
FRANCIS HOWELL R-III SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION***

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Education
Francis Howell R-III School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

Emphasis of Matter—Change in Accounting Principle

During the current year, the District reclassified internal service funds to Proprietary funds and changed the recognition of expenditures related to pensions. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

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

Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Houkamp, P.C.

St. Louis, Missouri
December 8, 2023

Basic Financial Statements

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 98,580,478	\$ 6,468,576	\$ 105,049,054
Restricted cash and investments	146,958,921	-	146,958,921
Total assets	\$ 245,539,399	\$ 6,468,576	\$ 252,007,975
LIABILITIES:			
Payroll liabilities	\$ 6,493,369	\$ -	\$ 6,493,369
Total liabilities	6,493,369	-	6,493,369
NET POSITION:			
Restricted for:			
Debt service	24,309,562	-	24,309,562
Capital projects and unspent bond proceeds	153,010,524	-	153,010,524
Insurance claims	216,008	-	216,008
Unrestricted	61,509,936	6,468,576	67,978,512
Total net position	239,046,030	6,468,576	245,514,606
TOTAL LIABILITIES AND NET POSITION	\$ 245,539,399	\$ 6,468,576	\$ 252,007,975

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Bond Proceeds	Total Governmental Activities	Total Business-Type Activities	
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 119,946,563	\$ 4,191,518	\$ 22,112,780	\$ 17,864	\$ (93,624,401)	\$ -	\$ (93,624,401)
Attendance	2,362,580	-	-	-	(2,362,580)	-	(2,362,580)
Guidance	5,901,543	-	-	-	(5,901,543)	-	(5,901,543)
Health, psych, speech and audio	11,469,226	-	-	-	(11,469,226)	-	(11,469,226)
Improvement of instruction	4,246,308	-	-	-	(4,246,308)	-	(4,246,308)
Professional development	376,363	-	-	-	(376,363)	-	(376,363)
Media services (library)	3,317,222	-	-	-	(3,317,222)	-	(3,317,222)
Board of Education services	1,194,296	-	-	-	(1,194,296)	-	(1,194,296)
Executive administration	2,938,119	-	-	-	(2,938,119)	-	(2,938,119)
Technology services	5,284,172	-	-	-	(5,284,172)	-	(5,284,172)
Building level administration	12,643,126	-	-	-	(12,643,126)	-	(12,643,126)
Business central services	2,014,145	-	-	-	(2,014,145)	-	(2,014,145)
Operation of plant	19,925,722	-	-	-	(19,925,722)	-	(19,925,722)
Security services	1,117,074	-	-	-	(1,117,074)	-	(1,117,074)
Pupil transportation	18,040,791	437,377	6,613,631	-	(10,989,783)	-	(10,989,783)
Food services	7,514,217	5,350,190	4,027,236	-	1,863,209	-	1,863,209
Central office support services	4,745,028	-	-	-	(4,745,028)	-	(4,745,028)
Community service	8,759,453	7,143,461	1,469,432	-	(146,560)	-	(146,560)
Facilities acquisition and construction	75,826,990	-	-	-	(75,826,990)	-	(75,826,990)
Debt service:							
Principal	12,562,657	-	-	-	(12,562,657)	-	(12,562,657)
Interest and other charges	11,897,979	-	-	-	(11,897,979)	-	(11,897,979)
TOTAL GOVERNMENTAL ACTIVITIES	332,083,574	17,122,546	34,223,079	17,864	(280,720,085)	-	(280,720,085)
BUSINESS-TYPE ACTIVITIES:							
Claims	29,398,055	25,002,825	-	-	-	(4,395,230)	(4,395,230)
Other	3,792,236	-	-	-	-	(3,792,236)	(3,792,236)
TOTAL BUSINESS-TYPE ACTIVITIES	33,190,291	25,002,825	-	-	-	(8,187,466)	(8,187,466)
TOTAL PRIMARY GOVERNMENT	\$ 365,273,865	\$ 42,125,371	\$ 34,223,079	\$ 17,864	(280,720,085)	(8,187,466)	(288,907,551)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					122,846,149	-	122,846,149
Property taxes, levied for debt services					21,715,815	-	21,715,815
Other taxes					7,397,519	-	7,397,519
Sales taxes					20,407,669	-	20,407,669
State aid					46,306,744	-	46,306,744
Interest and investment earnings					6,206,355	120,662	6,327,017
Miscellaneous					3,603,176	4,590,350	8,193,526
TOTAL GENERAL REVENUES					228,483,426	4,711,012	233,194,438
CHANGE IN NET POSITION					(52,236,658)	(3,476,454)	(55,713,112)
NET POSITION, BEGINNING OF YEAR (RESTATED)					291,282,688	9,945,030	301,227,718
NET POSITION, END OF YEAR					\$ 239,046,030	\$ 6,468,576	\$ 245,514,606

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --					
ASSETS:					
Cash and investments	\$ 46,355,628	\$ 21,863,685	19,089,091	\$ 11,272,074	\$ 98,580,478
Restricted cash and investments	-	-	5,220,471	141,738,450	146,958,921
TOTAL ASSETS	\$ 46,355,628	\$ 21,863,685	\$ 24,309,562	\$ 153,010,524	\$ 245,539,399
-- LIABILITIES AND FUND BALANCES --					
LIABILITIES:					
Payroll liabilities	\$ 1,608,630	\$ 4,884,739	\$ -	\$ -	\$ 6,493,369
Total liabilities	1,608,630	4,884,739	-	-	6,493,369
FUND BALANCES:					
Restricted for:					
Debt service	-	-	24,309,562	-	24,309,562
Capital projects and unspent bond proceeds	-	-	-	153,010,524	153,010,524
Insurance claims	216,008	-	-	-	216,008
Committed:					
Teachers' salaries and benefits	-	16,978,946	-	-	16,978,946
Assigned for:					
Food service	4,748,910	-	-	-	4,748,910
Unassigned	39,782,080	-	-	-	39,782,080
Total fund balances	44,746,998	16,978,946	24,309,562	153,010,524	239,046,030
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,355,628	\$ 21,863,685	\$ 24,309,562	\$ 153,010,524	\$ 245,539,399

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:					
Local	\$ 77,216,084	\$ 77,932,079	\$ 22,368,909	\$ 5,857,018	\$ 183,374,090
County	1,343,619	1,279,152	472,738	54,188	3,149,697
State	12,097,110	51,808,758	-	-	63,905,868
Federal	12,751,548	5,285,350	-	17,864	18,054,762
Interest	1,821,906	840,844	417,891	3,125,714	6,206,355
Student activities	2,537,212	-	-	73,406	2,610,618
Other	463,492	247,127	-	-	710,619
Total Revenues	108,230,971	137,393,310	23,259,538	9,128,190	278,012,009
EXPENDITURES:					
Current:					
Instruction	17,050,802	101,950,735	-	472,513	119,474,050
Attendance	2,362,580	-	-	-	2,362,580
Guidance	166,146	5,735,397	-	-	5,901,543
Health, psych, speech and audio	5,992,399	5,423,709	-	26,559	11,442,667
Improvement of instruction	1,016,163	3,230,145	-	-	4,246,308
Professional development	64,043	312,320	-	-	376,363
Media services (library)	1,169,338	2,095,028	-	26,428	3,290,794
Board of Education services	1,194,296	-	-	-	1,194,296
Executive administration	1,347,059	1,583,764	-	3,648	2,934,471
Technology services	4,161,672	24,236	-	549,132	4,735,040
Building level administration	3,148,647	9,478,685	-	7,897	12,635,229
Business central service	2,000,229	6,770	-	3,573	2,010,572
Operation of plant	15,846,346	-	-	2,039,688	17,886,034
Security services	1,049,660	-	-	33,707	1,083,367
Pupil transportation	13,321,645	-	-	2,359,573	15,681,218
Food services	7,205,449	-	-	154,384	7,359,833
Central office support services	4,465,772	18,300	-	130,478	4,614,550
Community service	8,653,001	102,558	-	1,947	8,757,506
Capital outlay	-	-	-	81,636,517	81,636,517
Debt service:					
Principal	-	-	11,135,000	1,427,657	12,562,657
Interest and other charges	-	-	11,715,400	182,579	11,897,979
Total Expenditures	90,215,247	129,961,647	22,850,400	89,056,280	332,083,574
REVENUES OVER (UNDER) EXPENDITURES	18,015,724	7,431,663	409,138	(79,928,090)	(54,071,565)
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	(6,696,285)	-	-	6,696,285	-
Proceeds from sale of other property	2,660	-	-	1,832,247	1,834,907
Total Other Financing Sources (Uses)	(6,693,625)	-	-	8,528,532	1,834,907
NET CHANGE IN FUND BALANCES	11,322,099	7,431,663	409,138	(71,399,558)	(52,236,658)
FUND BALANCES, BEGINNING OF YEAR (RESTATED)	33,424,899	9,547,283	23,900,424	224,410,082	291,282,688
FUND BALANCES, END OF YEAR	\$ 44,746,998	\$ 16,978,946	\$ 24,309,562	\$ 153,010,524	\$ 239,046,030

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

**STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Self-Insurance Fund
ASSETS:	
Cash and investments	\$ 6,468,576
Total assets	\$ 6,468,576
NET POSITION:	
Restricted for:	
Future claims	\$ 6,468,576
Total net position	6,468,576
TOTAL LIABILITIES AND NET POSITION	\$ 6,468,576

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Self-Insurance Fund
OPERATING REVENUES	
Contributions by District, employees and retirees	\$ 25,002,825
Other income	4,590,350
	<hr/>
Total operating revenues	29,593,175
	<hr/>
OPERATING EXPENSES	
Claims	29,398,055
Other	3,792,236
	<hr/>
Total operating expenses	33,190,291
	<hr/>
Operating loss	(3,597,116)
	<hr/>
NON-OPERATING REVENUES	
Interest income	120,662
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CHANGE IN NET POSITION	(3,476,454)
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Net position, beginning of year	9,945,030
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Net position, end of year	\$ 6,468,576
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See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employer and employee contributions	\$ 25,002,825
Cash received from insurance	4,590,350
Cash payments to suppliers for claims and services	<u>(33,190,291)</u>
Net cash used in operating activities	<u>(3,597,116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from interest on deposits	<u>120,662</u>
Net cash provided by investing activities	<u>120,662</u>
Total decrease in cash	<u>(3,476,454)</u>
Cash at July 1, 2022	<u>9,945,030</u>
Cash at June 30, 2023	<u><u>\$ 6,468,576</u></u>

See accompanying notes to basic financial statements.

FRANCIS HOWELL R-III SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Francis Howell R-III School District (the District), established under the Statutes of the State of Missouri, is governed by an elected seven-member board as described in Chapter 162, Missouri Revised Statutes. The Board of Education is the basic level of government that has financial accountability and control over all activities related to public school education in the District.

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

Principles Determining the Scope of Reporting Entity

These financial statements present the District (the primary government) and its component unit, the Francis Howell R-III School District Educational Facilities Authority (the Authority). The financial reporting entity is required to include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on this criteria, the Authority is considered a component unit.

The Authority was incorporated under Missouri statutes as a not-for-profit organization whose purpose is for acquisition, construction, improvement, extension, repair, remodeling, renovation and financing for the District. Although legally separate, the Authority is blended as a governmental fund into the primary government. The Authority is currently inactive. Separate financial statements for the Authority are not issued.

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

Fund Accounting

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

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

determination. The following are the District's governmental fund types, each of which the District considers to be a major fund:

General Fund

The General Fund is the primary operating fund of the District and accounts for expenditures for noncertified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program and any expenditures not required to be accounted for in another fund.

Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue sources that are legally restricted for the payment of salaries and certain employee benefits for certified personnel performing in certificate-required positions.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of principal, interest and fiscal charges on general long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for resources to be used for the acquisition or construction of major capital assets.

Proprietary Fund

The Proprietary Fund is used to account for the District's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The District's Proprietary Fund is:

Internal Service Fund

This fund accounts for the proceeds from contributions for the payment of claims and the liabilities associated with the District's self-insurance activities (primarily medical and dental benefits). Expenses include claims paid, direct insurance payments and administrative fees.

Basis of Presentation

Government-wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District as a whole. The statements distinguish between governmental and business-type activities. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged for services.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

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

Fund Financial Statements:

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures and changes in fund balances are presented. The emphasis of fund financial statements is on *major* governmental funds, each displayed in a separate column. The District considers each of its funds to be major.

Basis of Accounting

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

The government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings and amounts payable to the pension plans resulting from summer payroll are reported as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Property Taxes

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

The assessed valuations of the tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation were \$3,276,499,453 and \$3,145,079,956, respectively.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2022 for purposes of local taxation was as follows:

	<u>Adjusted</u>
General Fund	\$ 1.9612
Special Revenue Fund	1.7650
Debt Service Fund	0.6713
Capital Projects Fund	<u>0.0630</u>
Total	<u>\$ 4.4605</u>

The receipts of current and delinquent property taxes during the year ended June 30, 2023, aggregated approximately 99.7% of the current assessment computed on the basis of the levy as shown above.

Pooled Cash and Temporary Investments

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

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

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

Restricted Cash and Investments

Restricted assets include cash and investments that are legally restricted as to their use. The restricted assets consist primarily of funds escrowed under the Missouri School District Direct Deposit Program, unspent bond proceeds invested in the Missouri Capital Asset Advantage Treasury Program, and amounts held by the District for self-insurance as discussed in Note 9.

Governmental Fund Balances

In the governmental fund financial statements, equity is classified as fund balance. 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.

Restricted - includes amounts restricted by external sources or by constitutional provision or enabling legislation.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

Committed – includes amounts that can only be used for specific purposes determined by a resolution of the Board of Education. 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 Operating 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. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, a negative fund balance may be reported. District policy requires a minimum unassigned fund balance of 15% of total prior year General Fund and Special Revenue Fund expenditures in order to cover unexpected expenditures and revenue shortfalls.

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

The District's policy is that the unassigned fund balance in the operating funds will be maintained at a level sufficient to provide the resources required to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from fluctuations of revenue sources. The District will strive to maintain a minimum unassigned balance in its operating funds equal to a range of fifteen to twenty percent (15%-20%) of its prior year operating expenditures.

As part of the annual budget process, the Chief Financial Officer will estimate the surplus or deficit for the current year and prepare a projection of the year-end unassigned fund balance. Such projection will include an analysis of trends in fund balance levels on an historical and future projection basis. Any anticipated balance in excess of the minimum unassigned General Fund balance may be budgeted at the discretion of the Board of Education. Any such action must also provide for necessary appropriations to restore the unassigned General Fund balance to the minimum balance.

If fund balances decline below the fifteen percent (15%) floor, the Board of Education will approve a plan to replenish the fund balance to the established minimum level within two (2) years.

Net Position

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Transfers in the amount of \$6,696,285 were made from the General Fund to the Capital Projects Fund to provide funds for the regular maintenance and upkeep of the District's facilities.

Use of Restricted Resources

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

Estimates

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

Implementation of New Guidance

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

Change of Accounting Principle

During the year ended June 30, 2023, the District changed the internal service funds related to self insurance to be classified as Proprietary Funds rather being included in governmental activities. In addition, the District has changed the recognition of expenditures related to pensions as described in the Basis of Accounting paragraph. The effects of these changes are presented below.

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Fund balances, June 30, 2022, as previously reported	\$ 43,666,436	\$ 11,858,904	\$ 23,900,424	\$ 224,410,082	\$ 303,835,846
Effect of changes in accounting principles	(10,241,537)	(2,311,621)	-	-	\$ (12,553,158)
Fund balances, June 30, 2022, restated	\$ 33,424,899	\$ 9,547,283	\$ 23,900,424	\$ 224,410,082	\$ 291,282,688

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

	<u>Proprietary Fund</u>	<u>Governmental Activities</u>
Net position, June 30, 2022, as previously reported	\$ -	\$ 303,835,846
Effect of changes in accounting principles	<u>9,945,031</u>	<u>(12,553,158)</u>
Net position, June 30, 2022, restated	<u>\$ 9,945,031</u>	<u>\$ 291,282,688</u>

2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law, as described in Note 1.

The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes. The District may invest the funds in bonds or any instrument permitted by law for the investment of state monies in accordance with section 165.051 of the Missouri Revised Statutes.

The District may purchase any investments allowed by the State Treasurer. These include U.S. Treasury securities, U.S. agency securities, securities issued by the State of Missouri, repurchase agreements, certificates of deposit, bankers' acceptances and commercial paper.

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. The direct deposits occur ten times per year and the balance is withdrawn every six months to pay the debt service requirement of the related bond issues. At June 30, 2023, the District had \$5,220,471 in this program, which has been classified as restricted investments.

The District also participates in two external investment pools: the Missouri Securities Investment Program (MOSIP) and the Missouri Capital Asset Advantage Treasury (MOCAAT). MOSIP and MOCAAT are external investment pools in which the District's monies are pooled with other entities' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share in each pool. A board of directors provides governance and oversight of each pool's operations. The Boards seek to maintain a stable net position value of \$1 per share. A separately issued financial statement for MOSIP can be obtained by contacting 1-877-MY-MOSIP and for MOCAAT by contacting 1-866-403-4638.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

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

Type	Governmental Carrying Value	Proprietary Carrying Value
Deposits:		
Demand deposits	\$ 51,556,477	\$ 6,486,576
Total Deposits	51,556,477	6,486,576
Investments:		
United States Treasury bills	113,817,802	-
External investment pools	80,165,120	-
Total Investments	193,982,922	-
Total Deposits and Investments	\$ 245,539,399	\$ 6,486,576

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

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District has a custodial credit risk policy to minimize credit risk by requiring that all securities purchased be perfected in the name of or for the account of the District and be held by a third-party custodian as evidenced by appropriate safekeeping receipts. The District's investments were not exposed to custodial credit risk at year end.

Investment Interest Rate Risk - Investment interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet anticipated cash flows for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds in primarily shorter-term securities. The District's investment policy also requires funds invested in bankers' acceptances and commercial paper mature not more than one hundred and eighty days from the dates of purchase and all other investments mature not more than two years from the dates of purchase. Additionally, the policy requires the District to adopt a weighted average maturity limitation that should not exceed one year. Maturities of investments held at June 30, 2023 are provided as follows:

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

Investment Type	Carrying Value	Investment Maturities (In Years)		
		No Maturity	Less than 1	1 - 5
United States Treasury bills	\$ 113,817,802	\$ -	\$ 77,269,628	\$ 36,548,174
External investment pools	80,165,120	-	80,165,120	-
	<u>\$ 193,982,922</u>	<u>\$ -</u>	<u>\$ 157,434,748</u>	<u>\$ 36,548,174</u>

Investment Credit Risk - Investment 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. To protect against credit risk, the District restricts investments to those with a rating of AAA by Standards and Poor's or A1+/P1 by Moody's. These ratings are the highest given by the agencies and indicate a low credit risk.

At June 30, 2023, the District's investments were rated as follows:

Description	Financial Institution	Amount	Rating
External Investment Pool -			
MOSIP Liquid Series	MOSIP	\$ 4	AAAm
MOCAAT Liquid Series	MOCAAT	80,165,116	AAAm

Concentration of Investment Credit Risk - 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, 95%; (b) collateralized time and demand deposits, 50%; (c) U.S. Government agencies, and government sponsored enterprises, no more than 70%; (d) collateralized repurchase agreements, 100%; (e) U.S. Government agency callable securities, no more than 15%; (f) commercial paper, no more than 40%; and (g) bankers' acceptances, no more than 40%. Investments in any one issuer representing 5% or more of total investments (excluding investments issued or explicitly guaranteed by the U.S. government, mutual funds, and external investment pools). The District's investments were not exposed to concentration of investment credit risk at year end.

3. LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	\$ 309,285,000	\$ -	\$ 11,135,000	\$ 298,150,000	\$ 11,480,000
Total	<u>\$ 309,285,000</u>	<u>\$ -</u>	<u>\$ 11,135,000</u>	<u>\$ 298,150,000</u>	<u>\$ 11,480,000</u>

Principal and interest on general obligation bonds are liquidated through the Debt Service Fund.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

General Obligation Bonds

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

Repayment of general obligation bond issues is made through the Missouri School District Direct Deposit Program which is a mechanism for public school bond repayments. It authorizes the direct deposit of a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds.

General obligation bonds outstanding at June 30, 2023 were as follows:

Date Issued	Maturity Date	Interest Rates	Original Issue	Balance
10/19/2009	03/01/2025	1.25%	\$ 9,185,000	\$ 6,185,000
02/16/2016	03/01/2029	3.00% - 4.00%	35,520,000	27,705,000
12/05/2019	03/01/2030	3.00% - 5.00%	32,225,000	19,745,000
08/20/2020	03/01/2040	2.00% - 4.00%	100,000,000	100,000,000
03/28/2022	03/01/2042	5.00%	146,625,000	144,515,000
				<u>\$ 298,150,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2023, including interest payments, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 11,480,000	\$ 11,919,362	\$ 23,399,362
2025	9,795,000	11,565,513	21,360,513
2026	7,735,000	11,278,900	19,013,900
2027	8,535,000	10,966,800	19,501,800
2028	9,395,000	10,587,150	19,982,150
2029 - 2033	68,035,000	45,602,650	113,637,650
2034 - 2038	90,875,000	29,912,750	120,787,750
2039 - 2042	92,300,000	10,984,500	103,284,500
	<u>\$ 298,150,000</u>	<u>\$ 142,817,625</u>	<u>\$ 440,967,625</u>

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

Legal Debt Margin

Article VI, Section 26(c), Constitution of Missouri, limits the outstanding amount of authorized General Obligation Bonds of a district to 15% of the assessed valuation of a District. The legal debt margin of the District at June 30, 2023 was:

Constitutional debt limit	\$ 491,474,918
General obligation bonds payable	(298,150,000)
Amount available in Debt Service Fund	<u>24,309,562</u>
Legal debt margin	<u><u>\$ 217,634,480</u></u>

4. LEASES

The District has several outstanding agreements that are classified as leases for various technology equipment, office equipment, and buses. The lease obligations are liquidated by the Capital Projects Fund.

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

Year ending June 30,	Principal	Interest	Total
2024	\$ 3,951,669	\$ 143,494	\$ 4,095,163
2025	1,379,418	117,494	1,496,912
2026	1,140,457	66,172	1,206,629
2027	430,086	18,746	448,832
2028	48,974	377	49,351
	<u>\$ 6,950,604</u>	<u>\$ 346,283</u>	<u>\$ 7,296,887</u>

5. RETIREMENT PLAN

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

General Information about the Pension Plans

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing service retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

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

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

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

The District's contributions to PSRS and PEERS were \$17,967,428 and \$2,970,037, respectively, for the year ended June 30, 2023.

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Francis Howell School District Other Postemployment Benefit ("OPEB") plan (the "Plan") provides OPEB for all eligible employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. The Plan was established by the Board of Education. The contribution requirements of the District and Plan members are established and may be amended by the District. No assets are accumulated in a trust, and the Plan does not issue a stand-alone report.

Benefits Provided

The District provides continuation of medical, dental and vision insurance coverage, including prescription drugs to employees who are eligible for normal or early retirement under PSRS or PEERS. Retirees may also cover spouses and eligible dependent children. Surviving spouses can continue coverage after the retiree's death. Retirees can continue coverage past Medicare eligibility age.

Retirees who elect to participate in the plan pay 100% of the blended premium rates effective for both active employees and retirees. The blended rates provide an implicit rate subsidy for retirees because, on

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

an actuarial basis, the current and future claims are expected to result in higher cost to the plan on average than those of active employees.

Teachers who retire from the District with at least 15 years of experience are eligible to participate in the District's Teachers Retiree Discount Insurance Program (RDIP). In order to earn a discount towards the purchase of the District's group health insurance, the teacher must substitute teach in the District. The number of days that a teacher must substitute teach to earn this benefit is calculated by dividing the District group health insurance contribution by the daily amount that a retiree is paid for substitute teaching, then multiplying that amount by the "Employee Contribution Percentage." Retirees are eligible for RDIP in the five years immediately following retirement. It is assumed that the percentage of retiree discount from this program will remain constant from year to year.

The District does not pre-fund benefits. The current funding policy is to pay benefits on a pay-as-you-go basis.

As of June 30, 2023, 914 retirees were participating in the District's medical, dental, and vision insurance plans paying total premiums of \$2,324,038.

7. DEFERRED COMPENSATION PLAN

Employees of the District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457. The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution.

8. INSURANCE PROGRAM

The District, along with various other local school districts, participates in the Missouri United School Insurance Council ("MUSIC"), an insurance association for workers' compensation, general liability, and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities.

MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The District's premium assessment from MUSIC for 2023 was \$2,606,192. There were no significant reductions in insurance coverage and settled claims have not exceeded insurance coverage in any of the past three years.

9. SELF-INSURANCE PLAN

The District maintains a self-funded health insurance program and dental insurance program with claims processed by third party administrators on behalf of the District. The General Fund is used to account for and finance both insurance programs.

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

All funds of the District from which employee salaries are paid participate in the health and dental insurance programs and make payments to a reserve maintained by an insurance administrator based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for incurred but not reported claims. Total medical and dental claims for the year ended June 30, 2023 were approximately \$29,024,914 and \$1,269,226, respectively.

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 material to the District's financial statements taken as a whole.

Grant 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. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

Protested Taxes

Each year the County remits certain unresolved protested tax payments to the District. The County notifies the District when a taxpayer is successful in their protests, and the District refunds the tax payments to the County. Normal refunds of protested tax payments are not material in relation to the District's financial position and results of operations.

Risks and Uncertainties

The District invests in various investment securities, including cash equivalents. Investment securities are exposed to various risks, such as interest rate, and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Construction Commitments

At June 30, 2023, the District had an open construction commitment in the amount of approximately \$49,400,000.

11. TAX ABATEMENTS

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which the governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action after

FRANCIS HOWELL R-III SCHOOL DISTRICT

Notes to Basic Financial Statements (continued)

the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Under Chapter 100 of Missouri's tax code, the Department of Economic Development can provide a state and local sales tax exemption on tangible personal property leased by a company from a city/county. The tax exemption extends to both state and local sales tax and local property tax.

The District does not negotiate tax abatements with entities; however, the District is impacted by tax abatements granted by other governmental jurisdictions within the District's boundaries. These include Chapter 100 tax abatements for General Motors, Westgate, BB-1 Future Space, and the Centene Corporation. For the year ending June 30, 2023, these abatements total approximately \$69,000.

The District is also subject to one Chapter 353 tax abatement; this is an incentive to help redevelop blighted areas by abating some or all of the property taxes for up to 25 years. This tax abatement is immaterial to the financial statements.

Supplementary Information

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local	\$ 75,223,062	\$ 75,903,266	\$ 77,216,084	\$ 680,204	\$ 1,312,818
County	1,265,067	1,275,077	1,343,619	10,010	68,542
State	10,359,959	11,994,390	12,097,110	1,634,431	102,720
Federal	8,687,277	7,977,711	12,751,548	(709,566)	4,773,837
Interest	21,811	1,650,000	1,821,906	1,628,189	171,906
Student activities	1,680,000	1,680,000	2,537,212	-	857,212
Other	85,000	180,000	463,492	95,000	283,492
Total revenues	97,322,176	100,660,444	108,230,971	3,338,268	7,570,527
EXPENDITURES:					
Instruction	16,718,616	18,153,409	17,050,802	(1,434,793)	1,102,607
Attendance	2,508,913	2,564,745	2,362,580	(55,832)	202,165
Guidance	195,270	198,570	166,146	(3,300)	32,424
Health, psych, speech and audio	6,159,709	6,172,882	5,992,399	(13,173)	180,483
Improvement of instruction	2,122,794	2,295,826	1,016,163	(173,032)	1,279,663
Professional development	86,540	89,560	64,043	(3,020)	25,517
Media services (library)	1,501,713	1,172,713	1,169,338	329,000	3,375
Board of Education services	1,298,478	1,295,978	1,194,296	2,500	101,682
Executive administration	5,439,555	2,107,376	1,347,059	3,332,179	760,317
Technology services	4,071,222	4,096,222	4,161,672	(25,000)	(65,450)
Building level administration	3,010,979	3,059,725	3,148,647	(48,746)	(88,922)
Business central service	1,708,436	1,748,436	2,000,229	(40,000)	(251,793)
Operation of plant	17,388,789	18,352,789	15,846,346	(964,000)	2,506,443
Security services	1,109,364	1,064,352	1,049,660	45,012	14,692
Pupil transportation	11,252,060	11,262,460	13,321,645	(10,400)	(2,059,185)
Food services	6,917,770	6,767,770	7,205,449	150,000	(437,679)
Central office support services	3,618,241	3,650,902	4,465,772	(32,661)	(814,870)
Community service	8,254,069	8,259,050	8,653,001	(4,980)	(393,951)
Total expenditures	93,362,518	92,312,765	90,215,247	1,049,753	2,097,518
REVENUES (UNDER) OVER EXPENDITURES	3,959,658	8,347,679	18,015,724	4,388,021	9,668,045
OTHER FINANCING SOURCES (USES):					
Transfers out	(3,500,000)	(6,600,000)	(6,696,285)	3,100,000	(96,285)
Proceeds from sale of other property	-	-	2,660	-	2,660
Total other financing sources (uses)	(3,500,000)	(6,600,000)	(6,693,625)	3,100,000	(93,625)
NET CHANGE IN FUND BALANCE	\$ 459,658	\$ 1,747,679	11,322,099	\$ 7,488,021	\$ 9,574,420
FUND BALANCE, BEGINNING OF YEAR (Restated)			33,424,899		
FUND BALANCE, END OF YEAR			\$ 44,746,998		

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local	\$ 77,351,167	\$ 77,248,167	\$ 77,932,079	\$ (103,000)	\$ 683,912
County	1,238,082	1,226,367	1,279,152	(11,715)	52,785
State	46,978,719	47,537,782	51,808,758	559,063	4,270,976
Federal	4,778,813	5,911,132	5,285,350	1,132,319	(625,782)
Interest	19,987	594,000	840,844	574,013	246,844
Other	170,000	255,000	247,127	85,000	(7,873)
Total revenues	130,536,768	132,772,448	137,393,310	2,235,680	4,620,862
EXPENDITURES:					
Instruction	104,738,774	107,521,267	101,950,735	(2,782,493)	5,570,532
Guidance	5,529,263	5,529,263	5,735,397	-	(206,134)
Health, psych, speech and audio	5,475,743	5,478,973	5,423,709	(3,230)	55,264
Improvement of instruction	3,020,905	2,966,975	3,230,145	53,930	(263,170)
Professional development	321,547	318,527	312,320	3,020	6,207
Media services (library)	1,882,577	1,882,577	2,095,028	-	(212,451)
Executive administration	1,940,160	1,940,160	1,583,764	-	356,396
Technology services	22,607	22,607	24,236	-	(1,629)
Building level administration	9,326,628	9,322,766	9,478,685	3,862	(155,919)
Business central service	2,500	2,500	6,770	-	(4,270)
Central office support services	532,795	558,795	18,300	(26,000)	540,495
Community service	14,921	14,921	102,558	-	(87,637)
Debt service:					
Interest and other charges	70,000	70,000	-	-	70,000
	132,878,421	135,629,332	129,961,647	(2,750,910)	5,667,685
NET CHANGE IN FUND BALANCE	\$ (2,341,653)	\$ (2,856,884)	7,431,663	\$ 4,986,590	\$ (1,046,823)
FUND BALANCE, BEGINNING OF YEAR (Restated)			9,547,283		
FUND BALANCE, END OF YEAR			\$ 16,978,946		

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	Budgeted amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local	\$ 21,634,330	\$ 22,208,801	\$ 22,368,909	\$ 574,471	\$ 160,108
County	436,672	436,447	472,738	(225)	36,291
Interest	7,529	265,000	417,891	257,471	152,891
Total revenues	<u>22,078,531</u>	<u>22,910,248</u>	<u>23,259,538</u>	<u>831,717</u>	<u>349,290</u>
EXPENDITURES:					
Business central service	5,000	5,000	-	-	5,000
Debt service:					
Principal	11,135,000	11,135,000	11,135,000	-	-
Interest and other charges	11,812,790	11,812,790	11,715,400	-	97,390
Total expenditures	<u>22,952,790</u>	<u>22,952,790</u>	<u>22,850,400</u>	<u>-</u>	<u>102,390</u>
NET CHANGE IN FUND BALANCE	<u>\$ (874,259)</u>	<u>\$ (42,542)</u>	<u>409,138</u>	<u>\$ 831,717</u>	<u>\$ 451,680</u>
FUND BALANCE, BEGINNING OF YEAR			<u>23,900,424</u>		
FUND BALANCE, END OF YEAR			<u>\$ 24,309,562</u>		

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local	\$ 1,993,652	\$ 5,879,780	\$ 5,857,018	\$ 3,886,128	\$ (22,762)
County	39,029	40,960	54,188	1,931	13,228
State	40,000	40,000	-	-	(40,000)
Federal	-	-	17,864	-	17,864
Interest	109,739	2,789,000	3,125,714	2,679,261	336,714
Student activities	-	-	73,406	-	73,406
Total Revenues	2,182,420	8,749,740	9,128,190	6,567,320	378,450
EXPENDITURES:					
Capital outlay	69,174,843	97,012,865	87,446,044	(27,838,022)	9,566,821
Debt service:					
Principal	1,386,097	1,455,097	1,427,657	(69,000)	27,440
Interest and other charges	390,207	390,207	182,579	-	207,628
Total expenditures	70,951,147	98,858,169	89,056,280	(27,907,022)	9,801,889
REVENUES UNDER EXPENDITURES	(68,768,727)	(90,108,429)	(79,928,090)	(21,339,702)	10,180,339
OTHER FINANCING SOURCES:					
Transfers in	3,500,000	6,600,000	6,696,285	3,100,000	96,285
Proceeds from sale of other property	-	1,374,000	1,832,247	1,374,000	458,247
Total other financing sources	3,500,000	7,974,000	8,528,532	4,474,000	554,532
NET CHANGE IN FUND BALANCE	\$ (65,268,727)	\$ (82,134,429)	(71,399,558)	\$ (16,865,702)	\$ 10,734,871
FUND BALANCE, BEGINNING OF YEAR			224,410,082		
FUND BALANCE, END OF YEAR			\$ 153,010,524		

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

1. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the final budget amounts included in the budget and actual schedules.
6. Budgets are adopted on the modified cash basis of accounting.

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

County District Number 092-088

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1050	9	12	-	6.6000	167	1,073.8000
1075	9	12	-	6.6000	167	1,073.8000
1090	9	12	-	6.6000	167	1,073.8000
3000	6	8	-	6.6000	167	1,073.8000
3100	6	8	-	6.6000	167	1,073.8000
3200	6	8	-	6.6000	167	1,073.8000
3300	6	8	-	6.6000	167	1,073.8000
3400	6	8	-	6.6000	167	1,073.8000
4020	K	5	-	6.6000	167	1,090.8000
4035	K	5	-	6.6000	167	1,090.8000
4040	K	5	-	6.6000	167	1,090.8000
4060	K	5	-	6.6000	167	1,090.8000
4070	K	5	-	6.6000	167	1,090.8000
5000	K	5	-	6.6000	167	1,090.8000
5010	K	5	-	6.6000	167	1,090.8000
5020	K	5	-	6.6000	167	1,090.8000
5030	K	5	-	6.6000	167	1,090.8000
5040	K	5	-	6.6000	167	1,090.8000
	PK	PK	-	6.5833	167	1,085.1833
	PK	PK	A	3.2916	171	555.7084
	PK	PK	P	3.2916	171	555.7084

Notes:	

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

2. Attendance Hours

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
1050	9-12	1,630,414.7503	97,386.1041	-	-	54,282.4198	1,782,083.2742
1075	9-12	1,496,453.6871	34,369.6830	-	-	-	1,530,823.3701
1090	9-12	1,667,917.2235	46,629.5975	-	-	-	1,714,546.8210
3000	6-8	739,723.0274	1,096.8834	-	-	-	740,819.9108
3100	6-8	717,399.8299	2,791.2500	-	-	-	720,191.0799
3200	6-8	840,518.5015	3,422.0853	-	-	-	843,940.5868
3300	6-8	705,359.2067	630.9327	-	-	-	705,990.1394
3400	6-8	813,655.6085	1,968.8166	-	-	32,373.7331	847,998.1582
4020	PK-5	833,840.1652	235.3334	-	-	5,122.0669	839,197.5655
4035	PK-5	833,340.7140	160.5802	-	-	7,340.5332	840,841.8274
4040	PK-5	812,858.2503	2,840.3534	-	-	7,986.2331	823,684.8368
4060	PK-5	428,195.6164	744.2001	-	-	1,494.0666	430,433.8831
4070	PK-5	1,023,777.5943	2,747.7635	-	-	11,227.0167	1,037,752.3745
5000	PK-5	684,029.5674	4,138.7000	-	-	5,988.6000	694,156.8674
5010	PK-5	618,003.4491	475.1833	-	-	3,780.3834	622,259.0158
5020	PK-5	666,728.8039	1,243.0333	-	-	4,487.2001	672,459.0373
5030	PK-5	773,067.8501	322.0333	-	-	6,482.6498	779,872.5332
5040	PK-5	772,449.1328	419.7500	-	-	6,910.9833	779,779.8661
		<u>16,057,732.9784</u>	<u>201,622.2831</u>	-	-	<u>147,475.8860</u>	<u>16,406,831.1475</u>

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

Notes:	

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9-12	1,735.00	84.97	-	1,819.97
1075	9-12	1,650.00	19.72	-	1,669.72
1090	9-12	1,764.00	28.59	-	1,792.59
3000	6-8	739.00	1.44	-	740.44
3100	6-8	733.00	1.75	-	734.75
3200	6-8	834.00	1.55	-	835.55
3300	6-8	699.00	0.72	-	699.72
3400	6-8	811.00	0.87	-	811.87
4020	PK-5	807.00	0.22	-	807.22
4035	PK-5	813.00	0.76	-	813.76
4040	PK-5	792.00	2.32	-	794.32
4060	PK-5	412.00	0.40	-	412.40
4070	PK-5	1,007.00	1.76	-	1,008.76
5000	PK-5	667.00	0.77	-	667.77
5010	PK-5	604.00	-	-	604.00
5020	PK-5	648.00	0.97	-	648.97
5030	PK-5	744.00	0.24	-	744.24
5040	PK-5	753.00	0.59	-	753.59
		<u>16,212.00</u>	<u>147.64</u>	-	<u>16,359.64</u>

Notes:	

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A	2.00	1.00	-	-	3.00
1050	85.57	49.43	-	-	135.00
1075	199.43	64.43	-	-	263.86
1090	187.74	43.86	-	-	231.60
3000	81.43	37.00	-	-	118.43
3100	136.00	37.00	-	-	173.00
3200	43.00	12.00	-	-	55.00
3300	49.00	19.00	-	-	68.00
3400	100.00	26.00	-	-	126.00
4020	70.00	33.00	-	-	103.00
4035	68.00	25.00	-	-	93.00
4040	272.82	34.00	-	-	306.82
4060	32.00	8.00	-	-	40.00
4070	115.00	41.00	-	-	156.00
5000	133.00	20.00	-	-	153.00
5010	94.43	22.00	-	-	116.43
5020	28.00	11.00	-	-	39.00
5030	60.00	11.00	-	-	71.00
5040	38.00	18.00	-	-	56.00
	<u>1,795.42</u>	<u>512.72</u>	<u>-</u>	<u>-</u>	<u>2,308.14</u>

Notes:	

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	TRUE
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	TRUE
	Academic Programs Off-Campus	TRUE
	Career Exploration Program – Off Campus	TRUE
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	TRUE
	Dual enrollment	TRUE
	Homebound instruction	TRUE
	Missouri Options	TRUE
	Prekindergarten eligible to be claimed for state aid	TRUE
	Remediation	TRUE
	Sheltered Workshop participation	TRUE
	Students participating in the school flex program	TRUE
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	TRUE
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	TRUE
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	TRUE
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	TRUE
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	TRUE
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	TRUE

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

Section	Question	Answer
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	TRUE
5.11	The district has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	TRUE
5.12	The amount spent for approved professional development committee plan activities was:	\$376,363
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066. RSMo.	TRUE

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

Finding:	

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Selected Statistics (continued)

6. Transportation (Section 163.161, RSMo)

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	TRUE
6.2	The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	TRUE
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: <ul style="list-style-type: none"> • Eligible ADT • Ineligible 	10,159.5 <hr/> 917 <hr/>
6.4	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	TRUE
6.5	Actual odometer records show the total District-operated and contracted mileage for the year was:	2,209,669
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route and disapproved miles (combined) was: <ul style="list-style-type: none"> • Eligible Miles • Ineligible Miles (Non-route/Disapproved) 	2,018,840 <hr/> 190,829 <hr/>
6.7	Number of days the District operated the school transportation system during the regular school year:	169

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

Notes:	

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

Finding:	
Management Letter Comment:	

REPORT ON COMPLIANCE - STATE REQUIREMENTS

To the Members of the Board of Education
Francis Howell R-III School District

We have audited the modified cash basis financial statements of the governmental activities and each major fund of the Francis Howell R-III School District (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated December 8, 2023. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

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

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

Honkamp, P.C.

St. Louis, Missouri
December 8, 2023

Federal Compliance Section

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

To the Members of the Board of Education
Francis Howell R-III School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Francis Howell R-III School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2023. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Houng, P.C.

St. Louis, Missouri
December 8, 2023

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

To the Members of the Board of Education
Francis Howell R-III School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Houkamp, P.C.

St. Louis, Missouri
December 8, 2023

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

Program Title	Federal Assistance Listing	Pass-Through Identification Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I Grants to Local Education Agencies	84.010	092-088	\$ 683,216
Title IIA - Supporting Effective Instruction Grants	84.367	092-088	328,093
Title III - English Language Acquisition Grants	84.365	092-088	38,333
Title IV - Student Support and Academic Enrichment	84.424	092-088	60,855
Education Stabilization Fund:			
COVID-19: CRRSA Parent Reimbursement (GEER II)	84.425C	092-088	39,553
COVID-19: Grow Your Own Grant	84.425D	092-088	5,000
COVID-19: Teacher Retention Grant	84.425D	092-088	598,000
Subtotal Assistance Listing 84.425D			<u>603,000</u>
COVID-19: ARP HCY I	84.425W	092-088	47,435
COVID-19: ARP HCY II	84.425W	092-088	7,058
Subtotal Assistance Listing 84.425W			<u>54,493</u>
COVID-19: ESSER III	84.425U	092-088	1,878,706
Subtotal Education Stabilization Fund			<u>2,575,752</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	092-088	3,610,003
Special Education High Needs Fund	84.027	092-088	72,796
Special Education AEM	84.027	092-088	5,827
COVID-19: ARP IDEA	84.027X	092-088	55,446
Early Childhood Special Education - IDEA 611	84.027	092-088	524,204
Assistive Technology Reimbursement Program	84.027	092-088	33,490
Subtotal Assistance Listing 84.027			<u>4,301,766</u>
Special Education - Preschool Grant	84.173	092-088	166,364
Subtotal Assistance Listing 84.173			<u>166,364</u>
Total Special Education Cluster (IDEA)			<u>4,468,130</u>
Total U.S. Department of Education			<u>8,154,379</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	092-088	2,955,038
COVID-19: Supply Chain Assistance	10.555	092-088	454,265
Donated Foods	10.555	092-088	379,541
Subtotal Assistance Listing 10.555			<u>3,788,844</u>
School Breakfast Program	10.553	092-088	583,258
Total Child Nutrition Cluster			<u>4,372,102</u>
Total U.S. Department of Agriculture			<u>4,372,102</u>
TOTAL			<u>\$ 12,526,481</u>

FRANCIS HOWELL R-III SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards (continued)

Note 1 - Basis of Presentation

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

Note 2 - Significant Accounting Policies

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

Note 3 - Indirect cost Rate

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

Note 4 - Food Distribution

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

Note 5 - Insurance

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

Note 6 - Loans/Loan Guarantees

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

Note 7 - Subrecipients

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

Note 8 - Donated Personal Protective Equipment (Unaudited)

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

FRANCIS HOWELL R-III SCHOOL DISTRICT

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

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

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

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

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

Identification of major programs:

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

84.027, 84.173	Special Education Cluster
84.425C, 84.425D, 84.425W, 84.425U	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes No

2. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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