

FERGUSON REORGANIZED SCHOOL DISTRICT R-2

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

FINANCIAL AND SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT	1
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION – CASH BASIS	4
STATEMENT OF ACTIVITIES – CASH BASIS	5
FUND FINANCIAL STATEMENTS	
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM CASH TRANSACTIONS – GOVERNMENTAL FUNDS	6
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE (CASH BASIS) TO NET POSITION (CASH BASIS) OF GOVERNMENTAL ACTIVITIES	7
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – CASH BASIS – GOVERNMENTAL FUNDS	8
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (CASH BASIS) TO THE STATEMENT OF ACTIVITIES (CASH BASIS)	9
STATEMENT OF FUND NET POSITION – CASH BASIS – PROPRIETARY FUND	10
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION – CASH BASIS – PROPRIETARY FUND	11
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND	12
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – SPECIAL REVENUE FUND	13
NOTES TO BASIC FINANCIAL STATEMENTS	14
SUPPLEMENTARY INFORMATION	
SCHEDULE 1 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	30
SCHEDULE 2 – NOTE TO SCHEDULE OF FEDERAL AWARDS	31

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

SCHEDULE 3 – SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – DEBT SERVICE FUND	32
SCHEDULE 4 – SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL - CAPITAL PROJECTS FUND	33
SCHEDULE 5 – SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL FUNDS – CASH BASIS	34
SCHEDULE 6 – SCHEDULE OF DISBURSEMENTS BY OBJECT	36
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	37
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	39
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42
MISSOURI COMPLIANCE SECTION	
INDEPENDENT AUDITORS’ REPORT ON TRANSPORTATION COSTS PAID ELIGIBLE FOR STATE AID	44
SCHEDULE OF TRANSPORTATION DISBURSEMENTS – CASH BASIS	45
INDEPENDENT ACCOUNTANTS’ REPORT ON COMPLIANCE WITH STATE REQUIREMENTS	46
SCHEDULE OF SELECTED STATISTICS	47



INDEPENDENT AUDITORS' REPORT

Board of Education
Ferguson Reorganized School District R-2
Hazelwood, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Ferguson Reorganized School District R-2 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Ferguson Reorganized School District R-2'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 cash basis financial position of the governmental activities, each major fund and aggregate remaining fund information of Ferguson Reorganized School District R-2, as of June 30, 2022, and the respective changes in cash basis - financial position, thereof and the respective budgetary comparison for the general fund and the major special revenue fund cash basis for the year then ended, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Ferguson Reorganized School District R-2 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 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the 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 auditors' 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2'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 as a whole the collectively comprise the District’s basic financial statements. The schedule of receipts, disbursements, and changes in fund balance – budget to actual – debt service fund and capital projects fund, the schedule of receipts by source – all governmental funds, the schedule of disbursements paid by object and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the schedule of receipts, disbursements, and changes in fund balance – budget to actual – debt service fund and capital projects fund, the schedule of receipts by source – all governmental funds, the schedule of disbursements paid by object and the accompanying schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of Ferguson Reorganized School District R-2’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 Ferguson Reorganized School District R-2’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 Ferguson Reorganized School District R-2’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
March 22, 2023

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 33,469,374
Investments	564,397
Total Assets	\$ 34,033,771
LIABILITIES AND NET POSITION	
LIABILITIES	
Employee Benefits Payable	\$ 1,243,461
NET POSITION	
Restricted for:	
Teachers' Salaries and Benefits	2,110,615
Debt Service	4,450,963
Capital Projects	187,028
Unrestricted	26,041,704
Total Net Position	32,790,310
Total Liabilities and Net Position	\$ 34,033,771

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF ACTIVITIES – CASH BASIS
YEAR ENDED JUNE 30, 2022

Functions/Programs	Disbursements	Program Receipts		Net
		Charges for Services and Sales	Operating Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
				Government Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 74,407,140	\$ 388,729	\$ 10,611,020	\$ (63,407,391)
Student Services	6,211,010	-	-	(6,211,010)
Instructional Staff Support	8,748,886	-	291,639	(8,457,247)
Building Administration	10,372,876	-	-	(10,372,876)
General Administration and Central Services	10,085,038	-	-	(10,085,038)
Operation of Plant	15,767,085	-	-	(15,767,085)
Transportation	9,375,022	-	12,326,364	2,951,342
Food Service	4,840,617	30,383	6,452,076	1,641,842
Community Services	4,871,064	219,085	-	(4,651,979)
Facility Acquisition and Construction	2,003,780	-	-	(2,003,780)
Debt Service and Fiscal Charges	3,453,058	-	-	(3,453,058)
Total Governmental Activities	<u>\$ 150,135,576</u>	<u>\$ 638,197</u>	<u>\$ 29,681,099</u>	(119,816,280)
GENERAL RECEIPTS				
Taxes:				
Property Taxes, Levied for General Purposes				28,580,532
Property Taxes, Levied for Instruction				45,454,094
Property Taxes, Levied for Debt Services				3,646,521
Property Taxes, Levied for Capital Projects				2,794,435
Federal and State Aid Not Restricted to Specific Purposes:				
General				36,152,907
Interest and Investment Earnings				67,331
Other				413,507
Total General Receipts				<u>117,109,327</u>
CHANGE IN NET POSITION				
				(2,706,953)
Net Position - Beginning of Year				<u>35,497,263</u>
NET POSITION - END OF YEAR				
				<u>\$ 32,790,310</u>

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM
CASH TRANSACTIONS – GOVERNMENTAL FUNDS
JUNE 30, 2022

	Governmental Funds				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
ASSETS					
Cash and Cash Equivalents	\$ 19,853,540	\$ 2,932,188	\$ 3,886,566	\$ 187,028	\$ 26,859,322
Restricted Cash and Investments	-	-	564,397	-	564,397
Total Assets	<u>\$ 19,853,540</u>	<u>\$ 2,932,188</u>	<u>\$ 4,450,963</u>	<u>\$ 187,028</u>	<u>\$ 27,423,719</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Employee Benefits Payable	\$ 421,888	\$ 821,573	\$ -	\$ -	\$ 1,243,461
FUND BALANCE					
Restricted:					
Teachers' Salaries and Benefits	-	2,110,615	-	-	2,110,615
Debt Service	-	-	4,450,963	-	4,450,963
Capital Projects	-	-	-	187,028	187,028
Unassigned	19,431,652	-	-	-	19,431,652
Total Fund Balance	<u>19,431,652</u>	<u>2,110,615</u>	<u>4,450,963</u>	<u>187,028</u>	<u>26,180,258</u>
Total Liabilities and Fund Balance	<u>\$ 19,853,540</u>	<u>\$ 2,932,188</u>	<u>\$ 4,450,963</u>	<u>\$ 187,028</u>	<u>\$ 27,423,719</u>

See accompanying Notes to Basic Financial Statements.

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE (CASH BASIS)
TO NET POSITION (CASH BASIS) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Total Fund Balance - Cash Basis - Governmental Funds \$ 26,180,258

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balances of Governmental Funds:

Internal service funds are used by the District to charge the cost of insurance activities to individual funds.

The net position of the internal service fund is included in governmental activities in the statement of net position.

6,610,052

Total in Net Position - Governmental Activities

\$ 32,790,310

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE – CASH BASIS – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
RECEIPTS					
Local	\$ 28,991,226	\$ 44,753,952	\$ 3,583,862	\$ 2,744,470	\$ 80,073,510
County	670,506	708,718	68,338	60,873	1,508,435
State	10,998,939	23,872,644	-	-	34,871,583
Federal	27,500,028	3,470,863	-	-	30,970,891
Other	4,204	-	-	-	4,204
Total Receipts	<u>68,164,903</u>	<u>72,806,177</u>	<u>3,652,200</u>	<u>2,805,343</u>	<u>147,428,623</u>
DISBURSEMENTS					
Instruction	8,934,597	64,090,943	-	411,077	73,436,617
Student Services	4,270,343	1,853,154	-	6,500	6,129,997
Instructional Staff Support	4,499,297	4,135,474	-	-	8,634,771
Building Administration	3,466,580	6,767,799	-	3,199	10,237,578
General Administration and Central Services	6,572,640	2,515,114	-	865,741	9,953,495
Operation of Plant	15,527,105	-	-	34,323	15,561,428
Transportation	5,762,791	-	-	3,489,950	9,252,741
Food Service	4,651,133	-	-	126,346	4,777,479
Community Services	3,094,440	1,713,088	-	-	4,807,528
Facility Acquisition and Construction	-	-	-	2,003,780	2,003,780
Debt Service and Fiscal Charges	-	-	2,810,150	642,908	3,453,058
Total Disbursements	<u>56,778,926</u>	<u>81,075,572</u>	<u>2,810,150</u>	<u>7,583,824</u>	<u>148,248,472</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,385,977	(8,269,395)	842,050	(4,778,481)	(819,849)
OTHER FINANCING SOURCES (USES)					
Transfer In	-	7,000,000	-	1,015,934	8,015,934
Transfer Out	(8,015,934)	-	-	-	(8,015,934)
Total Other Financing Sources (Uses)	<u>(8,015,934)</u>	<u>7,000,000</u>	<u>-</u>	<u>1,015,934</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	3,370,043	(1,269,395)	842,050	(3,762,547)	(819,849)
FUND BALANCE - CASH BASIS - JULY 1, 2021	<u>16,061,609</u>	<u>3,380,010</u>	<u>3,608,913</u>	<u>3,949,575</u>	<u>27,000,107</u>
FUND BALANCE - CASH BASIS - JUNE 30, 2022	<u>\$ 19,431,652</u>	<u>\$ 2,110,615</u>	<u>\$ 4,450,963</u>	<u>\$ 187,028</u>	<u>\$ 26,180,258</u>

See accompanying Notes to Basic Financial Statements.

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE – CASH BASIS
TO THE STATEMENT OF ACTIVITIES – CASH BASIS
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Governmental Funds \$ (819,849)

Reconciliation of statement of activities

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances for Governmental Funds:

Internal Service funds are used by the District to charge the cost of insurance activities to individual funds. The change in net position of the internal service fund is included in governmental activities in the statement of activities.

(1,887,104)

Net Change in Net Position - Governmental Activities

\$ (2,706,953)

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF FUND NET POSITION – CASH BASIS – PROPRIETARY FUND
JUNE 30, 2022

	<u>Governmental Activities - Internal Service Fund</u>
CURRENT ASSETS	
Cash	<u>\$ 6,610,052</u>
NET POSITION	
Unrestricted	<u><u>\$ 6,610,052</u></u>

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION
CASH BASIS – PROPRIETARY FUND
JUNE 30, 2022

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUE	
Charges for Services:	
Contributions by Employee	\$ 14,988,698
Contributions by Employer	1,400,004
Total Operating Revenue	<u>16,388,702</u>
OPERATING DISBURSEMENTS	
Claims	18,125,960
Administration Fees	149,846
Total Operating Disbursements	<u>18,275,806</u>
CHANGE IN NET POSITION	(1,887,104)
Net Position - Beginning of Year	<u>8,497,156</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,610,052</u></u>

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Local	\$ 28,637,500	\$ 28,637,500	28,991,226	\$ 353,726
County	770,000	770,000	670,506	(99,494)
State	11,589,893	11,589,893	10,998,939	(590,954)
Federal	19,971,550	19,971,550	27,500,028	7,528,478
Other	300,000	300,000	4,204	(295,796)
Total Receipts	<u>61,268,943</u>	<u>61,268,943</u>	<u>68,164,903</u>	<u>6,895,960</u>
DISBURSEMENTS				
Instruction	11,843,218	11,843,218	8,934,597	(2,908,621)
Student Services	4,656,543	4,656,543	4,270,343	(386,200)
Instructional Staff Support	2,424,948	2,424,948	4,499,297	2,074,349
Building Administration	2,167,296	2,167,296	3,466,580	1,299,284
General Administration and Central Services	7,030,237	7,030,237	6,572,640	(457,597)
Operation of Plant	15,040,773	15,040,773	15,527,105	486,332
Transportation	5,652,596	5,652,596	5,762,791	110,195
Food Service	6,183,268	6,183,268	4,651,133	(1,532,135)
Community Services	2,950,304	2,950,304	3,094,440	144,136
Total Disbursements	<u>57,949,183</u>	<u>57,949,183</u>	<u>56,778,926</u>	<u>(1,170,257)</u>
RECEIPTS OVER DISBURSEMENTS	3,319,760	3,319,760	11,385,977	8,066,217
OTHER FINANCING USE				
Transfer Out	-	-	(8,015,934)	(8,015,934)
NET CHANGE IN FUND BALANCE	<u>\$ 3,319,760</u>	<u>\$ 3,319,760</u>	3,370,043	<u>\$ 50,283</u>
Cash Basis Fund Balance - July 1, 2021			<u>16,061,609</u>	
CASH BASIS FUND BALANCE - JUNE 30, 2022			<u>\$ 19,431,652</u>	

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Local	\$ 44,407,325	\$ 44,407,325	\$ 44,753,952	\$ 346,627
County	750,000	750,000	708,718	(41,282)
State	27,922,297	27,922,297	23,872,644	(4,049,653)
Federal	5,890,801	5,890,801	3,470,863	(2,419,938)
Total Receipts	<u>78,970,423</u>	<u>78,970,423</u>	<u>72,806,177</u>	<u>(6,164,246)</u>
DISBURSEMENTS				
Instruction	60,613,609	60,613,607	64,090,943	3,477,336
Student Services	4,541,642	4,541,642	1,853,154	(2,688,488)
Instructional Staff Support	5,586,755	5,586,755	4,135,474	(1,451,281)
Building Administration	6,745,767	6,745,767	6,767,799	22,032
General Administration and Central Services	1,676,954	1,676,954	2,515,114	838,160
Community Services	1,975,975	1,975,975	1,713,088	(262,887)
Total Disbursements	<u>81,140,702</u>	<u>81,140,700</u>	<u>81,075,572</u>	<u>(65,128)</u>
RECEIPTS UNDER DISBURSEMENTS	(2,170,279)	(2,170,277)	(8,269,395)	(6,099,118)
OTHER FINANCING SOURCE				
Transfer In	-	-	7,000,000	7,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (2,170,279)</u>	<u>\$ (2,170,277)</u>	<u>(1,269,395)</u>	<u>\$ 900,882</u>
Cash Basis Fund Balance - July 1, 2021			<u>3,380,010</u>	
CASH BASIS FUND BALANCE - JUNE 30, 2022			<u><u>\$ 2,110,615</u></u>	

See accompanying Notes to Basic Financial Statements.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Ferguson Reorganized School District R-2 (the District) was established under the statutes of the state of Missouri, is governed by an elected seven-member board as described in Section 162.092 RSMo of the public school laws of Missouri. The Board of Education is the basic level of government that financial accountability and control over all activities related to public school education in the District.

The financial statements of the District consist only of funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight that would result in the District being considered a component unit of the entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. For the year ended June 30, 2022, all of the District's activities are classified as governmental type.

Government-Wide Financial Statements

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 disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the District.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses only the governmental category of funds. All the funds of the District are considered major due in part to an administrative directive from the Missouri Department of Elementary and Secondary Education.

Governmental Funds

General (Incidental) Fund: Accounts for all transactions having to do with the operations of the school district's regular programs, except those required to be accounted for in another fund.

Special Revenue (Teachers) Fund: Accounts for revenue sources legally restricted for expenditures for salaries and benefits for teachers and tuition payments to other districts/charter schools, private schools, etc.

Debt Service Fund: Accounts for all transactions affecting the value of the unpaid principal of bond issues, value of cash on deposit in the fund, the value of any temporary investments, the amount of current interest and principal requirements of long-term debt and paying agent fees.

Capital Projects Fund: Accounts for all facility acquisition, construction and all other capital outlay expenditures.

Proprietary Fund

Internal Service Fund: The Internal Service Fund accounts for premiums collected for the payment of claims associated with the District's self-insurance activities (primarily medical benefits). Disbursements consist primarily of claims paid for medical treatment and prescription drugs along with miscellaneous government fees, claims administration, and reinsurance fees.

Government-Wide Financial Statements

The District's policy is to prepare its government-wide financial statements on the cash basis of accounting, consequently, receipts are recognized when received rather than when earned, and disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the government-wide financial statements present the net position and activities of the District on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP).

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The District's policy is to prepare its fund financial statements on the cash basis of accounting; consequently, receipts are recognized when received rather than when earned, and disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the fund financial statements present the financial position and results of operations of the funds on a comprehensive basis of accounting other than U.S. GAAP.

Budgetary Data

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

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

Prior to July, the 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 receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.

Prior to approval of the annual budget by the Board of Education, a public hearing is conducted to obtain taxpayer comments. The budget document is available for public inspection prior to the public hearing.

The budget was legally enacted by the vote of the Board of Education on June 22, 2021. 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 budget information included in the monthly financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education.

Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

Restricted Assets

Restricted cash and investments represent amounts whose use is limited by legal requirements. The Debt Service Fund, restricted cash and investments consists of amounts escrowed for future general obligation bond and interest payments. The nature of the restriction is:

Restricted for Teachers' Salaries and Benefits: The District has \$2,110,615 segregated for teachers' salaries and benefits.

Restricted for Capital Projects: The District has \$187,028 set aside for purposes of future capital projects through the Capital Projects Fund.

Restricted for Debt Services: The District has \$4,450,963 set aside for purposes of future debt service related items.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The District maintains an investment pool that is available for use for all funds, except the Debt Service Funds. Debt Service Funds are required by Section 165.011 RSMo to maintain separate cash and investment accounts. The pool consists of interest bearing money market funds, the Missouri Direct Deposit Program, an unregulated external investment pool and the Missouri Capital Asset Advantage Treasury (MOCAAT). Participation in the Missouri Direct Deposit Program are voluntary. In addition, other cash and investments are separately held by the District's funds.

Investments are carried at cost. Investment earnings include interest income received. Investment income earned in the pooled accounts is allocated to the participating funds in proportion to the average balances in each fund. Other investment income is assigned to the funds with which the related investment asset is associated.

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as disbursements in the year paid.

Teachers' Salaries

Payroll checks written and dated in June 2022, for July and August 2022 payrolls from 2021–2022 contracts, are included in the financial statements as a disbursement paid in the month of June. This practice has been consistently followed in the previous years.

Postemployment Benefits

In addition to the pension benefits described in Note 7, the District provided postemployment payments to select groups of employees who completed their letter of employment and retired from the District at the end of the 2015-2016 and 2017-2018 school years. The District provided an annual \$6,000 stipend for three years to certified retirees who met the 12-year service criteria and were eligible to retire under PSRS and complete a separation agreement. Moreover, support staff who met the 10-year service criteria and are eligible to retire under PEERS or PSRS are also eligible to receive the \$6,000 stipend for three years after completing a separation agreement. Retired employees may also purchase health coverage for themselves and on members of their family and that cost is paid to the District according to the current group rates and terms. The District has reserved the right to modify future terms with regard to benefits for retirees. The unfunded portion of postemployment health care coverage is unknown.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. There is no associated cost to the District under this program.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

In the fund financial statements, restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). The Board of Education (the Board) has the authority to set aside funds for a specific purpose. Commitments are authorized by the Board based on fund placement in the original adopted and later revised budget, as well as by Board resolution. Upon adoption of a budget where fund balance is used as a source to balance the budget, the Chief Financial Officer shall record the amount as Assigned Fund Balance. The Board delegates the authority to assign amounts for specific purposes to the Chief Financial Officer. Unassigned fund balances are considered the remaining amounts. When both restricted and unrestricted funds are available for disbursement, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for disbursement, committed funds should be spent first, assigned funds second, and unassigned funds last.

The nature and purposes of the restricted balances are:

Restricted for Teachers' Salaries and Benefits: The District has \$2,110,615 segregated for teachers' salaries and benefits.

Restricted for Capital Projects: The District has \$187,028 set aside for purposes of future capital projects through the Capital Projects Fund.

Restricted for Debt Services: The District has \$4,450,963 set aside for purposes of future debt service related items.

The Board recognizes that the maintenance of fund balances are essential to provide for unforeseen expenses or emergencies and to provide working capital in the first several months of the fiscal year until sufficient receipts are available to fund operations. By maintaining appropriate fund balances, the District can avoid excessive short-term borrowing and interest expense.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

The District strives to maintain a minimum fund balance in its operating funds no less than a range of 12% - 15% of its prior year operating disbursements. This minimum level is estimated to be sufficient to provide adequate resources to meet operational needs, to allow for emergencies, and to permit necessary adjustments resulting from fluctuations in revenue sources. If fund balances are ever projected to decline below the 12% floor, administration will develop a plan to replenish the fund balance above the minimum level. The classifications of committed, assigned and unassigned will be combined when calculating the minimum operating fund balance.

Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund receivable and payable are eliminated in the statement of net position.

NOTE 3 CASH AND INVESTMENTS

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 maintains a cash and investment pool that is available for use by all funds (state law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the combined statement of assets, and fund balances arising from cash transactions under each fund's caption. In accordance with applicable Missouri statute, the District maintains deposits at depository banks authorized by the District's board.

Custodial Credit Risk – Repurchase Agreements and Certificates of Deposit

The District has a custodial credit risk policy for repurchase agreement investments and for certificates of deposit which requires these funds to be collateralized at least 102% or greater of the balance plus any demand deposit with the depository, less any insurance (FDIC or NCUSIF), as applicable. As of June 30, 2022, the District was not exposed to custodial credit risk. Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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. The District has a custodial credit risk policy to minimize credit risk by (1) pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business and (2) diversifying the portfolio so that potential losses on individual securities will be minimized. There are no securities from issuers totaling 5% or more of the District's investment balance as of June 30, 2022.

Deposits

Missouri Statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2022, the carrying amount of the District's deposits was \$33,895,703 and the bank balance was \$34,033,765. Deposits of \$128,326 are uninsured and uncollateralized and are not secured with collateral held by the District or its agent in the District's name.

Investments

The District may purchase any investments allowed by the State Treasurer and Repurchase Agreements. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within 180 days secured by U.S. treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law and/or board policy.

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the Missouri Health and Educational Facilities Authority (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. Investments in this program are classified as restricted investments.

The District also participates in the Missouri Securities Investment Program (MOSIP) and the Missouri Capital Asset Advantage Treasury (MOCAAT) . All funds of MOSIP and MOCAAT are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a proportionate share of each investment or deposit which is held in the name of the fund.

Investment Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Pre-qualifying the institution with which the District will do business.
- Diversifying the portfolio so that potential losses on individual securities will be minimized.

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investment Credit Risk (Continued)

A summary of the District's investments, certificates of deposit, credit risk, and weighted average maturities as of June 30, 2022 is as follows:

<u>Type of Investments</u>	<u>S&P Credit Rating</u>	<u>Weighted Maturity</u>	<u>Carrying Amount</u>
External Investment Pool:			
Missouri Direct Deposit Program	AA+	Not Applicable	\$ 564,398
U.S. Treasuries	AAAm	119	15,003,455
Total			<u>\$ 15,567,853</u>

Investments in the Missouri Direct Deposit Program external investment pool are redeemable every six months based on the general obligation bonds principal and interest debt service requirements. The underlying securities in this program are comprised as follows:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
Wells Fargo Government Money Market Fund	N/A	N/A	<u>\$ 564,398</u>

Investment Interest Rate Risk

The District has policies in place to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. Investments in banker's acceptances and commercial paper shall mature in no more than 180 days from purchase date and all other investments, with the exception of investments in the Missouri Direct Deposit Program, shall mature and become payable in no more than five (5) years from the purchase date. Weighted average maturities of investments held at June 30, 2022 are provided in the schedule above.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 4 TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District. The District also receives sales tax collected by the state, remitted based on Weighted Average Daily Attendance (WADA).

The assessed valuation of the tangible taxable property for the calendar year 2021 for purposes of local taxation was \$1,117,439,040.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was:

	Unadjusted	Adjusted
General (Incidental) Fund	\$ 2.0731	\$ 2.0731
Special Revenue (Teachers) Fund	2.4974	2.4974
Debt Service Fund	0.2670	0.2670
Capital Projects Fund	0.2040	0.2040
Total	\$ 5.0415	\$ 5.0415

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022 aggregated approximately 99.6% of the current assessment computed on the basis of the levy as shown above.

NOTE 5 LONG-TERM LIABILITIES

Long-term liability balances and activity of the District's Governmental Activities for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
General Obligation Bonds	\$ 40,050,000	\$ -	\$ (1,395,000)	\$ 38,655,000	\$ 1,460,000
Certificate of Participation	4,200,000	-	(215,000)	3,985,000	220,000
Finance Purchases	995,532	-	(136,907)	858,625	142,466
Total Long-Term Liabilities	\$ 45,245,532	\$ -	\$ (1,746,907)	\$ 43,498,625	\$ 1,822,466

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

General obligation bonds payable at June 30, 2022, consist of:

\$15,000,000 General Obligation Bond, Series 2012, dated March 14, 2012 due in varying annual installments through May 2024, interest at 2.0% to 5.0%.	\$ 1,705,000
\$8,770,000 General Obligation Bond, Series 2015, dated June 10, 2015, due in varying annual installments through May 2035, interest at 2.0% to 4.0%.	6,665,000
\$4,790,000 General Obligation Bond, Series 2016, dated November 21, 2016, due in varying annual installments through May 2036, interest at 1.0% to 3.0%.	3,450,000
\$4,995,000 Certificates of Participation, Series 2016, dated December 14, 2016, due in varying installments through May 2036, interest at 3.0% to 4.0%.	3,985,000
\$9,380,000 General Obligation Bond, Series 2017, dated June 14, 2017, due in varying annual installments through May 2037, interest at 2.0% to 4.0%.	9,155,000
\$8,060,000 General Obligation Bond, Series 2018, dated October 10, 2018, due in varying annual installments through March 1, 2026, interest at 3.0% to 5.0%.	7,750,000
\$10,000,000 General Obligation Refunding Bond, Series 2020, dated May 28, 2020, due in varying installments through May 2029, interest at 2.01%.	<u>9,930,000</u>
Total	<u><u>\$ 42,640,000</u></u>

General obligation bond debt service requirements to maturity are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,680,000	\$ 1,515,112	\$ 3,195,112
2024	1,795,000	1,455,708	3,250,708
2025	2,110,000	1,383,455	3,493,455
2026	2,155,000	1,337,542	3,492,542
2027	2,220,000	1,290,576	3,510,576
2028 - 2032	12,340,000	5,562,238	17,902,238
2033 - 2037	16,940,000	2,964,888	19,904,888
2038	3,400,000	170,000	3,570,000
Total	<u><u>\$ 42,640,000</u></u>	<u><u>\$ 15,679,519</u></u>	<u><u>\$ 58,319,519</u></u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of a district (including state-assessed railroad and utilities). The District did not exceed its legal debt margin at June 30, 2022.

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Finance Purchases

The District has finance purchases for the District's buses and various energy savings equipment and related installation. Under the cash basis of accounting, the District does not reflect the obligations in the statement of cash receipts and disbursements. The District records the payments under the agreements as disbursements when funds are expended.

The future minimum obligations and the net present value of these minimum payments as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 142,466	\$ 37,785	\$ 180,251
2024	148,250	32,226	180,476
2025	154,270	26,441	180,711
2026	160,534	20,422	180,956
2027	167,052	14,158	181,210
2028 - 2029	86,053	8,932	94,985
Total	<u>\$ 858,625</u>	<u>\$ 139,964</u>	<u>\$ 998,589</u>

NOTE 6 LEASE COMMITMENTS

The District has ongoing lease commitments for digital copier equipment. During the year ended June 30, 2022, the District entered into new financing agreements for certain digital copier equipment. Under the cash basis of account, the District does not reflect the obligations in the statement of cash receipts and disbursements. The District records the payments under the agreements as disbursements when funds are expended.

The future minimum obligations and the net present value of these minimum payments as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 91,698
2024	69,253
2025	1,920
2026	1,920
2027	1,920
2028 - 2032	9,600
2033 - 2037	2,918
Total Minimum Payments	<u>\$ 179,229</u>

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 7 RETIREMENT PLAN

PEERS

Plan Description. PEERS is a mandatory cost-sharing multiemployer retirement system for all 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 the Public School Retirement System of Missouri (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 the Public School Retirement System of Missouri. An Annual Comprehensive Financial Report (ACFR) can be obtained at www.psr-peers.org.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability 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 .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org.

Cost-of-Living Adjustments (COLA). The PEERS board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, 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. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2022. 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.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 7 RETIREMENT PLAN (CONTINUED)

PEERS (Continued)

The District's contributions to PEERS for the year ended June 30, 2022, were \$1,858,649, equal to the required contributions for each year.

PSRS

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 PSRS, 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 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. An Annual Comprehensive Financial Report (ACFR) can be obtained at www.psrps-peers.org.

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 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 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrps-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

Cost-of-Living Adjustments (COLA). The PSRS board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 7 RETIREMENT PLAN (CONTINUED)

PSRS (Continued)

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2022. 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. Contributions for employees of the state of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo. The District's contributions to PSRS for the years ending June 30, 2022 and 2021 were \$9,919,555 and \$9,524,335, respectively, equal to the required contributions for each year.

NOTE 8 TAX ABATEMENTS

Tax abatements, as defined by Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures* (GASB 77), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Since the District does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the county and municipalities within the District's boundary, that have reduced the District's tax revenues.

Tax Increment Financing affecting Ferguson Reorganized School District R-2

Missouri's Real Property Tax Increment Allocation Redevelopment Act enables cities to finance certain redevelopment costs with the revenue generated from (i) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (ii) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are affected. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 8 TAX ABATEMENTS (CONTINUED)

The estimated TIF incremental values and the District's net reduced tax revenue resulting from the TIFs adopted are as follows for the year ended June 30, 2022:

	TIF Incremental Value/ Assesments	Reduced Tax Revenues
Various Redevelopment Project Areas Within the District's Geographic Area	\$ 35,959,140	\$ 1,812,880

NOTE 9 PARTICIPATION IN PUBLIC ENTITY RISK POOL – (MUSIC)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in an insurance trust with approximately 485 other Missouri Public School Districts that form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program.

The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. By participating in this pool, the District can obtain coverage more economically than if purchased separately.

The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

The District has not had any significant decreases in coverage over the prior year and settled claims have not exceeded coverage in any of the preceding three years.

NOTE 10 SELF INSURANCE

The District has a self-insurance plan which covers participating employees' and retirees' medical coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an Internal Service Fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected or unusual claims.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO BASIC FINANCIALS
JUNE 30, 2022

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation

The District is subject to asserted and unasserted claims encountered in the normal course of business. The District's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the District or unasserted claims that may result in such proceedings, the District's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the District's financial condition or results of operations.

Federal and State Revenue

Amounts received from federal or state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 12 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022 consisted of \$7,000,000 transferred from the General Fund to the Special Revenue (Teachers) Fund and \$1,015,933 to the Capital Projects Fund. The transfer was used to move tax, grant, and other revenues required by statute to be collected by the General Fund to the required fund for expenditures.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Cluster or Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education:				
<i>Pass-Through Missouri Department of Elementary and Secondary Education:</i>				
Special Education Cluster:				
Special Education Preschool Grants	84.173	096-089	\$ -	\$ 97,282
Total Special Education Cluster			-	97,282
<i>Pass-Through Missouri Department of Elementary and Secondary Education:</i>				
Title I, Grants to Local Educational Agencies, Part A	84.010	096-089	-	4,787,090
Improving Teacher Quality State Grants	84.367	096-089	-	169,952
English Language Acquisition State Grants	84.365	096-089	-	14,910
Student Support and Academic Enrichment	84.424	096-089	-	137,680
Career and Technical Education - Basic Grants to States	84.048	096-089	-	188,433
Education for Homeless Children and Youth	84.196	096-089	-	107,370
Education Stabilization Fund:				
COVID-19 - Education Stabilization Fund	84.425D	096-089	-	4,513,932
COVID-19 - Education Stabilization Fund	84.425U	096-089	-	3,611,850
COVID-19 - Education Stabilization Fund	84.425C	096-089	-	234
Total Education Stabilization Fund			-	8,126,016
Total U.S. Department of Education			-	13,628,733
U.S. Department of Agriculture				
<i>Pass-Through Missouri Department of Elementary and Secondary Education:</i>				
Child Nutrition Cluster:				
<i>Noncash Assistance (Commodities)</i>				
National School Lunch Program	10.555	096-089	-	455,851
Noncash Assistance Subtotal			-	455,851
<i>Cash Assistance</i>				
National School Lunch Program	10.555	096-089	-	4,012,772
National School Snack Program	10.555	096-089	-	3,942
Subtotal Assistance Listing 10.555			-	4,016,714
School Breakfast Program	10.553	096-089	-	1,620,058
Cash Assistance Subtotal			-	5,636,772
Total Child Nutrition Cluster			-	6,092,623
Total U.S. Department of Agriculture			-	6,092,623
U.S. Department of Health and Human Services				
<i>Pass-through YWCA of Metro St. Louis</i>				
Headstart	93.600	N/A	-	458,813
Total U.S. Department of Health and Human Services			-	458,813
U.S. Department of Defense, Department of the Army				
<i>Direct Program:</i>				
Junior Reserve Officer Training Corps	12.U00	MO101187	-	72,136
Total U.S. Department of Commerce			-	72,136
Total Federal Expenditures			\$ -	\$ 20,252,305

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

FERGUSON REORGANIZED SCHOOL DISTRICT R-2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ferguson Reorganized School District R-2 and is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, noncash food commodities are reported at estimated fair value. The information 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 assets, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the cash basis of accounting and, accordingly, represent the total cash expended for the program. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The schedule of expenditures of federal awards does not include transactions that might be included using the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 COMMODITIES

Commodities are included in schedule of expenditures of federal awards as appropriate but are not included within the financial statements due to the financial statement being presented on the cash basis method of accounting.

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS				
Local	\$ 3,381,000	\$ 3,381,000	\$ 3,583,862	\$ 202,862
County	75,000	75,000	68,338	(6,662)
Total Receipts	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,652,200</u>	<u>196,200</u>
DISBURSEMENTS				
Debt Service	<u>2,831,140</u>	<u>2,831,140</u>	<u>2,810,150</u>	<u>(20,990)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 624,860</u>	<u>\$ 624,860</u>	842,050	<u>\$ 217,190</u>
Cash Basis Fund Balance - July 1, 2021			<u>3,608,913</u>	
CASH BASIS FUND BALANCE - JUNE 30, 2022			<u>\$ 4,450,963</u>	

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Local	\$ 2,124,244	\$ 2,124,244	\$ 2,744,470	\$ 620,226
County	45,000	45,000	60,873	15,873
Federal	7,940,260	7,940,260	-	(7,940,260)
Total Receipts	<u>10,109,504</u>	<u>10,109,504</u>	<u>2,805,343</u>	<u>(7,304,161)</u>
DISBURSEMENTS				
Instruction	50,000	50,000	411,077	361,077
Student Services	-	-	6,500	6,500
Building Administration	-	-	3,199	3,199
General Administration and Central Services	1,419,400	1,419,400	865,741	(553,659)
Operation of Plant	28,000	28,000	34,323	6,323
Transportation	3,485,860	3,485,860	3,489,950	4,090
Food Service	50,000	50,000	126,346	76,346
Facility Acquisition and Construction	4,825,000	4,825,000	2,003,780	(2,821,220)
Debt Service	549,925	549,925	642,908	92,983
Total Disbursements	<u>10,408,185</u>	<u>10,408,185</u>	<u>7,583,824</u>	<u>(2,824,361)</u>
RECEIPTS UNDER DISBURSEMENTS	(298,681)	(298,681)	(4,778,481)	(4,479,800)
OTHER FINANCING SOURCES				
Transfer In	-	-	1,015,934	1,015,934
NET CHANGE IN FUND BALANCE	<u>\$ (298,681)</u>	<u>\$ (298,681)</u>	<u>(3,762,547)</u>	<u>\$ (3,463,866)</u>
Cash Basis Fund Balance - July 1, 2021			<u>3,949,575</u>	
CASH BASIS FUND BALANCE - JUNE 30, 2022			<u>\$ 187,028</u>	

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL
FUNDS – CASH BASIS
YEAR ENDED JUNE 30, 2022**

	Government Funds				Total
	General	Special	Debt	Capital	
	(Incidental)	Revenue	Service	Projects	
Fund	Fund	Fund	Fund		
LOCAL					
Current Taxes	\$ 22,315,618	\$ 26,908,246	\$ 2,874,019	\$ 2,195,670	\$ 54,293,553
Delinquent Taxes	810,881	816,763	93,354	71,219	1,792,217
School District Trust Fund	-	11,333,943	-	-	11,333,943
Financial Institution Taxes	99,502	119,867	12,815	9,790	241,974
M & M Surcharge Tax	4,455,658	5,367,572	573,847	438,404	10,835,481
In Lieu of Tax	229,072	199,820	24,247	18,477	471,616
Transportation Fees from Patrons	80	-	-	-	80
Earnings from Temporary Deposits	46,758	7,512	5,580	7,481	67,331
Food Service Nonprogram	30,383	-	-	-	30,383
Student Activities	388,649	-	-	-	388,649
Community Services	219,085	-	-	-	219,085
Other Local	395,540	229	-	3,429	399,198
Total Local	28,991,226	44,753,952	3,583,862	2,744,470	80,073,510
COUNTY					
Fines, Etc.	-	38,082	-	-	38,082
State Assessed Utilities	669,802	669,802	68,240	60,873	1,468,717
County Stock Insurance Fund	704	834	98	-	1,636
Total County	670,506	708,718	68,338	60,873	1,508,435
STATE					
Basic Formula	7,061,321	21,183,964	-	-	28,245,285
Transportation	470,246	-	-	-	470,246
Early Childhood Special					
Education	2,123,555	-	-	-	2,123,555
Basic Formula: Classroom					
Trust Fund	890,130	2,688,680	-	-	3,578,810
Educational Screening Prog/PAT	264,761	-	-	-	264,761
Career Education	56,603	-	-	-	56,603
Food Service	30,504	-	-	-	30,504
Residential Placement/Excess Cost	33,114	-	-	-	33,114
Other State	68,705.00	-	-	-	68,705
Total State	10,998,939	23,872,644	-	-	34,871,583

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL
FUNDS – CASH BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Government Funds				Total
	General	Special	Debt	Capital	
	(Incidental)	Revenue	Service	Projects	
Fund	(Teachers)	Fund	Fund	Fund	
FEDERAL					
Medicaid	\$ 436,282	\$ 72,887	\$ -	\$ -	\$ 509,169
ARP ESSER III	3,270,907	-	-	-	3,270,907
CRRSA - ESSER II	11,856,118	-	-	-	11,856,118
CARES - ESSER Fund	522,616	-	-	-	522,616
CARES - Governor's Emergency Education Relief	97,372	-	-	-	97,372
Perkins Basic Grant, Career Education	105,524	55,321	-	-	160,845
Early Childhood Special Education	88,513	-	-	-	88,513
Food Service	6,421,572	-	-	-	6,421,572
Title I - ESEA	4,028,004	3,000,183	-	-	7,028,187
Title II - Part A, ESEA	55,126	236,514	-	-	291,640
Title IV.A Student Support and Academic Enrichment	284,571	105,958	-	-	390,529
Title III, ESEA	14,072	-	-	-	14,072
Education for Homeless Children & Youth	101,889	-	-	-	101,889
Headstart	207,360	-	-	-	207,360
Other - Federal	10,102	-	-	-	10,102
Total Federal	27,500,028	3,470,863	-	-	30,970,891
OTHER					
Transportation From Other LEAs	4,204	-	-	-	4,204
Total - All Sources	<u>\$ 68,164,903</u>	<u>\$ 72,806,177</u>	<u>\$ 3,652,200</u>	<u>\$ 2,805,343</u>	<u>\$ 147,428,623</u>

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF DISBURSEMENTS BY OBJECT
YEAR ENDED JUNE 30, 2022**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 24,552,190	\$ 61,735,565	\$ -	\$ -	\$ 86,287,755
Employee Benefits	9,058,750	18,554,058	-	-	27,612,808
Purchased Services	11,451,122	785,949	-	-	12,237,071
Supplies	11,716,864	-	-	-	11,716,864
Capital Outlay	-	-	-	6,940,917	6,940,917
Debt Service and Fiscal Charges	-	-	2,810,150	642,907	3,453,057
Total	\$ 56,778,926	\$ 81,075,572	\$ 2,810,150	\$ 7,583,824	\$ 148,248,472



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

Board of Education
Ferguson Reorganized School District R-2
Hazelwood, Missouri

We have audited, in accordance with the 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, each major fund and aggregate remaining fund information of Ferguson Reorganized School District R-2, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Ferguson Reorganized School District R-2's basic financial statements, and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2's internal control. Accordingly, we do not express an opinion on the effectiveness of Ferguson Reorganized School District R-2'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 entity'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 by 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ferguson Reorganized School District R-2'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*.

Ferguson Reorganized School District R-2's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Ferguson Reorganized School District R-2's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Ferguson Reorganized School District R-2's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

St. Louis, Missouri
March 22, 2023



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

Board of Education
Ferguson Reorganized School District R-2
Hazelwood, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ferguson Reorganized School District R-2's 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 each of Ferguson Reorganized School District R-2's major federal programs for the year ended June 30, 2022. Ferguson Reorganized School District R-2'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, Ferguson Reorganized School District R-2 complied, in all material respects, with the 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, 2022.

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 (GAAS); 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 Ferguson Reorganized School District R-2 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 Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2'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 GAAS, *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 Ferguson Reorganized School District R-2's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2'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 Ferguson Reorganized School District R-2'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 a 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 a 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.



CliftonLarsonAllen LLP

St. Louis, Missouri
March 22, 2023

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting
- Material Weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? X Yes _____ None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

1. Internal control major federal programs:
- Material Weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425C, 84.425D & 84.425U	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? _____ Yes X No

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Finding 2022-001 – BANK RECONCILIATIONS

Type of Finding: Significant Deficiency in Internal Controls over Financial Reporting

Condition: The District's June 30, 2022 bank reconciliations were not completed and finalized until March of 2023. This is after the state of Missouri's December 31, 2022 statutory audit reporting deadline.

Criteria: Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. 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, and to facilitate timely completion of the audit.

Effect: Due to delays in completing the bank reconciliation, errors or irregularities in bank reconciliations could occur and go undetected. In addition, the delays in providing bank reconciliations did not allow for timely completion of the yearend audit.

Cause: The district began implemented corrective actions to remediate bank reconciliation findings noted in the 2020 and 2021 audits. The corrective actions required involvement of the new CFO, hired February 2023, in order to properly remediate prior audit findings. As a result of the delay in implementing corrective actions, bank reconciliations were not completed timely.

Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the District design controls over bank reconciliations to require supporting documentation for bank balances, all reconciling items and the reconciliations agree to the cash and investment balances in the pooled cash fund.

View of Responsible Officials: There is no disagreement with this audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION COSTS PAID ELIGIBLE FOR STATE AID

Board of Education
Ferguson Reorganized School District R-2
Hazelwood, Missouri

Report on Transportation Costs

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ferguson Reorganized School District R-2 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have issued our report thereon dated March 22, 2023, which contained unmodified opinions on those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Transportation Disbursements is presented for purposes of additional analysis as required by the Missouri Department of Elementary and Secondary Education (DESE) and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Transportation Disbursements is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and the use of the administration, management, Board of Education, and the Missouri Department of Elementary and Secondary Education, and is not intended to be, and should not be, used by anyone other than these specific parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
March 22, 2023

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF TRANSPORTATION DISBURSEMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2022**

	Pupil Contracted	Pupil District Owned	Early Childhood Special Edu.	Unallowable	Total
Noncertified Salaries	\$ -	\$ 3,276,055	\$ -	\$ -	\$ 3,276,055
Fringe Benefits	-	1,117,842	-	-	1,117,842
Purchased Services	521,136	36,480	102,234	7,492	667,342
Supplies	-	694,788	6,764	-	701,552
Capital Outlay	-	3,292,020	-	197,930	3,489,950
Total	\$ 521,136	\$ 8,417,185	\$ 108,998	\$ 205,422	\$ 9,252,741



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

Board of Education
Ferguson Reorganized School District R-2
Hazelwood, Missouri

We have examined management's assertion that Ferguson Reorganized School District R-2 (the District) complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, attendance and pupil transportation records and other statutory requirements as listed in the Schedule of Selected Statistics during the period July 01, 2021 to June 30, 2022. The District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects, with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, management's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2022 are fairly stated, in all material respects.

The purpose of this report is to provide information to the administration, Board, management, and the MO DESE concerning the District's compliance with the aforementioned requirements. The report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
March 22, 2023

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

Single Audit Year Ended June 30, 2022
County District Number 096-089

1) Calendar (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	-	6.5000	169	1,073.17
1060	9	12	-	6.5000	169	1,073.17
1070	9	12	-	6.5000	168	1,064.75
1080	9	11	-	6.5000	169	1,073.17
3010	6	8	-	6.5000	169	1,072.17
3030	7	8	-	6.5000	169	1,073.17
3050	7	8	-	6.5000	169	1,073.17
4020	PK	2	-	6.5000	169	1,082.50
4030	3	5	-	6.5000	169	1,082.50
4040	PK	2	-	6.5000	169	1,082.50
4060	3	5	-	6.5000	169	1,082.50
4080	PK	2	-	6.5000	168	1,076.00
4140	PK	2	-	6.5000	169	1,082.50
4160	3	5	-	6.5000	169	1,082.50
4180	3	5	-	6.5000	169	1,082.50
4190	PK	2	-	6.5000	169	1,082.50
4200	3	5	-	6.5000	169	1,082.50
4210	6	6	-	6.5000	169	1,073.17
4240	PK	2	-	6.5000	168	1,076.00
4260	3	5	-	6.5000	169	1,082.50
4320	PK	2	-	6.5000	169	1,082.50
4340	6	6	-	6.5000	169	1,073.17
7500	PK	PK	-	6.5000	169	1,082.50

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

2) Average Daily Attendance (ADA)

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
1050	9-12	779,130.57	19,193.82	-	-	8,383.95	806,708.34
1060	9-12	378,357.74	-	-	-	7,831	386,188.57
1070	9-12	829,156.47	30,011.09	-	-	15,447.88	874,615.44
1080	9-11	127,262.54	827.47	-	-	-	128,090.01
3010	6-8	243,298.40	375.25	-	-	-	243,673.65
3030	7-8	639,439.30	-	-	-	8,689.38	648,128.68
3050	7-8	561,778.40	-	-	-	9,364.82	571,143.22
4020	PK-2	145,126.91	31.50	-	-	-	145,158.41
4030	3-5	354,230.94	108.50	414	-	14,500.25	369,253.74
4040	PK-2	226,456.03	90.00	-	-	-	226,546.03
4060	3-5	307,866.44	344.00	-	-	9,745.72	317,956.16
4080	PK-2	324,428.14	13.00	342.00	-	9,267.20	334,050.34
4140	PK-2	281,922.01	413.00	-	-	-	282,335.01
4160	3-5	319,032.34	369.00	-	-	-	319,401.34
4180	3-5	397,546.97	162.50	-	-	16,105.00	413,814.47
4190	PK-2	209,658.39	-	-	-	-	209,658.39
4200	3-5	263,865.42	314.50	-	-	-	264,179.92
4210	6	272,545.65	-	-	-	3,274.87	275,820.51
4240	PK-2	340,681.06	237.75	-	-	-	340,918.81
4260	3-5	327,322.04	312.50	-	-	-	327,634.54
4320	PK-2	321,607.12	477	-	-	6,562.52	328,646.59
4340	6	265,886.41	-	-	-	6,335.53	272,221.94
7500	PK	1,015.27	-	-	-	-	1,015.27
Grand Total		7,917,614.56	53,280.83	756.05	-	115,507.95	8,087,159.38

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

3) September Membership

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9-12	1,149.00	26.16	-	1,175.16
1060	9-12	398.00	-	-	398.00
1070	9-12	1,128.00	36.70	-	1,164.70
1080	9-11	151.00	-	-	151.00
3010	6-8	242.00	0	-	242.44
3030	7-8	692.00	-	-	692.00
3050	7-8	660.00	-	-	660.00
4020	K-2	150.00	-	-	150.00
4030	3-5	389.00	0.13	-	389.13
4040	PK-2	238.00	0	-	238.13
4060	3-5	313.00	0.39	-	313.39
4080	K-1	333.00	-	-	333.00
4140	K-2	315.00	0.26	-	315.26
4160	3-5	345.00	0.39	-	345.39
4180	3-5	406.00	0.13	-	406.13
4190	K-2	215.00	-	-	215.00
4200	3-5	276.00	0.13	-	276.13
4210	6	314.00	-	-	314.00
4240	K-2	353.00	0.26	-	353.26
4260	3-5	335.00	0.26	-	335.26
4320	K-2	340.00	0.13	-	340.13
4340	6	296.00	-	-	296.00
Grand Total		9,038.00	65.51	-	9,104

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

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

School Code	Free Lunch	Reduced Lunch	Desg In Free	Deseg In Reduced	Total
N/A	6.00	1.00	-	-	7.00
1050	1,181.34	-	-	-	1,181.34
1060	392.00	-	-	-	392.00
1070	1,073.64	-	-	-	1,073.64
1080	136.28	-	-	-	136.28
3010	242.44	-	-	-	242.44
3030	705.00	-	-	-	705.00
3050	658.00	-	-	-	658.00
4020	154.00	-	-	-	154.00
4030	382.13	-	-	-	382.13
4040	247.13	-	-	-	247.13
4060	323.39	-	-	-	323.39
4080	336.00	-	-	-	336.00
4140	305.89	-	-	-	305.89
4160	343.39	-	-	-	343.39
4180	408.26	-	-	-	408.26
4190	221.00	-	-	-	221.00
4200	280.89	-	-	-	280.89
4210	317.00	-	-	-	317.00
4240	359.26	-	-	-	359.26
4260	332.39	-	-	-	332.39
4320	354.63	-	-	-	354.63
4340	303.00	-	-	-	303.00
Grand Total	9,063.06	1.00	-	-	9,064.06

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

5) Finance

5.1	The district 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 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: Academic Programs Off-Campus Career Exploration Program – Off Campus Cooperative Occupational Education (COE) or Supervised Occupational Experience Program Dual enrollment Homebound instruction Missouri Options Prekindergarten eligible to be claimed for state aid Remediation Sheltered Workshop participation Students participating in the school flex program Traditional instruction (full and part-time students) Virtual instruction (MOCAP or other option) Work Experience for Students with Disabilities	TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE TRUE
5.3	The district 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 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 treasurer in the total amount of:	\$ 50,000
5.6	The district'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.	TRUE
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	TRUE
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	N/A
5.10	The district 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 75% of 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 75% of 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 25% of allowable cost.	TRUE
5.12	The amount spent for approved professional development committee plan activities was:	\$ 488,570
5.13	The district has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements 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

**FERGUSON REORGANIZED SCHOOL DISTRICT R-2
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2022**

6) Transportation (Section 163.161, RSMo)

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 (nondisabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	4,855.50
	Ineligible ADT	15.00
6.4	The district's/charter school'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/charter-operated and contracted mileage for the year was:	883,810
6.6	Of this total, the eligible nondisabled and students with disabilities route miles and the ineligible nonroute and disapproved miles (combined) was:	
	Eligible Miles	765,327
	Ineligible Miles (Nonroute/Disapproved)	118,483
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	169



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