

**RIVERVIEW GARDENS SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2019**

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

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## **Independent Auditors' Report**

Special Administrative Board  
Riverview Gardens School District

### **Report on the Financial Statements**

We have audited the accompanying modified accrual basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Riverview Gardens School District ("District") as of and for the year ended June 30, 2019, 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 accrual basis of accounting described in Note 1; this includes determining that the modified accrual 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 modified accrual basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverview Gardens School District as of June 30, 2019, and the respective changes in modified accrual basis financial position for the year then ended in accordance with the modified accrual 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 accrual 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The budgetary comparison schedules as listed on the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report January 8, 2020, 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 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.

*Kerber, Eck & Braeckel LLP*

St. Louis, Missouri  
January 8, 2020



# RIVERVIEW GARDENS SCHOOL DISTRICT

## STATEMENT OF NET POSITION - MODIFIED ACCRUAL BASIS

June 30, 2019

	Governmental activities
ASSETS	
Cash and temporary investments	\$ 20,673,367
Restricted cash and temporary investments	1,204,804
Receivables	
Property taxes receivable less allowance for uncollectible taxes of \$228,128	5,843,669
Sales tax	926,770
Grants	1,659,363
Inventory	56,109
Prepaid items	479,357
Total assets	30,843,439
LIABILITIES	
Accounts payable and other liabilities	899,301
Accrued payroll liabilities	4,043,635
Total liabilities	4,942,936
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	5,342,134
Deferred grant revenue	1,444,527
Total deferred inflows of resources	6,786,661
NET POSITION	
Restricted for	
Debt service	2,065,727
Capital projects	7,588,311
Unrestricted	9,459,804
Total net position	\$ 19,113,842

See notes to basic financial statements.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS

Year ended June 30, 2019

Function/Program	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Total governmental activities
Governmental activities				
Instruction	\$ 26,017,735	\$ 136,614	\$ 7,502,199	\$ (18,378,922)
Attendance	1,406,471	-	-	(1,406,471)
Guidance	1,489,010	-	-	(1,489,010)
Health, psychological and speech services	686,761	-	109,676	(577,085)
Improvement of instruction	2,210,148	-	-	(2,210,148)
Professional development	267,412	-	369,343	101,931
Media services	734,497	-	-	(734,497)
Board of Education services	127,582	-	-	(127,582)
Executive administration	3,494,208	-	-	(3,494,208)
Building level administration	3,713,229	-	-	(3,713,229)
Business and fiscal services	1,139,016	313,054	-	(825,962)
Operation of plant	6,853,389	-	-	(6,853,389)
Security services	1,887,525	-	-	(1,887,525)
Pupil transportation	1,788,540	61,658	223,819	(1,503,063)
Food services	3,548,051	11,687	3,776,435	240,071
Central office support services	1,710,881	-	-	(1,710,881)
Community services	3,851	21,597	-	17,746
Early childhood programs	2,334,616	-	-	(2,334,616)
Facilities acquisition and construction	559,163	-	17,689	(541,474)
Principal, interest and other expenses on long-term debt	4,108,710	-	-	(4,108,710)
Total governmental activities	<u>\$ 64,080,795</u>	<u>\$ 544,610</u>	<u>\$ 11,999,161</u>	(51,537,024)
General revenues				
Taxes				
Property taxes, levied for general purposes				8,309,584
Property taxes, levied for debt service				3,250,886
Sales taxes				5,683,163
M & M surtax				144,507
Interest and investment earnings				461,913
State aid				30,718,123
Miscellaneous				865,471
Total general revenues				<u>49,433,647</u>
Change in net position				(2,103,377)
Net position at July 1, 2018				<u>21,217,219</u>
Net position at June 30, 2019				<u>\$ 19,113,842</u>

See notes to basic financial statements.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and temporary investments	\$ 19,373,601	\$ -	\$ 1,299,101	\$ 665	\$ -	\$ 20,673,367
Restricted cash and temporary investments	-	-	1,204,804	-	-	1,204,804
Receivables						
Property taxes receivable less allowance for uncollectible taxes of \$228,128	4,203,660	-	1,640,009	-	-	5,843,669
Sales tax	926,770	-	-	-	-	926,770
Federal	1,467,372	-	191,991	-	-	1,659,363
Inventory	56,109	-	-	-	-	56,109
Prepaid items	479,357	-	-	-	-	479,357
Due from other funds	402,251	-	-	6,874,265	-	7,276,516
<b>Total assets</b>	<b>\$ 26,909,120</b>	<b>\$ -</b>	<b>\$ 4,335,905</b>	<b>\$ 6,874,930</b>	<b>\$ -</b>	<b>\$ 38,119,955</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$ 654,468	\$ -	\$ -	\$ 244,833	\$ -	\$ 899,301
Accrued payroll liabilities	4,043,635	-	-	-	-	4,043,635
Due to other funds	6,115,907	-	759,754	-	400,855	7,276,516
<b>Total liabilities</b>	<b>10,814,010</b>	<b>-</b>	<b>759,754</b>	<b>244,833</b>	<b>400,855</b>	<b>12,219,452</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	3,831,710	-	1,510,424	-	-	5,342,134
Deferred grants	1,444,527	-	-	-	-	1,444,527
<b>Total deferred inflows of resources</b>	<b>5,276,237</b>	<b>-</b>	<b>1,510,424</b>	<b>-</b>	<b>-</b>	<b>6,786,661</b>
<b>FUND BALANCES</b>						
Nonspendable						
Inventory	56,109	-	-	-	-	56,109
Prepaid items	479,357	-	-	-	-	479,357
Restricted						
Debt service	-	-	2,065,727	-	-	2,065,727
Capital projects	-	-	-	7,588,311	-	7,588,311
Unassigned	10,283,407	-	-	(958,214)	(400,855)	8,924,338
<b>Total fund balances</b>	<b>10,818,873</b>	<b>-</b>	<b>2,065,727</b>	<b>6,630,097</b>	<b>(400,855)</b>	<b>19,113,842</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,909,120</b>	<b>\$ -</b>	<b>\$ 4,335,905</b>	<b>\$ 6,874,930</b>	<b>\$ -</b>	<b>\$ 38,119,955</b>

See notes to basic financial statements.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Revenues</b>						
Local	\$ 10,842,204	\$ 4,130,630	\$ 3,354,160	\$ 38	\$ -	\$ 18,327,032
County	748,095	45,751	71,624	-	-	865,470
State	8,199,543	24,868,111	-	17,689	-	33,085,343
Federal	7,482,427	1,787,922	361,593	-	-	9,631,942
Other	67,631	-	-	-	-	67,631
Total revenues	27,339,900	30,832,414	3,787,377	17,727	-	61,977,418
<b>Expenditures</b>						
Current						
Instruction	4,461,313	21,170,305	-	386,117	-	26,017,735
Attendance	811,510	583,793	-	11,168	-	1,406,471
Guidance	55,475	1,428,326	-	5,209	-	1,489,010
Health, psychological and speech services	676,720	3,525	-	6,516	-	686,761
Improvement of instruction	667,286	1,542,862	-	-	-	2,210,148
Professional development	208,777	58,635	-	-	-	267,412
Media services	83,490	651,007	-	-	-	734,497
Board of Education services	127,582	-	-	-	-	127,582
Executive administration	1,477,424	2,016,784	-	-	-	3,494,208
Building level administration	1,198,516	2,514,713	-	-	-	3,713,229
Business and fiscal services	1,023,545	-	-	115,471	-	1,139,016
Operation of plant	6,549,144	-	-	304,245	-	6,853,389
Security services	1,887,525	-	-	-	-	1,887,525
Pupil transportation	1,788,540	-	-	-	-	1,788,540
Food services	3,231,740	-	-	316,311	-	3,548,051
Central office support services	1,560,781	-	-	150,100	-	1,710,881
Community services	-	3,851	-	-	-	3,851
Early childhood programs	1,385,618	938,070	-	10,928	-	2,334,616
Facilities acquisition and construction	-	-	-	559,163	-	559,163
Debt service						
Principal retirement	-	-	2,760,000	110,759	-	2,870,759
Interest and other fiscal charges	-	-	1,230,725	7,204	22	1,237,951
Total expenditures	27,194,986	30,911,871	3,990,725	1,983,191	22	64,080,795
<b>Excess of revenues over (under) expenditures</b>	144,914	(79,457)	(203,348)	(1,965,464)	(22)	(2,103,377)
<b>Other financing sources (uses)</b>						
Transfers	(1,405,706)	79,457	-	1,326,249	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,260,792)	-	(203,348)	(639,215)	(22)	(2,103,377)
Fund balance at July 1, 2018	12,079,665	-	2,269,075	7,269,312	(400,833)	21,217,219
Fund balance at June 30, 2019	\$ 10,818,873	\$ -	\$ 2,065,727	\$ 6,630,097	\$ (400,855)	\$ 19,113,842

See notes to basic financial statements.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Riverview Gardens School District (the “District”) was established under the Statutes of the State of Missouri. The District operates under the regulations pursuant to 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 to primarily pre-kindergarten through high school students. The Riverview Gardens School District Special Administrative Board (the “Board”) is the basic level of government that has financial accountability and control over all activities related to public education in the District.

These financial statements are presented on the modified accrual basis of accounting. This modified accrual basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) for the government-wide financial statements. Generally accepted accounting principles include relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### **Principles Determining the Scope of Reporting Entity**

The financial statements present the District (the primary government) and its component unit, the Riverview Gardens School District Educational Facilities Authority (the “Authority”). Component units are legally separate entities that are included in the District’s reporting entity because of the significance of their operating or financial relationships with the District. Its purpose is to act on behalf of the District in its acquisitions, construction, improvement, extension, repair, remodeling, renovation, and financing capital improvement projects. Although legally separate, the Authority is blended and presented as a “nonmajor fund” in the accompanying financial statements. Separate financial statements for the Authority are not issued.

The District is associated with other organizations which may include various Parent Teacher Organizations (PTO’s), booster clubs, etc. Under governmental standards for defining the financial reporting entity, these organizations may be considered to be part of the reporting entity of the District. However, the balances and activities of such organizations have not been included in these financial statements due to their overall immateriality to the District.

#### **Basis of Presentation**

##### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the reporting unit as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The District has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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The Statement of Net Position presents the financial condition of the governmental activities at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program of the District's governmental activities. Direct expenses are those associated and clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues of the District. 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 are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District segregates transactions related to certain functions or activities into separate funds in order to aid in financial management and to demonstrate legal compliance. The focus is on major funds. Each major fund is presented in a separate column while non-major funds are aggregated and presented in a single column.

The major funds of the District are described below:

### **Governmental Funds**

#### **General Fund**

This fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

#### **Special Revenue Fund**

This fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue (Teachers') Fund is a special revenue fund which accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted, committed or assigned for the payment of teacher salaries and certain benefits.

#### **Debt Service Fund**

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest, and fiscal charges on certain long-term debt.



# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Capital Projects Fund**

This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for facilities acquisition and construction.

### **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus, within the limitations of the modified accrual basis of accounting. The accounting objectives of this measurement focus are the determination of changes in net position, financial position, and cash flows. All assets, whether current or noncurrent, are reported within the limitations of modified accrual basis of accounting.

The fund financial statements are prepared using the current financial resources measurement focus. Only current financial assets and liabilities are generally included in the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

#### **Basis of Accounting**

The government-wide financial statements and fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Property and sales taxes, interest, grants and similar revenues are susceptible to accrual and so have been recognized as revenues in the current fiscal year. Miscellaneous revenue items, which are not susceptible to accrual, are recognized as revenues only as they are received in cash. Expenditures, including facilities acquisition and construction, are recorded when the related fund liability is incurred, except for principal and interest on general obligation long-term debt which are reported when due.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Cash and Investments**

Cash resources from all funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments, which is managed by the District Treasurer. State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District. Interest income earned is allocated to contributing funds based on each funds' proportionate shares of funds invested. The District's investments in external investment pools and money market funds are reported at amortized cost, which approximates fair value.

### **Restricted Assets**

Restricted assets include cash and investments that are legally restricted as to their use.

### **Interfund Receivables and Payables**

Interfund receivables and payables are the result of all cash receipts being deposited in the General Fund. These interfund balances are temporary and are adjusted in the subsequent month through a reallocation of cash. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

### **Receivables**

Major receivables include property and sales taxes, and state and federal grants. Allowances for uncollectible property taxes are based on historical trends.

### **Inventories**

Inventory consists of food commodities and is stated at cost, on the first-in, first-out basis. Reported inventories at year-end are offset by a nonexpendable fund balance account since they do not represent expendable financial resources.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods. Reported prepaid items at year-end are offset by a nonexpendable fund balance account since they do not represent expendable financial resources.

### **Fund Balances – Governmental Funds**

Governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District's policy requires a minimum unassigned fund balance of 15% of its prior year operating expenditures in order to cover unexpected expenditures and revenue shortfalls. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned for those purposes, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions. The District has not reported any committed fund balances.

The details of the fund balances are included in the Balance Sheet – Governmental Funds.

### **Net Position**

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and unrestricted resources as they are needed.

### **Revenue**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually by November 1 and are due by December 31. Property taxes are recognized in the fiscal year levied to the extent collected within 60 days of year end. Revenues not collected within 60 days of year end are reported as deferred inflow of resources.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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Nonexchange transactions in which the District receives value without directly giving value in return include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenues from nonexchange transactions must be measureable and available before recognized.

Sales tax is collected by the State of Missouri and remitted to districts within the state on a per pupil basis. The state receives the sales tax approximately one month after collection by vendors. Sales taxes collected by the state in June and July, which represent sales for May and June, and received by the District in July and August have been accrued and reported as sales tax receivable.

Entitlements and grants are recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied and are considered available. Grants and entitlements received before eligibility time requirements are met are reported as deferred inflows of resources.

### **Estimates**

The preparation of the financial statements in conformity with the modified accrual basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

## **NOTE 2 - CASH AND TEMPORARY INVESTMENTS**

The District is governed by the deposit and investment limitations of state law in accordance with Section 165.051 of the RSMo.

The District has investments managed by BOK Financial in conjunction with the Missouri School District Direct Deposit Program. These investments are restricted for payment of interest and retirement of general obligation bonds issued through the MOHEFA Bond Program. The District also has funds invested in the Missouri Security Investment Program. All funds in these programs are invested in accordance with Section 165.051 RSMo. Each school district owns a pro rata share of each investment, which is held in the name of the Fund.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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The cash deposits and temporary investments are summarized and presented in the financial statements as follows as of June 30, 2019:

Cash	
Deposits	\$ 1,628,924
Cash on hand	300
	<hr/>
	1,629,224
Investments	
Money market funds	80,021
External investment pool	
Missouri School District Direct Deposit Program (MOHEFA)	1,124,783
Missouri Security Investment Program (MOSIP)	19,044,143
	<hr/>
	20,248,947
	<hr/>
Total	\$ 21,878,171
	<hr/>

### Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2019, the carrying amount of the deposits under District control was \$1,628,924 and the bank balance was \$4,196,292. Of the bank balance, \$250,000 was covered by federal depository insurance, \$3,673,756 was collateralized with securities held by the District's safekeeping agent, Commerce Bank and Trust, pledged in the name of the District, and \$272,536 was uninsured and uncollateralized.

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment has until maturity, the greater the sensitivity of its value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing investments with short-term maturities to provide the cash flow and liquidity needed for operations. At June 30, 2019, all of the District's investments mature within one year.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in MOHEFA and money market funds were not rated by a nationally recognized statistical rating organization. The District's investments in MOSIP are rated AAAM by Standard and Poor's.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Custodial Credit Risk**

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 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 government, and are held by the party who sold the security to the District or its agent but not in the government's name. All investments, evidenced by individual securities, are registered in the name of the District or of a party that are not exposed to custodial credit risk.

### **Concentration of Credit Risk**

An investment in any one issuer representing 5% or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments is considered to be a concentration of credit risk. At June 30, 2019, the District has no investments in any one issuer representing 5% or more total investments.

As a means of limiting its exposure to losses arising from concentration of investments, the District's investment policy mandates that the portfolio not have a concentration of assets in specific maturity, specific issuer, or specific class of securities. At a minimum, diversification standards by security type and issuer are established as (a) U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. Government – 100%; (b) collateralized time and demand deposits – 100%; (c) U.S. Government agencies, and government sponsored enterprises, no more than 60%; (d) collateralized repurchase agreements, no more than 50%; (e) U.S. Government callable securities, no more than 30%; and (f) Commercial Paper and Bankers' Acceptances, no more than 50%.

### **NOTE 3 - 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. All unpaid taxes become delinquent January 1 of the following year. The county collects the property taxes and remits them to the District.

The District also receives sales tax collected by the State of Missouri and remitted to the District based on eligible pupil counts. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.



# RIVERVIEW GARDENS SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was:

Real estate	
Residential	\$ 131,446,260
Agricultural	8,640
Commercial	22,970,610
Personal property	<u>35,998,130</u>
	<u><u>\$ 190,423,640</u></u>

Property taxes receivable at June 30, 2019, of \$6,071,796 (net of allowance for uncollectible taxes of \$228,128) represents uncollected taxes from the prior year's levy.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2018 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.2964	\$ 4.2964
Special Revenue Fund	-	-
Debt Service Fund	1.6936	1.6936
Capital Projects Fund	<u>-</u>	<u>-</u>
	<u><u>\$ 5.9900</u></u>	<u><u>\$ 5.9900</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 102% of the 2018 assessment computed on the basis of the levy as shown above.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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### NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	General obligation bonds	Capital lease
Balance at July 1, 2018	\$ 29,620,000	\$ 234,743
Reductions	<u>(2,760,000)</u>	<u>(110,759)</u>
Balance at June 30, 2019	<u>\$ 26,860,000</u>	<u>\$ 123,984</u>
Amounts due within one year	<u>\$ 2,840,000</u>	<u>\$ 123,984</u>

Principal and interest on general obligation bonds and certificates of participation are paid from the Debt Service Fund. The capital lease is paid from the Capital Projects Fund.

#### General Obligation Bonds

General obligation bonds payable consist of the following at June 30, 2019:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2019
06/29/10	04/01/30	4.15% - 6.00%	\$ 9,600,000	\$ 6,890,000
06/29/10	04/01/26	5.70%	4,660,000	4,660,000
10/25/11	04/01/23	2.00% - 3.00%	9,349,921	4,410,000
05/08/18	04/01/38	2.00% - 3.00%	8,560,000	8,560,000
05/08/18	04/01/22	2.00% - 3.00%	3,140,000	<u>2,340,000</u>
				<u>\$ 26,860,000</u>

# RIVERVIEW GARDENS SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

The annual requirements to amortize the general obligation bonds as of June 30, 2019, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,840,000	\$ 1,174,856	\$ 4,014,856
2021	2,930,000	1,074,036	4,004,036
2022	3,015,000	966,136	3,981,136
2023	2,565,000	845,881	3,410,881
2024	1,425,000	741,256	2,166,256
2025-2029	7,595,000	2,578,286	10,173,286
2030-2034	3,910,000	843,131	4,753,131
2035-2038	2,580,000	229,049	2,809,049
	<u>\$ 26,860,000</u>	<u>\$ 8,452,631</u>	<u>\$ 35,312,631</u>

### 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 percent of the assessed valuation of a district.

The legal debt margin of the District at June 30, 2019 was:

Constitutional debt limit	\$ 28,563,546
General obligation bonds payable	(26,860,000)
Amount available in Debt Service Fund	<u>2,065,727</u>
Legal debt margin	<u>\$ 3,769,273</u>

### Certificates of Participation Advanced Refunding

In the prior year, the District defeased certain certificates of participation by placing the proceeds of the new bonds in an irrevocable trust fund to purchase government obligations. As of June 30, 2019, there is \$545,000 of debt outstanding from current and prior years that is considered to be defeased.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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### Capital Lease

During 2013, the District entered into a lease agreement with Sovereign Bank Corporation to acquire twelve school buses. Lease payments for the year ended June 30, 2019 were \$110,759. Future minimum lease commitments under the capital lease as of June 30, 2019 consist of \$123,984 for the year 2020.

### Operating Lease

The District has entered into an operating lease agreement for various copiers owned by Ricoh USA, Inc. Lease payments for the year ended June 30, 2019 were approximately \$97,000.

The following is a schedule of future minimum lease payments under the operating lease as of June 30, 2019 are as follows:

Year ending June 30,	
2020	\$ 52,730
2021	63,276
2022	<u>52,730</u>
	<u>\$ 168,736</u>

### NOTE 5 - TAX ABATEMENTS

The District is subject to various tax abatement agreements granted by St. Louis County and municipalities within the District. These tax abatements are considered immaterial to the overall financial statements.

### NOTE 6 - RETIREMENT PLANS

The District contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees who work 17 or more hours per week and death benefits to members and beneficiaries. Positions covered by the PSRS are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - 169.141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees.

PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, PO Box 268, Jefferson City, MO 65102, or by calling 1-800-392-6848.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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PSRS members were required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the years ended June 30, 2019, 2018, and 2017 were \$3,747,016 \$3,754,252 and \$3,568,730, respectively, equal to the required contributions.

The District also contributes to Public Education Employee Retirement System (PEERS) of Missouri (formally The Non-Teacher School Employee Retirement System of Missouri), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the PSRS.

Positions covered by the PEERS are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 – 169.715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the PSRS. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, PO Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the years ended June 30, 2019, 2018, and 2017 were \$699,676, \$697,304, and \$658,304, respectively, equal to the required contributions.

### **NOTE 7 - EMPLOYEE BENEFIT PLANS**

The District offers its employees tax-sheltered annuity programs created in accordance with the Internal Revenue Code Section 403(b). The plans, available to all District employees, permit 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.

### **NOTE 8 - OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits disclosed in Notes 6 and 7, the District allows employees who retire from the District to participate in the District's health, vision, and dental insurance plans. The retirees must pay 100% of their coverage. Retirees received medical benefits totaling approximately \$402,974. The District finances these benefits on a pay-as-you-go basis.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **NOTE 9 - 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 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 estimated claims payable and reserves for claims for each entity. Part of the assessment then goes to buy excess insurance contracts for the group as a whole. Should the contributions received by MUSIC be in excess or not be sufficient, rebates or special assessments can be made of the member Districts. There have been no significant changes in insurance coverage from the prior year.

### **NOTE 10 - COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

Various claims and lawsuits are pending against the District. In the opinion of District management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements taken as a whole.

#### **Grants Audits**

The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding.

#### **Protested Taxes**

Each year the 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 of operations.

### **NOTE 11 - TRANSFER PROGRAM**

On January 4, 2017 the District became "provisionally accredited". Therefore state laws allowing students to transfer to accredited schools and for the District to pay the associated transportation costs became voluntary for the District. Beginning the 2017-18 school year the District has elected to cease providing transportation for transfer students and will no longer accept new students into the program. The District paid \$444,468 in tuition to other school districts during 2019.



## **SUPPLEMENTARY INFORMATION**

# RIVERVIEW GARDENS SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED Year ended June 30, 2019

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local	\$ 9,795,000	\$ 9,947,512	\$ 10,842,204	\$ 152,512	\$ 894,692
County	800,000	800,000	748,095	-	(51,905)
State	8,605,000	8,605,000	8,199,543	-	(405,457)
Federal	4,907,000	7,499,817	7,482,427	2,592,817	(17,390)
Other	50,000	50,000	67,631	-	17,631
Total revenues	24,157,000	26,902,329	27,339,900	2,745,329	437,571
Expenditures					
Current					
Instruction	4,998,126	6,731,047	4,461,313	(1,732,921)	2,269,734
Attendance	854,113	1,496,217	811,510	(642,104)	684,707
Guidance	82,745	89,495	55,475	(6,750)	34,020
Health, psychological and speech services	1,114,834	1,218,116	676,720	(103,282)	541,396
Improvement of instruction	210,568	1,087,430	667,286	(876,862)	420,144
Professional development	340,215	340,215	208,777	-	131,438
Media services	107,500	107,500	83,490	-	24,010
Board of Education services	126,329	126,329	127,582	-	(1,253)
Executive administration	1,128,292	1,208,982	1,477,424	(80,690)	(268,442)
Building level administration	1,347,372	1,349,607	1,198,516	(2,235)	151,091
Business and fiscal services	1,322,281	1,364,281	1,023,545	(42,000)	340,736
Operation of plant	6,647,115	10,808,372	6,549,144	(4,161,257)	4,259,228
Security services	1,286,434	1,592,479	1,887,525	(306,045)	(295,046)
Pupil transportation	1,396,283	1,996,283	1,788,540	(600,000)	207,743
Food services	3,726,479	3,651,479	3,231,740	75,000	419,739
Printing, publishing and duplicating services	250,000	250,000	-	-	250,000
Central office support services	1,500,503	1,564,070	1,560,781	(63,567)	3,289
Community services	-	169,318	-	(169,318)	169,318
Early childhood programs	1,737,418	1,765,618	1,385,618	(28,200)	380,000
Total expenditures	28,176,607	36,916,838	27,194,986	(8,740,231)	9,721,852
Other financing uses					
Transfers	-	-	(1,405,706)	-	(1,405,706)
NET CHANGE IN FUND BALANCE	\$ (4,019,607)	\$ (10,014,509)	(1,260,792)	\$ (5,994,902)	\$ 8,753,717
Fund balance at July 1, 2018			12,079,665		
Fund balance at June 30, 2019			\$ 10,818,873		

See notes to supplementary information.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - UNAUDITED Year ended June 30, 2019

	Budgeted amounts			Variances - positive (negative)	
	Original	Final	Actual	Original to final	Final to actual
Revenues					
Local	\$ 2,045,000	\$ 2,045,000	\$ 4,130,630	\$ -	\$ 2,085,630
County	55,000	55,000	45,751	-	(9,249)
State	24,285,000	24,285,000	24,868,111	-	583,111
Federal	3,125,000	4,107,710	1,787,922	982,710	(2,319,788)
Total revenues	29,510,000	30,492,710	30,832,414	982,710	339,704
Expenditures					
Current					
Instruction	20,708,779	22,029,504	21,170,305	(1,320,725)	859,199
Attendance	361,724	834,319	583,793	(472,595)	250,526
Guidance	1,429,388	1,438,159	1,428,326	(8,771)	9,833
Health, psychological and speech services	-	-	3,525	-	(3,525)
Improvement of instruction	270,911	1,817,548	1,542,862	(1,546,637)	274,686
Professional development	150,740	150,740	58,635	-	92,105
Media services	903,937	903,937	651,007	-	252,930
Executive administration	1,585,396	1,704,996	2,016,784	(119,600)	(311,788)
Building level administration	2,375,975	2,375,975	2,514,713	-	(138,738)
Community services	69,135	118,691	3,851	(49,556)	114,840
Early childhood programs	871,409	1,180,391	938,070	(308,982)	242,321
Total expenditures	28,727,394	32,554,260	30,911,871	(3,826,866)	1,642,389
Other financing sources					
Transfers	-	-	79,457	-	79,457
NET CHANGE IN FUND BALANCE	\$ 782,606	\$ (2,061,550)	-	\$ (2,844,156)	\$ 2,061,550
Fund balance at July 1, 2018			-		
Fund balance at June 30, 2019			\$ -		

See notes to supplementary information.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND - UNAUDITED Year ended June 30, 2019

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local	\$ 2,220,000	\$ 2,220,000	\$ 3,354,160	\$ -	\$ 1,134,160
County	-	-	71,624	-	71,624
Federal	400,000	400,000	361,593	-	(38,407)
Total revenues	2,620,000	2,620,000	3,787,377	-	1,167,377
Expenditures					
Debt service					
Principal retirement	2,760,000	2,425,000	2,760,000	335,000	(335,000)
Interest and other fiscal charges	1,232,264	1,567,264	1,230,725	(335,000)	336,539
Total expenditures	3,992,264	3,992,264	3,990,725	-	1,539
NET CHANGE IN FUND BALANCE	<u>\$ (1,372,264)</u>	<u>\$ (1,372,264)</u>	(203,348)	<u>\$ -</u>	<u>\$ 1,168,916</u>
Fund balance at July 1, 2018			2,269,075		
Fund balance at June 30, 2019			<u>\$ 2,065,727</u>		

See notes to supplementary information.

# RIVERVIEW GARDENS SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - UNAUDITED Year ended June 30, 2019

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local	\$ -	\$ -	\$ 38	\$ -	\$ 38
State	2,210,000	2,210,000	17,689	-	(2,192,311)
	-	17,844	-	17,844	(17,844)
Total revenues	2,210,000	2,227,844	17,727	17,844	(2,210,117)
Expenditures					
Current					
Instruction	56,736	631,102	386,117	(574,366)	244,985
Attendance	-	12,000	11,168	(12,000)	832
Guidance	-	5,249	5,209	(5,249)	40
Health, psychological and speech services	18,300	54,800	6,516	(36,500)	48,284
Business and fiscal services	-	350,000	115,471	(350,000)	234,529
Operation of plant	347,500	3,734,175	304,245	(3,386,675)	3,429,930
Security services	15,000	15,000	-	-	15,000
Pupil transportation	117,963	117,963	-	-	117,963
Food services	200,000	319,650	316,311	(119,650)	3,339
Central office support services	70,000	1,310,126	150,100	(1,240,126)	1,160,026
Early childhood programs	4,750	11,950	10,928	(7,200)	1,022
Facilities acquisition and construction	496,000	496,000	559,163	-	(63,163)
Debt service					
Principal retirement	-	-	110,759	-	(110,759)
Interest and other fiscal charges	-	-	7,204	-	(7,204)
Total expenditures	1,326,249	7,058,015	1,983,191	(5,731,766)	5,074,824
Other financing sources					
Transfers	-	-	1,326,249	-	1,326,249
NET CHANGE IN FUND BALANCE	\$ 883,751	\$ (4,830,171)	(639,215)	\$ (5,713,922)	\$ 4,190,956
Fund balance at July 1, 2018			7,269,312		
Fund balance at June 30, 2019			\$ 6,630,097		

See notes to supplementary information.

# **RIVERVIEW GARDENS SCHOOL DISTRICT**

## **NOTES TO SUPPLEMENTARY INFORMATION**

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### **NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.

Prior to July, the Chief Financial Officer, who serves as the budget officer, submits to the Board 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.

A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board, the budget document is available for public inspection.

Prior to July 1, the budget is legally enacted by a vote of the Board.

Subsequent to the formal approval of the budget, the Board 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 budget information included in the financial statements.

Capital outlay acquired through capital lease obligations are not reported as an expenditure and the proceeds are not reported as an other financing source for budgetary purposes.