

RIVERVIEW GARDENS SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

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, 2020, 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, 2020, 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 that collectively comprise the District's basic financial statements. The budgetary comparison schedules 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 December 15, 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.

Keiser, Eck & Braeckel LLP

St. Louis, Missouri
December 15, 2020

RIVERVIEW GARDENS SCHOOL DISTRICT

STATEMENT OF NET POSITION - MODIFIED ACCRUAL BASIS

June 30, 2020

	<u>Governmental activities</u>
ASSETS	
Cash and temporary investments	\$ 16,247,222
Restricted cash and temporary investments	1,138,393
Receivables	
Property taxes receivable less allowance for uncollectible taxes of \$249,199	6,223,998
Sales tax	922,555
Grants	1,723,360
Inventory	86,537
Prepaid items	<u>475,546</u>
 Total assets	 26,817,611
LIABILITIES	
Accounts payable and other liabilities	1,624,182
Accrued payroll liabilities	<u>3,540,232</u>
 Total liabilities	 5,164,414
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	5,563,971
Deferred grant revenue	<u>624,452</u>
 Total deferred inflows of resources	 6,188,423
NET POSITION	
Restricted for	
Debt service	2,119,810
Capital projects	4,573,677
Unrestricted	<u>8,771,287</u>
 Total net position	 <u><u>\$ 15,464,774</u></u>

See notes to basic financial statements.

RIVERVIEW GARDENS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS

Year ended June 30, 2020

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	\$ 26,905,798	\$ 100,996	\$ 11,540,628	\$ (15,264,174)
Attendance	1,125,346	-	-	(1,125,346)
Guidance	1,483,348	-	-	(1,483,348)
Health, psychological and speech services	767,910	-	115,060	(652,850)
Improvement of instruction	1,668,307	-	-	(1,668,307)
Professional development	204,265	-	543,730	339,465
Media services	810,705	-	-	(810,705)
Board of Education services	118,976	-	-	(118,976)
Executive administration	3,749,957	-	-	(3,749,957)
Building level administration	3,497,280	-	-	(3,497,280)
Business and fiscal services	1,148,279	638,618	-	(509,661)
Operation of plant	10,467,901	-	-	(10,467,901)
Security services	1,518,928	-	-	(1,518,928)
Pupil transportation	1,029,416	19,974	332,379	(677,063)
Food services	3,348,057	3,016	2,886,256	(458,785)
Printing, publishing and duplicating services	239,462	-	-	(239,462)
Central office support services	1,400,871	-	-	(1,400,871)
Community services	289,103	31,277	-	(257,826)
Early childhood programs	2,247,758	-	-	(2,247,758)
Facilities acquisition and construction	621,050	-	-	(621,050)
Principal, interest and other expenses on long-term debt	10,215,360	-	6,056,639	(4,158,721)
Total governmental activities	\$ 72,858,077	\$ 793,881	\$ 21,474,692	(50,589,504)
General revenues				
Taxes				
				8,556,428
				3,731,835
				5,628,417
				165,256
				260,591
				27,642,471
				955,438
				46,940,436
				(3,649,068)
				19,113,842
				\$ 15,464,774

See notes to basic financial statements.

RIVERVIEW GARDENS SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS						
Cash and temporary investments	\$ 14,700,761	\$ -	\$ 1,545,786	\$ 675	\$ -	\$ 16,247,222
Restricted cash and temporary investments	-	-	1,138,393	-	-	1,138,393
Receivables						
Property taxes receivable less allowance for uncollectible taxes of \$249,199	4,344,744	-	1,879,254	-	-	6,223,998
Sales tax	922,555	-	-	-	-	922,555
Federal	1,723,360	-	-	-	-	1,723,360
Inventory	86,537	-	-	-	-	86,537
Prepaid items	475,546	-	-	-	-	475,546
Due from other funds	402,251	2,984,619	-	2,391,227	-	5,778,097
Total assets	\$ 22,655,754	\$ 2,984,619	\$ 4,563,433	\$ 2,391,902	\$ -	\$ 32,595,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and other liabilities	\$ 1,285,004	\$ -	\$ -	\$ 339,178	\$ -	\$ 1,624,182
Accrued payroll liabilities	555,613	2,984,619	-	-	-	3,540,232
Due to other funds	4,613,587	-	763,655	-	400,855	5,778,097
Total liabilities	6,454,204	2,984,619	763,655	339,178	400,855	10,942,511
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	3,884,003	-	1,679,968	-	-	5,563,971
Deferred grants	624,452	-	-	-	-	624,452
Total deferred inflows of resources	4,508,455	-	1,679,968	-	-	6,188,423
FUND BALANCES						
Nonspendable						
Inventory	86,537	-	-	-	-	86,537
Prepaid items	475,546	-	-	-	-	475,546
Restricted						
Debt service	-	-	2,119,810	-	-	2,119,810
Capital projects	-	-	-	4,573,677	-	4,573,677
Unassigned	11,131,012	-	-	(2,520,953)	(400,855)	8,209,204
Total fund balances	11,693,095	-	2,119,810	2,052,724	(400,855)	15,464,774
Total liabilities, deferred inflows of resources and fund balances	\$ 22,655,754	\$ 2,984,619	\$ 4,563,433	\$ 2,391,902	\$ -	\$ 32,595,708

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, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues						
Local	\$ 13,165,320	\$ 2,112,237	\$ 3,823,146	\$ 10	\$ -	\$ 19,100,713
County	786,894	81,817	86,726	-	-	955,437
State	4,883,021	24,806,234	-	-	-	29,689,255
Federal	10,469,399	2,716,901	184,969	-	-	13,371,269
Other	35,696	-	-	-	-	35,696
Total revenues	29,340,330	29,717,189	4,094,841	10	-	63,152,370
Expenditures						
Current						
Instruction	6,582,365	20,023,336	-	300,097	-	26,905,798
Attendance	498,129	627,217	-	-	-	1,125,346
Guidance	39,601	1,443,747	-	-	-	1,483,348
Health, psychological and speech services	747,517	3,518	-	16,875	-	767,910
Improvement of instruction	423,019	1,245,288	-	-	-	1,668,307
Professional development	192,894	11,371	-	-	-	204,265
Media services	51,905	758,800	-	-	-	810,705
Board of Education services	118,976	-	-	-	-	118,976
Executive administration	1,436,259	2,313,698	-	-	-	3,749,957
Building level administration	1,183,166	2,314,114	-	-	-	3,497,280
Business and fiscal services	1,145,808	-	-	2,471	-	1,148,279
Operation of plant	7,477,561	-	-	2,990,340	-	10,467,901
Security services	1,518,928	-	-	-	-	1,518,928
Pupil transportation	1,029,416	-	-	-	-	1,029,416
Food services	2,903,672	-	-	444,385	-	3,348,057
Printing, publishing and duplicating services	239,462	-	-	-	-	239,462
Central office support services	1,326,195	-	-	74,676	-	1,400,871
Community services	289,103	-	-	-	-	289,103
Early childhood programs	1,262,132	976,100	-	9,526	-	2,247,758
Facilities acquisition and construction	-	-	-	621,050	-	621,050
Debt service						
Principal retirement	-	-	2,840,000	110,759	-	2,950,759
Interest and other fiscal charges	-	-	1,327,397	7,204	-	1,334,601
Total expenditures	28,466,108	29,717,189	4,167,397	4,577,383	-	66,928,077
Excess of revenues over (under) expenditures	874,222	-	(72,556)	(4,577,373)	-	(3,775,707)
Other financing sources (uses)						
Proceeds from refunded debt	-	-	5,400,000	-	-	5,400,000
Payments to refunded bond escrow agent	-	-	(5,930,000)	-	-	(5,930,000)
Premium on issuance of bonds	-	-	656,639	-	-	656,639
Total other financing sources (uses)	-	-	126,639	-	-	126,639
NET CHANGE IN FUND BALANCE	874,222	-	54,083	(4,577,373)	-	(3,649,068)
Fund balance at July 1, 2019	10,818,873	-	2,065,727	6,630,097	(400,855)	19,113,842
Fund balance at June 30, 2020	\$ 11,693,095	\$ -	\$ 2,119,810	\$ 2,052,724	\$ (400,855)	\$ 15,464,774

See notes to basic financial statements.

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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. The Authority was legally dissolved in March 2020, however, the transfer to dissolve the assets did not take place until after year-end.

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

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

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

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 and consist of amounts escrowed for future general obligation bond principal and interest payments as discussed in Note 2.

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

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

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

The cash deposits and temporary investments are summarized and presented in the financial statements as follows as of June 30, 2020:

Cash	
Deposits	\$ 1,772,549
Cash on hand	300
	<u>1,772,849</u>
Investments	
Money market funds	79,782
External investment pool	
Missouri School District Direct Deposit Program (MOHEFA)	1,058,611
Missouri Security Investment Program (MOSIP)	14,474,373
	<u>15,612,766</u>
Total	<u><u>\$ 17,385,615</u></u>

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2020, the carrying amount of the deposits under District control was \$1,772,549 and the bank balance was \$3,120,595. Of the bank balance, \$250,000 was covered by federal depository insurance, \$2,870,595 was collateralized with securities held by the District's safekeeping agent, Commerce Bank and Trust, pledged in the name of the District.

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, 2020, 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

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 type 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, 2020, 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 70%; (d) collateralized repurchase agreements, no more than 75%; (e) U.S. Government callable securities, no more than 50%; and (f) Commercial Paper and Bankers' Acceptances, no more than 75% combined.

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

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

Real estate	
Residential	\$ 149,395,930
Agricultural	9,260
Commercial	25,833,860
Personal property	<u>36,639,430</u>
	<u>\$ 211,878,480</u>

Property taxes receivable at June 30, 2020, of \$6,473,197 (net of allowance for uncollectible taxes of \$249,199) 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 2019 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.1051	\$ 4.1051
Special Revenue Fund	-	-
Debt Service Fund	1.7756	1.7756
Capital Project Fund	<u>-</u>	<u>-</u>
	<u>\$ 5.8807</u>	<u>\$ 5.8807</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 96% of the 2019 assessment computed on the basis of the levy as shown above.

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	<u>General obligation bonds</u>	<u>Capital lease</u>
Balance at July 1, 2019	\$ 26,860,000	\$ 123,984
Additions	5,400,000	-
Reductions	<u>(8,770,000)</u>	<u>(110,759)</u>
Balance at June 30, 2020	<u>\$ 23,490,000</u>	<u>\$ 13,225</u>
Amounts due within one year	<u>\$ 2,850,000</u>	<u>\$ 13,225</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, 2020:

<u>Date issued</u>	<u>Maturity date</u>	<u>Rate of interest</u>	<u>Original issue amount</u>	<u>Balance at June 30, 2020</u>
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	3,360,000
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	1,510,000
01/07/20	04/01/30	4.00%	5,400,000	5,400,000
				<u>\$ 23,490,000</u>

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

On January 7, 2020, the District advance refunded \$5,930,000 of outstanding Series 2010B general obligation bonds. The District placed \$5,958,399 in an irrevocable trust fund to purchase government obligations. The principal and interest earned on the government obligations was in an amount sufficient for the payment of the principal and interest on the call date on April 1, 2020. The refunding was undertaken to reduce total debt service payments by \$667,674 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$89,049.

The annual requirements to amortize the general obligation bonds as of June 30, 2020, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,850,000	\$ 944,236	\$ 3,794,236
2022	2,930,000	849,536	3,779,536
2023	2,565,000	741,981	3,306,981
2024	1,425,000	637,356	2,062,356
2025	1,445,000	566,931	2,011,931
2026-2030	7,465,000	1,805,266	9,270,266
2031-2035	2,840,000	667,506	3,507,506
2036-2038	1,970,000	138,463	2,108,463
	<u>\$ 23,490,000</u>	<u>\$ 6,351,276</u>	<u>\$ 29,841,276</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, 2020 was:

Constitutional debt limit	\$ 31,781,772
General obligation bonds payable	(23,490,000)
Amount available in Debt Service Fund	<u>2,119,810</u>
Legal debt margin	<u>\$ 10,411,582</u>

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Capital Lease

The District has a lease agreement with Sovereign Bank Corporation for twelve school buses. Lease payments for the year ended June 30, 2020 were \$110,759. Future minimum lease commitments under the capital lease as of June 30, 2020 consist of \$13,225 for the year 2021.

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, 2020 were approximately \$53,000.

The following is a schedule of future minimum lease payments under the operating lease as of June 30, 2020 are as follows:

Year ending June 30,	
2021	\$ 63,276
2022	<u>52,730</u>
	<u>\$ 116,006</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

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, 2020, 2019, and 2018 were \$3,546,402, \$3,747,016 and \$3,754,252, 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, 2020, 2019, and 2018 were \$684,932, \$699,676, and \$697,304, 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 \$409,629. The District finances these benefits on a pay-as-you-go basis.

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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.

COVID-19

In December 2019, a novel strain of coronavirus, COVID-19, was reported in Wuhan, China. The World Health Organization has declared the COVID-19 outbreak to constitute a "Public Health Emergency of International Concern". The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be determined at this time.

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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 \$124,470 in tuition to other school districts during 2020.

NOTE 12 – ACTUAL EXPENDITURES IN EXCESS OF BUDGET

For the year ended June 30, 2020, the District’s actual expenditures were in excess of its budgeted expenditures in the Debt Service Fund by \$147,541 and the Capital Projects Fund by \$2,494,269.

RIVERVIEW GARDENS SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended June 30, 2020**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local	\$ 10,257,400	\$ 10,439,601	\$ 13,165,320	\$ 182,201	\$ 2,725,719
County	620,000	620,000	786,894	-	166,894
State	10,350,000	10,350,000	4,883,021	-	(5,466,979)
Federal	7,707,000	6,933,741	10,469,399	(773,259)	3,535,658
Other	25,000	25,000	35,696	-	10,696
Total revenues	28,959,400	28,368,342	29,340,330	(591,058)	971,988
Expenditures					
Current					
Instruction	5,196,710	8,282,445	6,582,365	(3,085,735)	1,700,080
Attendance	923,560	985,019	498,129	(61,459)	486,890
Guidance	82,665	92,398	39,601	(9,733)	52,797
Health, psychological and speech services	1,125,797	1,260,708	747,517	(134,911)	513,191
Improvement of instruction	238,832	604,786	423,019	(365,954)	181,767
Professional development	340,100	340,100	192,894	-	147,206
Media services	101,750	101,750	51,905	-	49,845
Board of Education services	134,331	134,331	118,976	-	15,355
Executive administration	1,500,720	1,838,508	1,436,259	(337,788)	402,249
Building level administration	1,445,073	1,443,699	1,183,166	1,374	260,533
Business and fiscal services	1,327,931	1,312,931	1,145,808	15,000	167,123
Operation of plant	7,204,838	8,484,830	7,477,561	(1,279,992)	1,007,269
Security services	1,294,512	1,292,222	1,518,928	2,290	(226,706)
Pupil transportation	1,354,148	1,354,148	1,029,416	-	324,732
Food services	3,696,067	3,696,067	2,903,672	-	792,395
Printing, publishing and duplicating services	250,000	250,000	239,462	-	10,538
Central office support services	1,769,080	1,774,545	1,326,195	(5,465)	448,350
Community services	-	510,630	289,103	(510,630)	221,527
Early childhood programs	1,404,205	1,408,976	1,262,132	(4,771)	146,844
Total expenditures	29,390,319	35,168,093	28,466,108	(5,777,774)	6,701,985
NET CHANGE IN FUND BALANCE	\$ (430,919)	\$ (6,799,751)	874,222	\$ (6,368,832)	\$ 7,673,973
Fund balance at July 1, 2019			10,818,873		
Fund balance at June 30, 2020			\$ 11,693,095		

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, 2020**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
	Revenues				
Local	\$ 4,350,000	\$ 4,350,000	\$ 2,112,237	\$ -	\$ (2,237,763)
County	55,000	55,000	81,817	-	26,817
State	23,625,000	23,625,000	24,806,234	-	1,181,234
Federal	250,000	4,803,062	2,716,901	4,553,062	(2,086,161)
Total revenues	28,280,000	32,833,062	29,717,189	4,553,062	(3,115,873)
Expenditures					
Current					
Instruction	21,003,171	22,624,367	20,023,336	(1,621,196)	2,601,031
Attendance	371,540	975,443	627,217	(603,903)	348,226
Guidance	1,509,582	1,519,821	1,443,747	(10,239)	76,074
Health, psychological and speech services	-	3,000	3,518	(3,000)	(518)
Improvement of instruction	272,784	1,298,746	1,245,288	(1,025,962)	53,458
Professional development	150,740	120,690	11,371	30,050	109,319
Media services	871,935	871,935	758,800	-	113,135
Executive administration	1,668,934	1,792,371	2,313,698	(123,437)	(521,327)
Building level administration	2,476,691	2,476,691	2,314,114	-	162,577
Community services	-	10,883	-	(10,883)	10,883
Early childhood programs	1,002,750	1,338,972	976,100	(336,222)	362,872
Total expenditures	29,328,127	33,032,919	29,717,189	(3,704,792)	3,315,730
NET CHANGE IN FUND BALANCE	<u>\$ (1,048,127)</u>	<u>\$ (199,857)</u>	-	<u>\$ 848,270</u>	<u>\$ 199,857</u>
Fund balance at July 1, 2019			-		
Fund balance at June 30, 2020			<u>\$ -</u>		

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, 2020**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
	Revenues				
Local	\$ 2,742,600	\$ 2,220,000	\$ 3,823,146	\$ (522,600)	\$ 1,603,146
County	-	-	86,726	-	86,726
State	230,000	230,000	-	-	(230,000)
Federal	400,000	400,000	184,969	-	(215,031)
Total revenues	3,372,600	2,850,000	4,094,841	(522,600)	1,244,841
Expenditures					
Debt service					
Principal retirement	2,840,000	2,840,000	2,840,000	-	-
Interest and other fiscal charges	1,179,856	1,179,856	1,327,397	-	(147,541)
Total expenditures	4,019,856	4,019,856	4,167,397	-	(147,541)
Other financing sources and (uses)					
Proceeds from refunded debt	-	-	5,400,000	-	5,400,000
Payments to refunded bond escrow agent	-	-	(5,930,000)	-	(5,930,000)
Premium on issuance of bonds	-	-	656,639	-	656,639
Total other financing sources	-	-	126,639	-	126,639
NET CHANGE IN FUND BALANCE	\$ 3,372,600	\$ (1,169,856)	54,083	\$ (522,600)	\$ 1,223,939
Fund balance at July 1, 2019			2,065,727		
Fund balance at June 30, 2020			\$ 2,119,810		

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, 2020**

	Budgeted amounts		Actual	Variances - positive (negative)	
	Original	Final		Original to final	Final to actual
Revenues					
Local	\$ -	\$ -	\$ 10	\$ -	\$ 10
Expenditures					
Current					
Instruction	56,736	385,041	300,097	(328,305)	84,944
Health, psychological and speech services	18,300	18,300	16,875	-	1,425
Improvement of instruction	30,000	30,000	-	-	30,000
Executive administration	50,000	50,000	-	-	50,000
Business and fiscal services	-	-	2,471	-	(2,471)
Operation of plant	347,500	195,500	2,990,340	152,000	(2,794,840)
Security services	15,000	15,000	-	-	15,000
Food services	570,000	590,000	444,385	(20,000)	145,615
Central office support services	-	-	74,676	-	(74,676)
Early childhood programs	4,750	10,750	9,526	(6,000)	1,224
Facilities acquisition and construction	496,000	665,560	621,050	(169,560)	44,510
Debt service					
Principal retirement	110,759	110,759	110,759	-	-
Interest and other fiscal charges	12,204	12,204	7,204	-	5,000
Total expenditures	1,711,249	2,083,114	4,577,383	(371,865)	(2,494,269)
NET CHANGE IN FUND BALANCE	\$ (1,711,249)	\$ (2,083,114)	(4,577,373)	\$ (371,865)	\$ (2,494,259)
Fund balance at July 1, 2019			6,630,097		
Fund balance at June 30, 2020			\$ 2,052,724		

See notes to supplementary information.

RIVERVIEW GARDENS SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

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.