822	2,533	(8,149,239)
Security services	649,803	-	-	-	(649,803)
Transportation	975,471	769	173,175	-	(801,527)
Food service	992,907	-	1,081,558	-	88,651
Printing and publishing services	274,981	9,212	-	-	(265,769)
Central office support	67,716	-	543	-	(67,173)
Community services	2,818,862	1,761,814	329,675	21,000	(706,373)
Facilities	4,662,445	-	-	2,707,398	(1,955,047)
Debt services:					
Principal retirements	8,430,000	-	-	56,220,000	47,790,000
Interest and other	1,374,234	-	-	5,478,936	4,104,702
TOTAL GOVERNMENTAL ACTIVITIES	\$ 91,475,996	\$ 2,683,563	\$ 5,073,399	\$ 64,456,267	(19,262,767)

General Revenues

Taxes:	
Property taxes, levied for general purposes	16,289,949
Property taxes, levied for special revenue fund	42,388,013
Property taxes, levied for debt services	4,448,826
Property taxes, levied for capital projects	5,753,050
Sales tax	5,695,187
Financial institution tax/M&M surtax	2,476,921
Other taxes:	
State assessed railroad and utility	1,064,486
Fines	44,465
State - basic formula	943,532
State - classroom trust fund	2,258,040
Investment earnings	262,076
Miscellaneous	358,065

TOTAL GENERAL REVENUES 81,982,610

CHANGE IN NET POSITION 62,719,843

NET POSITION, BEGINNING OF YEAR 51,687,126

NET POSITION, END OF YEAR \$ 114,406,969

See accompanying notes to basic financial statements

KIRKWOOD SCHOOL DISTRICT R-7

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
-- ASSETS --					
Cash and investments	\$ 44,079,855	\$ 2,288,445	\$ 2,852,987	\$ 62,375,134	\$ 111,596,421
Cash and investments-restricted	5,119,152	-	-	-	5,119,152
TOTAL ASSETS	\$ 49,199,007	\$ 2,288,445	\$ 2,852,987	\$ 62,375,134	\$ 116,715,573
-- LIABILITIES AND FUND BALANCES --					
LIABILITIES:					
Payroll liabilities	\$ 223,061	\$ 2,085,543	\$ -	\$ -	\$ 2,308,604
Total Liabilities	223,061	2,085,543	-	-	2,308,604
FUND BALANCES:					
Restricted for:					
Certificated employees' compensation and benefits	-	202,902	-	-	202,902
Debt service	-	-	2,852,987	-	2,852,987
Prop I	-	-	-	481,076	481,076
Prop R	-	-	-	61,263,687	61,263,687
Maintenance	2,252,084	-	-	630,371	2,882,455
Technology	1,814,640	-	-	-	1,814,640
Committed:					
Self-funded insurance	5,119,152	-	-	-	5,119,152
Assigned:					
Kirkwood Early Childhood Center	765,268	-	-	-	765,268
Student activities	2,461,978	-	-	-	2,461,978
Unassigned	36,562,824	-	-	-	36,562,824
Total Fund Balances	48,975,946	202,902	2,852,987	62,375,134	114,406,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,199,007	\$ 2,288,445	\$ 2,852,987	\$ 62,375,134	\$ 116,715,573

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 FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES:					
Local sources:					
Property taxes	\$ 16,289,949	\$ 42,388,013	\$ 4,448,826	\$ 5,753,050	\$ 68,879,838
School District Trust Fund (Prop C)	3,559,492	2,135,695	-	-	5,695,187
Financial institution tax/M&M surtax	1,531,200	482,000	-	460,000	2,473,200
Investment income	180,195	3,915	59,277	18,890	262,277
Student activities and fundraising	763,604	-	-	-	763,604
Community services	10,589	-	-	-	10,589
Pre-Kg tuition	1,751,225	-	-	-	1,751,225
Rentals	132,620	-	-	-	132,620
Other local	1,403,107	-	-	1,757,738	3,160,845
Total Local	25,621,981	45,009,623	4,508,103	7,989,678	83,129,385
County sources:					
State assessed utilities	236,387	615,046	102,413	110,640	1,064,486
Other county	-	44,465	-	-	44,465
Total County	236,387	659,511	102,413	110,640	1,108,951
State sources:					
Basic formula	2,494,428	707,649	-	-	3,202,077
State grants and contributions	1,127,207	1,004,588	-	-	2,131,795
Total State	3,621,635	1,712,237	-	-	5,333,872
Federal grants and contributions	1,498,361	248,213	177,332	988,544	2,912,450
Other	12,245	-	-	-	12,245
Total Revenues	30,990,609	47,629,584	4,787,848	9,088,862	92,496,903
EXPENDITURES:					
Current:					
Instruction	5,459,095	41,230,365	-	-	46,689,460
Attendance/social worker	374,565	79,158	-	-	453,723
Guidance	112,729	2,175,931	-	-	2,288,660
Health services	520,839	-	-	-	520,839
Improvement of instruction	343,698	673,879	-	-	1,017,577
Professional development	1,832	133	-	-	1,965
Media services	912,565	682,648	-	-	1,595,213
Board of Education services	316,453	-	-	-	316,453
General administration	2,537,579	513,001	-	-	3,050,580
Building level administration	2,015,056	3,191,003	-	-	5,206,059
Business, fiscal and internal services	652,317	-	-	-	652,317
Operation of plant	8,345,713	-	-	-	8,345,713
Security services	640,193	-	-	-	640,193
Transportation	975,471	-	-	-	975,471
Food service	992,907	-	-	-	992,907
Printing and publishing services	272,934	-	-	-	272,934
Central office support	67,716	-	-	-	67,716
Community services	2,299,945	491,466	-	-	2,791,411
Capital outlay	-	-	-	5,792,571	5,792,571
Debt services:					
Principal retirements	-	-	8,430,000	-	8,430,000
Interest	-	-	967,918	-	967,918
Other charges	-	-	5,450	400,866	406,316
Total Expenditures	26,841,607	49,037,584	9,403,368	6,193,437	91,475,996

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 FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,149,002	(1,408,000)	(4,615,520)	2,895,425	1,020,907
OTHER FINANCING SOURCES (USES):					
Sale of leasehold revenue bonds					
Transfers in (out)	-	-	2,587,640	(2,587,640)	-
Sale of bonds	-	-	-	56,220,000	56,220,000
Bond premium	-	-	-	5,478,936	5,478,936
Total Other Financing Sources (Uses)	-	-	2,587,640	59,111,296	61,698,936
NET CHANGE IN FUND BALANCES	4,149,002	(1,408,000)	(2,027,880)	62,006,721	62,719,843
FUND BALANCES, BEGINNING OF YEAR	44,826,944	1,610,902	4,880,867	368,413	51,687,126
FUND BALANCES, END OF YEAR	\$ 48,975,946	\$ 202,902	\$ 2,852,987	\$ 62,375,134	\$ 114,406,969

See accompanying notes to basic financial statements

KIRKWOOD SCHOOL DISTRICT R-7

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 is used 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 is used 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 2020 and 2019 for purposes of local taxation were \$1,665,997,680 and \$1,648,228,770, respectively.

The blended tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2020 and 2019 for purposes of local taxation were:

	December 31, 2020	December 31, 2019
General Fund	\$ 0.9916	\$ 0.9806
Special Revenue Fund	2.5800	2.5800
Capital Projects Fund	0.3500	0.3700
Debt Service Fund	0.2700	0.3640
Total	\$ 4.1916	\$ 4.2946

The receipts of current property taxes during the fiscal year ended June 30, 2021, aggregated approximately 97% of the current 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, 2021.

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 or 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.

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, 2021, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. There was no impact on the financial statements as a result of the implementation.

2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law. The depository bank is to pledge 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 Revised Statutes. The District may invest the funds in bonds or any instrument permitted by

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

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, 2021 are as follows:

<u>Type</u>	<u>Carrying Value</u>
Kirkwood School District	
Deposits:	
Demand deposits	\$ 108,221,001
Nonnegotiable certificates of deposit	3,100,000
	<u>111,321,001</u>
Investments:	
MOSIP:	
Money market mutual funds	5,394,572
	<u>5,394,572</u>
Total District Deposits and Investments	<u>\$ 116,715,573</u>
Reconciliation to financial statements:	
Current:	
Cash and investments	\$ 111,596,421
Cash and investments - restricted	5,119,152
	<u>\$ 116,715,573</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, 2021, 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, 2021 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, 2021, 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, 2021, none of the District's investments were subject to concentration of investment credit risk.

3. GENERAL LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities (excluding the Kirkwood School District Facilities Authority leasehold revenue bonds) for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	\$ 8,692,000	\$ 56,220,000	\$ 6,275,000	\$ 58,637,000	\$ 3,162,000
Capital lease obligations	-	4,885,729	-	4,885,729	1,217,542
Sale leaseback agreement	-	1,700,000	-	1,700,000	332,108
Total	<u>\$ 8,692,000</u>	<u>\$ 62,805,729</u>	<u>\$ 6,275,000</u>	<u>\$ 65,222,729</u>	<u>\$ 4,711,650</u>

Payments on the general obligation bonds are made by the debt service fund. The obligations under capital leases and the sale leaseback agreement are paid by the capital projects fund.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Bonds Payable

Bonds payable at June 30, 2021 consist of:

\$33,575,000 taxable general obligation bonds, Series 2010 (Build America Bonds); issued on December 21, 2010; due in varying installments through February 15, 2023; interest at a variable rate ranging from 1.682% to 5.192% and is payable on February 15 and August 15 of each year	\$ 2,417,000
\$56,220,000 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	<u>56,220,000</u>
Total	<u><u>\$ 58,637,000</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. On June 30, 2021, \$1,815,000 of bonds outstanding are defeased. The purpose of the defeasance was to reduce the District's debt in anticipation of an April 2021 bond referendum.

In April 2021 Proposition R was approved by the voters to issue the \$56,220,000 in nontaxable general obligation bonds on June 1, 2021. The Bonds will be 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, 2021, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,162,000	\$ 1,543,945	\$ 4,705,945
2023	3,375,000	1,790,635	5,165,635
2024	3,690,000	1,561,400	5,251,400
2025	3,920,000	1,413,800	5,333,800
2026	4,230,000	1,257,000	5,487,000
2027-2031	24,210,000	3,714,050	27,924,050
2032-2034	16,050,000	646,200	16,696,200
Total	\$ 58,637,000	\$ 11,927,030	\$ 70,564,030

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, 2021, was:

Constitutional debt limit	\$ 249,899,652
General obligation bonds payable	(58,637,000)
Amount available in Debt Service Fund	<u>2,852,987</u>
 Legal Debt Margin	 <u><u>\$ 194,115,639</u></u>

Capital Leases

The District is obligated under two lease agreements classified as capital leases for the purchase of technology equipment, and an HVAC system. The following is a schedule of future minimum lease payments under the capital leases:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 1,245,384
2023	1,245,384
2024	1,245,384
2025	616,808
2026	<u>616,808</u>
Total future minimum lease payments	4,969,768
Less amount representing interest	<u>(84,039)</u>
Present value of future minimum lease payments	<u><u>\$ 4,885,729</u></u>

Sale Leaseback Agreement

During the year ended June 30, 2021, 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%.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

The following is a schedule by years of future minimum lease payments required under the master lease and sublease:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 351,900
2023	351,900
2024	351,900
2025	351,900
2026	351,900
Total future minimum lease payments	<u>1,759,500</u>
Less amount representing interest	(59,500)
Present value of future minimum lease payments	<u><u>\$ 1,700,000</u></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, 2021:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
Leasehold revenue bonds payable	\$ 11,930,000	\$ -	\$ 2,155,000	\$ 9,775,000	\$ 2,305,000
	<u>\$ 13,985,000</u>	<u>\$ -</u>	<u>\$ 2,155,000</u>	<u>\$ 9,775,000</u>	<u>\$ 2,305,000</u>

Bonds Payable

Bonds payable at June 30, 2021 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	\$ 8,595,000
\$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>1,180,000</u>
Total bonds payable at June 30, 2021	<u><u>\$ 9,775,000</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,305,000	\$ 331,040	\$ 2,636,040
2023	2,375,000	263,930	2,638,930
2024	2,500,000	194,403	2,694,403
2025	2,595,000	99,277	2,694,277
Total	<u><u>\$ 9,775,000</u></u>	<u><u>\$ 888,650</u></u>	<u><u>\$ 10,663,650</u></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. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service at retirement. 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.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

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 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-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 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 2018, 2019 and 2020. 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 2019, 2020 and 2021. 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.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

The District's contributions to PSRS and PEERS were \$5,275,405 and \$784,380, respectively, for the year ended June 30, 2021.

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 during the year ended June 30, 2021 were \$913,418. 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

Early Retirement Incentive

The District has an early retirement incentive program (ERIP), in which retirees receive wage and/or health insurance premium payments. Payments to retirees cease three years after they begin. There are currently 67 employees participating in the District's ERIP.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

Operating Leases

The District has operating leases for solar panels. Payments related to these leases for the year ended June 30, 2021 totaled \$10,800.

Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	
2022	\$ 10,800
2023	10,800
2024	10,800
2025	10,800
2026	10,800
2027-2031	54,000
2032-2033	19,800
Total	\$ 127,800

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, 2021. 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.

Coronavirus Pandemic

In March of 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "public health emergency of international concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of the situation precludes any prediction as to the

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

ultimate material adverse impact on the District's future financial operating performance and financial condition.

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, 345 retirees participating in the District's insurance plans paid premiums totaling approximately \$1,536,000.

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

11. TAX ABATEMENTS

As of June 30, 2021, the District is subject to the following tax abatement programs initiated by other governmental entities:

	<u>Real Estate Tax and Surcharge</u>
Enhanced enterprise zones	
City of Hazelwood	\$ 1,227
City of Berkeley	102
Industrial development bonds/ St. Louis County Chapter 100	
City of Bellerive	485
City of Bridgeton	15
City of Clayton	5,410
City of Eureka	488
City of Ferguson	916
City of Hazelwood	7,172
City of Jennings	25
City of Maryland Heights	104
St. Louis County	30,245
St. Louis County Port Authority	3,111
Urban redevelopment corporations	
City of Bridgeton	3,435
City of Clayton	114
City of Ferguson	157
City of Hazelwood	17,383
City of Maryland Heights	1,909
St. Louis County	1,999
City of Brentwood	1,572
City of Edmundson	3,452
City of Frontenac	1,396
City of Kinloch	6,779
City of Maplewood	1,039
City of Olivette	386
City of Overland	1,363
City of Richmond Heights	1,366
City of Rock Hill	395
City of Sunset Hills	24
City of Wellston	141
City of Woodson Terrace	29
Total	\$ 92,237

KIRKWOOD SCHOOL DISTRICT R-7

Notes to Basic Financial Statements (continued)

12. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In June 2017, the GASB approved Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the requirements of Statement No. 87 are effective for reporting periods beginning after June 15, 2021.

The effects on the District's financial statements as a result of the adoption of this new pronouncement is unknown.

13. SUBSEQUENT EVENTS

On September 10, 2021, the District purchased the J. Milton Turner building for \$3.5M to serve as the new location for the Administrative Service Center and financed \$875,000 of the purchase cost with a 10 year tax exempt loan.

The District expects to occupy approximately 25% of the office space in the building and will lease the remaining 75% to existing commercial tenants. Lease income is expected to cover the operating and loan expense of the building.

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 FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local	\$ 27,924,101	\$ 29,519,696	\$ 25,621,981	\$ (3,897,715)
County	302,750	302,750	236,387	(66,363)
State	4,136,363	3,703,904	3,621,635	(82,269)
Federal	669,150	1,048,176	1,498,361	450,185
Other	-	44,100	12,245	(31,855)
Total Revenues	33,032,364	34,618,626	30,990,609	(3,628,017)
EXPENDITURES:				
Current:				
Instruction	6,653,073	6,885,433	5,459,095	1,426,338
Attendance	275,361	514,128	374,565	139,563
Guidance	112,840	121,425	112,729	8,696
Health services	521,622	551,176	520,839	30,337
Improvement of instruction	430,943	482,160	343,698	138,462
Professional development	-	12,754	1,832	10,922
Media services	2,435,516	984,841	912,565	72,276
Board of Education services	241,050	325,362	316,453	8,909
Executive administration	1,166,495	2,549,470	2,537,579	11,891
Building level administration	1,937,627	2,149,598	2,015,056	134,542
Business, fiscal and internal services	1,094,631	653,466	652,317	1,149
Operation of plant	8,451,543	9,239,742	8,345,713	894,029
Security services	826,464	785,366	640,193	145,173
Pupil transportation	1,315,016	1,178,911	975,471	203,440
Food service	1,500,486	1,498,950	992,907	506,043
Printing and publishing services	-	383,525	272,934	110,591
Central office support	-	72,096	67,716	4,380
Community services	3,434,210	3,598,203	2,299,945	1,298,258
Total Expenditures	30,396,877	31,986,606	26,841,607	5,144,999
NET CHANGE IN FUND BALANCE	2,635,487	2,632,020	4,149,002	1,516,982
FUND BALANCE, BEGINNING OF YEAR	44,826,944	44,826,944	44,826,944	-
FUND BALANCE, END OF YEAR	\$ 47,462,431	\$ 47,458,964	\$ 48,975,946	\$ 1,516,982

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 FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local	\$ 45,943,962	\$ 45,120,480	\$ 45,009,623	\$ (110,857)
County	607,250	607,250	659,511	52,261
State	1,828,200	1,958,527	1,712,237	(246,290)
Federal	163,850	225,047	248,213	23,166
Total Revenues	48,543,262	47,911,304	47,629,584	(281,720)
EXPENDITURES:				
Current:				
Instruction	40,888,583	41,414,105	41,230,365	183,740
Attendance	80,270	79,171	79,158	13
Guidance	1,982,902	2,179,314	2,175,931	3,383
Improvement of instruction	814,061	693,344	673,879	19,465
Professional development	-	61,910	133	61,777
Media services	816,525	682,694	682,648	46
Executive administration	272,309	513,000	513,001	(1)
Building level administration	3,177,502	3,191,305	3,191,003	302
Community services	511,110	577,382	491,466	85,916
Total Expenditures	48,543,262	49,392,225	49,037,584	354,641
NET CHANGE IN FUND BALANCE	-	(1,480,921)	(1,408,000)	72,921
FUND BALANCE, BEGINNING OF YEAR	1,610,902	1,610,902	1,610,902	-
FUND BALANCE, END OF YEAR	\$ 1,610,902	\$ 129,981	\$ 202,902	\$ 72,921

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 FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local	\$ 4,506,586	\$ 4,533,425	\$ 4,508,103	\$ (25,322)
County	94,500	94,500	102,413	7,913
Federal	174,233	174,233	177,332	3,099
Total Revenues	4,775,319	4,802,158	4,787,848	(14,310)
EXPENDITURES:				
Debt Services:				
Principal retirements	6,275,000	6,275,000	6,275,000	-
Interest	535,278	535,278	535,278	-
Other charges	15,000	15,000	5,450	9,550
Total Expenditures	6,825,278	6,825,278	6,815,728	9,550
NET CHANGE IN FUND BALANCE	(2,049,959)	(2,023,120)	(2,027,880)	(4,760)
FUND BALANCE, BEGINNING OF YEAR	4,880,867	4,880,867	4,880,867	-
FUND BALANCE, END OF YEAR	\$ 2,830,908	\$ 2,857,747	\$ 2,852,987	\$ (4,760)

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 FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 5,498,517	\$ 7,946,767	\$ 7,989,678	\$ 42,911
County	-	-	110,640	110,640
Federal	9,000	1,020,660	988,544	(32,116)
Total Revenues	5,507,517	8,967,427	9,088,862	121,435
EXPENDITURES:				
Current:				
Instruction	3,000	112,024	213,633	(101,609)
Media services	483,308	49,813	19,011	30,802
Executive administration	-	703,853	690,960	12,893
Building level administration	25,000	69,104	69,104	-
Business, fiscal and internal services	-	2,430	2,430	-
Operation of plant	81,500	101,661	95,881	5,780
Food service	-	1,536	-	1,536
Security services	-	9,610	9,610	-
Printing and publishing services	-	2,047	2,047	-
Community services	-	30,000	27,451	2,549
Capital outlay	2,248,677	5,817,922	4,662,444	1,155,478
Debt services:				
Lease payments to facilities authority	2,587,640	2,587,640	2,587,640	-
Principal retirements	71,312	-	-	-
Interest	1,500	-	-	-
Other charges	4,000	401,482	400,866	616
Total Expenditures	5,505,937	9,889,122	8,781,077	1,108,045
OTHER FINANCING SOURCES:				
Sale of bonds	-	56,220,000	56,220,000	-
Bond premiums	-	5,478,936	5,478,936	-
Total Other Financing Sources	-	61,698,936	61,698,936	-
NET CHANGE IN FUND BALANCE	1,580	60,777,241	62,006,721	1,229,480
FUND BALANCE, BEGINNING OF YEAR	368,413	368,413	368,413	-
FUND BALANCE, END OF YEAR	\$ 369,993	\$ 61,145,654	\$ 62,375,134	\$ 1,229,480

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

KIRKWOOD SCHOOL DISTRICT R-7

**NOTE TO BUDGETARY COMPARISON INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 22, 2020 and as amended on July 26, 2021.

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.

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
DEBT SERVICE FUND BY COMPONENT UNIT
JUNE 30, 2021**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Total
-- ASSETS --			
ASSETS:			
Cash and investments	\$ 2,852,987	\$ -	\$ 2,852,987
TOTAL ASSETS	\$ 2,852,987	\$ -	\$ 2,852,987
-- FUND BALANCES --			
FUND BALANCES:			
Restricted for debt service	\$ 2,852,987	\$ -	\$ 2,852,987
TOTAL FUND BALANCES	\$ 2,852,987	\$ -	\$ 2,852,987

See accompanying independent auditors' report

KIRKWOOD SCHOOL DISTRICT R-7

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
CAPITAL PROJECTS FUND BY COMPONENT UNIT
JUNE 30, 2021**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Total
-- ASSETS --			
ASSETS:			
Cash and investments	\$ 62,375,134	\$ -	\$ 62,375,134
TOTAL ASSETS	\$ 62,375,134	\$ -	\$ 62,375,134
-- FUND BALANCES --			
FUND BALANCES:			
Fund balances:			
Restricted for:			
Prop I	\$ 481,076	\$ -	\$ 481,076
Prop R	61,263,687	-	61,263,687
Maintenance	630,371	-	630,371
TOTAL FUND BALANCES	\$ 62,375,134	\$ -	\$ 62,375,134

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 FISCAL YEAR ENDED JUNE 30, 2021**

	Kirkwood School District	Kirkwood School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ 4,508,103	\$ -	\$ -	\$ 4,508,103
County	102,413	-	-	102,413
Federal	177,332	-	-	177,332
Lease/purchase payments from the District	-	2,587,640	(2,587,640)	-
Total Revenues	4,787,848	2,587,640	(2,587,640)	4,787,848
EXPENDITURES:				
Debt service:				
Principal retirements	6,275,000	2,155,000	-	8,430,000
Interest	535,278	432,640	-	967,918
Other charges	5,450	-	-	5,450
Total Expenditures	6,815,728	2,587,640	-	9,403,368
EXCESS OF REVENUES UNDER EXPENDITURES	(2,027,880)	-	(2,587,640)	(4,615,520)
OTHER FINANCING SOURCES:				
Transfers in	-	-	2,587,640	2,587,640
NET CHANGE IN FUND BALANCES	(2,027,880)	-	-	(2,027,880)
FUND BALANCES, BEGINNING OF YEAR	4,880,867	-	-	4,880,867
FUND BALANCES, END OF YEAR	\$ 2,852,987	\$ -	\$ -	\$ 2,852,987

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 FISCAL YEAR ENDED JUNE 30, 2021**

	Kirkwood School District	School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ 7,989,678	\$ -	\$ -	\$ 7,989,678
County	110,640	-	-	110,640
Federal	988,544	-	-	988,544
Total Revenues	9,088,862	-	-	9,088,862
EXPENDITURES:				
Capital outlay	5,792,571	-	-	5,792,571
Debt service:				
Lease/purchase payments to the Authority	2,587,640	-	(2,587,640)	-
Other charges	400,866	-	-	400,866
Total Expenditures	8,781,077	-	(2,587,640)	6,193,437
EXCESS OF REVENUES OVER EXPENDITURES	307,785	-	2,587,640	2,895,425
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(2,587,640)	(2,587,640)
Sale of bonds	56,220,000	-	-	56,220,000
Bond premium	5,478,936	-	-	5,478,936
Total Other Financing Sources (Uses)	61,698,936	-	(2,587,640)	59,111,296
NET CHANGE IN FUND BALANCES	62,006,721	-	-	62,006,721
FUND BALANCES, BEGINNING OF YEAR	368,413	-	-	368,413
FUND BALANCES, END OF YEAR	\$ 62,375,134	\$ -	\$ -	\$ 62,375,134

See accompanying independent auditors' report

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF SELECTED STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	-	6.5833	170	1,066.7830
3000	6	8	-	6.5000	169	1,054.9170
3025	6	8	-	6.5000	169	1,052.7170
5000	K	5	-	6.5833	168	1,090.5830
5020	K	5	-	6.5833	168	1,090.5830
5060	K	5	-	6.5833	168	1,090.5830
6000	K	5	-	6.5833	168	1,090.5830
6020	K	5	-	6.5833	168	1,090.5830
7500	K	K	-	6.5833	168	1,090.5830

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	1,283,379.3456	404,920.5635	-	42,975.8472	2,802.1600	1,734,077.9163
3000	6-8	670,989.7255	5,651.7548	-	4,552.1742	-	681,193.6545
3025	6-8	628,485.3511	424.4253	-	11,191.8387	-	640,101.6151
5000	K-5	547,517.3156	1,441.9756	-	6,489.5764	-	555,448.8676
5020	K-5	586,754.2111	146.2500	-	-	-	586,900.4611
5060	K-5	496,508.9979	397.5120	-	7,319.8258	-	504,226.3357
6000	K-5	487,457.3957	1,076.7184	-	3,116.1094	-	491,650.2235
6020	K-5	562,446.7754	411.0180	-	2,098.9965	-	564,956.7899
7500	K-K	-	-	-	-	-	-
		<u>5,263,539.1179</u>	<u>414,470.2176</u>	<u>-</u>	<u>77,744.3682</u>	<u>2,802.1600</u>	<u>5,758,555.8637</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	1,557.00	159.98	44.43	1,761.41
3000	6-8	690.00	4.21	5.00	699.21
3025	6-8	627.00	0.44	12.00	639.44
5000	K-5	519.00	1.14	7.00	527.14
5020	K-5	576.00	0.24	-	576.24
5060	K-5	491.00	0.94	8.00	499.94
6000	K-5	481.00	0.04	3.00	484.04
6020	K-5	531.00	1.20	2.00	534.20
7500	K-K	-	-	-	-
		<u>5,472.00</u>	<u>168.19</u>	<u>81.43</u>	<u>5,721.62</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	115.71	14.72	23.42	3.86	157.71
3000	66.13	2.00	1.00	1.00	70.13
3025	42.00	4.00	9.00	1.00	56.00
5000	17.00	5.00	6.00	N/A	28.00
5020	54.07	1.00	N/A	N/A	55.07
5060	66.00	8.00	2.00	1.00	77.00
6000	25.00	2.00	2.00	N/A	29.00
6020	35.24	4.00	N/A	1.00	40.24
7500	-	-	N/A	N/A	-
	<u>421.15</u>	<u>40.72</u>	<u>43.42</u>	<u>7.86</u>	<u>513.15</u>

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

Notes:	

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:	\$1,965
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.

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Selected Statistics (continued)

Finding:	

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 	666.0 <hr/> 63.5
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:	100,154
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) 	91,452 <hr/> 8,702
6.7	Number of days the District operated the school transportation system during the regular school year:	108

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, 2021, and have issued our report thereon dated October 15, 2021. 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, 2021. 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, 2021. 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, 2021.

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 15, 2021

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 fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2021. 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.

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.

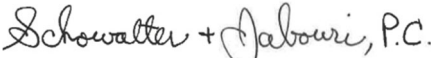
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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 15, 2021



**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

We have audited the Kirkwood School District R-7's (the "District") compliance with the types of compliance requirements described 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, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program

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 its major federal program for the fiscal year ended June 30, 2021.

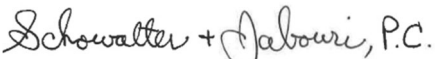
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

St. Louis, Missouri
October 15, 2021

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Program Title	Federal Assistance Listing Number	Pass - Through Identification Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I	84.010	096-092	\$ 174,102
Title II A	84.367	096-092	68,252
Title IV	84.424	096-092	12,698
Early Childhood Special Education	84.173	096-092	35,194
Education Stabilization Fund:			
COVID-19: Transportation Supplement (GEER Fund)	84.425C	096-092	13,773
COVID-19: CARES ESSER I	84.425D	096-092	220,015
COVID-19: CARES ESSER II	84.425D	096-092	532,420
Subtotal Assistance Listing 84.425			<u>752,435</u>
Subtotal Education Stabilization Fund			<u>766,208</u>
Passed through Special School District of St. Louis County: Carl Perkins Career and Technical Education	84.048	096-092	<u>21,494</u>
Total U.S. Department of Education			<u>1,077,948</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch	10.555	096-092	686,533
Food Distribution	10.555	096-092	65,977
COVID-19: CARES Food & Nutrition Lunch Program	10.555	096-092	73,975
COVID-19: CARES Food & Nutrition Breakfast Program	10.555	096-092	39,069
Subtotal Assistance Listing 10.555			<u>865,554</u>
National School Breakfast	10.553	096-092	<u>271,364</u>
Subtotal Child Nutrition Cluster			<u>1,136,918</u>
Fresh Fruits and Vegetables Program	10.582	096-092	8,008
Passed through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	20CACFP	2,864
Child and Adult Care Food Program	10.558	21CACFP	13,232
COVID-19: CARES Child and Adult Care Food Program	10.558	20CACFP	801
Subtotal Assistance Listing 10.558			<u>16,897</u>
Total U.S. Department of Agriculture			<u>1,161,823</u>

KIRKWOOD SCHOOL DISTRICT R-7

Schedule of Expenditures of Federal Awards (continued)

Program Title	Federal Assistance Listing Number	Pass - Through Identification Number	Expenditures
U.S. Department of Health and Human Services:			
Passed through Missouri Department of Elementary and Secondary Education: Missouri School Health Profiles	93.079	096-092	<u>150</u>
Total U.S. Department of Health and Human Services			<u>150</u>
U.S. Department of the Treasury:			
Passed through Missouri Department of Elementary and Secondary Education:			
COVID-19: Coronavirus Relief Fund - K-12 Support	21.019	096-092	417,240
COVID-19: Coronavirus Relief Fund - Student Connectivity Access	21.019	096-092	10,391
COVID-19: Coronavirus Relief Fund - Response Supply	21.019	096-092	42,745
COVID-19: Coronavirus Relief Fund - Sub Fingerprint	21.019	096-092	543
Passed through St. Louis County, Missouri			
COVID-19: Coronavirus Relief Fund - Response Supply	21.019	096-092	128,237
COVID-19: Coronavirus Relief Fund - Childcare	21.019	096-092	<u>24,000</u>
Subtotal Assistance Listing 21.019			<u>623,156</u>
Total U.S. Department of the Treasury			<u>623,156</u>
TOTAL			<u>\$ 2,863,077</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 fiscal year ended June 30, 2021. 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 fiscal year ended June 30, 2021.

Note 6 - Loans/Loan Guarantees

The District did not have any loans or loan guarantees outstanding as of June 30, 2021.

Note 7 - Subrecipients

The District did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2021.

Note 8 - Donated Personal Protective Equipment (Unaudited)

The District received donations of personal protective equipment in the amount of approximately \$48,000 during the fiscal year ended June 30, 2021.

KIRKWOOD SCHOOL DISTRICT R-7

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 report

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 report

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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10.553 and 10.555	Child Nutrition Cluster
84.425C and 84.425D	Education Stabilization Fund

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.