

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and SUPPLEMENTARY INFORMATION**

June 30, 2021

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BOARD OF EDUCATION *

Ms. Jan Kauk, President

Mr. Paul Harrell, Vice President

Mr. Terry Stone, Treasurer

Ms. Karee Gleason-Miller, Member

Ms. Jane Rinehart, Member

Dr. Terrence Ward, Member

Ms. Judy Wartick, Member

Ms. Peggy Cole, Board Secretary

ADMINISTRATIVE LEADERSHIP TEAM *

Dr. Daniel N. Clemens
Superintendent of Schools

Mr. Matthew Fritz, MBA, SFO
Chief Financial Officer

Dr. Chad C. Sutton
Deputy Superintendent – Academics

Dr. Rochel L. Daniels
Assistant Superintendent – Organizational
Development

Dr. Chad G. Evans
Assistant Superintendent - Operations

Dr. Jennifer K. Gaddie
Assistant Superintendent – Human Resources

Dr. Perry Hilvitz
Assistant Superintendent – Student Services

Mrs. Tamara Henderson
Executive Director - Community Relations &
Legislative Affairs

Mr. Steve J. Book
School District Attorney

* As of June 30, 2021



INDEPENDENT AUDITOR'S REPORT

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Kansas City School District No. 74 (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District, as of June 30, 2021, and the respective change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18 and other schedules on pages 74 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information as listed in the table of contents on pages 81 through 91 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School District's internal control over financial reporting and compliance.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 17, 2021

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Management's Discussion and Analysis (MD&A) of the North Kansas City School District No. 74's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The purpose of this MD&A is to communicate the overall financial performance of the School District including how the School District has performed in the past, the School District's current financial condition, and its outlook for the future. The MD&A, in combination with the financial statements, provides the opportunity for the School District to communicate the effectiveness of management's stewardship of resources, and, further, progress towards the School District's and the Board of Education's stated strategic objectives. Readers should also review the financial statements and the accompanying notes to the financial statements to enhance their understanding of the School District's financial performance.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Financial Highlights

Key financial highlights for the Fiscal Year 2020-2021 include the following:

Beginning fiscal year 2014-2015, GASB 68 requires the School District to recognize the School District's portion of the state-wide pension liability associated with the Public School & Education Employee Retirement Systems of Missouri (PSRS & PEERS) and GASB 65 requires the School District to recognize debt issuance costs as an expense in the period incurred. The School District's ending Net Position decreased \$19.4 million or 42.5% to \$26.3 million and is comprised of the following elements:

	<i>(dollars in millions)</i>		\$ Increase/ (Decrease)	% Increase/ (Decrease)
	<u>June 30, 2021</u>	<u>2020</u>		
Invested in capital assets, net of related debt	\$ 114.4	\$ 132.3	\$ (17.9)	(13.5%)
Restricted for:				
Debt service	37.2	33.0	4.2	12.7%
Capital projects	105.7	5.7	100.0	1,754.4%
Unrestricted	<u>(231.0)</u>	<u>(125.3)</u>	<u>(105.7)</u>	<u>(84.4%)</u>
Total Net Position	<u>\$ 26.3</u>	<u>\$ 45.7</u>	<u>\$ (19.4)</u>	<u>(42.5%)</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Financial Highlights (continued)

- The School District's unrestricted net position can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District. Unrestricted net position decreased \$105.7 million, or 84.4%, to (\$231.0) million primarily due to changes in the deferred outflows and inflows related to pension plans as well as changes in the actuarially determined pension liability.
- Restrictions for Capital Projects increased \$100.0 million, or 1,754.4%, as the School District's unexpended bond proceeds increased due to the issuance of \$155 million in bonds during the year. Bonds issued are expected to be fully expended within the next two fiscal years.
- Investments in Capital Assets net of related debt decreased \$17.9 million, or 13.5%, to \$114.4 million as increases in debt balances exceeded asset additions during the year.
- Restrictions for Debt service increased \$4.2 million, or 12.7%, due to accumulated cash for scheduled principal payments. These amounts increased due to debt service requirements on the new issues.

Total assets increased by \$151.4 million, or 27.9%, to \$693.7 million and is comprised of the following:

(dollars in millions)

	June 30,		\$ Increase/ (Decrease)	% Increase/ (Decrease)
	2021	2020		
Cash and investments	\$ 238.1	\$ 123.4	\$ 114.7	92.9%
Receivables	16.2	10.4	5.8	55.8%
Prepaid expenses and inventory items	1.7	2.0	(0.3)	(15.0%)
Capital assets, net of depreciation	437.5	406.3	31.2	7.7%
Total Assets	\$ 693.5	\$ 542.1	\$ 151.4	27.9%

- Cash and Investments increased \$114.7 million, or 92.9%, to \$238.1 million. This is primarily related to the receipt of bond proceeds versus related capital expenditures.
- Receivables increased 5.8 million, or 55.8%, to \$16.2 million. This increase is primarily attributable to an increase in Federal grant receivables related to Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.
- Net Capital Assets increased \$31.2 million, or 7.7%, to \$437.5 million. This is primarily attributable to bond projects involving construction and remodeling of schools.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2021

Financial Highlights (continued)

Total liabilities increased \$196.2 million, or 36.5%, to \$734.4 million and is comprised of the following items:

(dollars in millions)

	June 30,		\$ Increase/ (Decrease)	% Increase/ (Decrease)
	2021	2020		
Accounts payable, salaries and other	\$ 37.4	\$ 34.5	\$ 2.9	8.4%
Current portion of long-term debt	35.4	28.7	6.7	23.3%
Noncurrent portion of long-term debt	417.9	276.5	141.4	51.1%
Total Liabilities (excluding GASB 68)	<u>490.7</u>	<u>339.7</u>	<u>151.0</u>	44.5%
Share of PSRS/PEERS Pension Liability (GASB 68)	<u>243.7</u>	<u>198.5</u>	<u>45.2</u>	22.8%
Total Liabilities	<u>\$ 734.4</u>	<u>\$ 538.2</u>	<u>\$ 196.2</u>	36.5%

- Accounts payable, salaries and other increased by \$2.9 million, or 8.4%. This increase is primarily attributable to an increase in accounts payable related to capital projects funded from bond proceeds.
- The current portion of long-term debt increased by \$6.7 million, or 23.3%, to \$35.4 million and is attributable to scheduled bond principal payments.
- The noncurrent portion of long-term debt increased by \$141.4 million, or 51.1%, to \$417.9 million. This increase is primarily attributable to the issuance of new debt during the year.
- Pension Liabilities increased \$45.2 million, or 22.8%, to \$243.7 million and is attributable to employee growth and planned changes in actuarial assumptions as compared to prior year.

Other financial highlights are as follows:

- Total revenues were \$317.7 million for the fiscal year ended June 30, 2021. Revenues increased by \$22.4 million, or 7.6%, year-over-year. The increased revenue is due mainly to slight increases in local tax and state revenue with the remaining increase due to federal grant revenues related to the CARES Act and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. General revenues represented 85.3% of total revenues for the fiscal year ended June 30, 2021.
- Program Specific revenues offset costs associated with operations and are made up of charges for services and grants and contributions. Program Specific revenues increased \$9.5 million, or 25.7%, to \$46.8 million. This increase was made up entirely of CARES funding received from the Federal government. Program specific revenues represent 14.8% of total revenues.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

- Charges for services revenues decreased \$5.4 million or 54.3% due to a \$0.9 million decrease in Student Activity revenues, a 0.1 million decrease in Transportation revenues, a \$3.3 million decrease in Food Service revenues and a \$0.6 million decrease in Community Services. All of these decreases can be directly tied to reduced activity due to the District moving to virtual instruction as a result of the COVID-19 pandemic.
- The largest source of general revenue for the School District continues to be locally assessed property taxes. In fiscal year 2021, the assessed valuation increased \$57.1 million or 2.4% to \$2,463 million at December 31, 2020 from \$2,406 million at December 31, 2019. The collection rate, on a full accrual basis of accounting, increased 80 basis points to 99.2%. Total property tax revenue received amounted to \$151.6 million for the fiscal year ended June 30, 2021. Property taxes collected, exclusive of all other taxes collected, were \$4.7 million, or 3.2%, higher than the prior year.
- The second largest source of general revenue for the School District comes from Missouri State Aid including the Missouri K-12 Foundation Formula and the Classroom Trust Fund. The School District received \$74.3 million from these sources. This represents a \$2.6 million or 3.6% increase from the prior year.
- Prop C sales taxes are collected and distributed by the State Department of Revenue. These taxes accounted for \$22.3 million in revenue. This represents a \$1.4 million or 6.5% increase from the prior year due to increased retail sales.
- Other local tax revenues, such as surtax, financial institution taxes and railroad and utility taxes are collected and distributed by Clay County and accounted for \$13.70 million in general revenues, a decrease of \$0.3 million from the prior year.
- The School District had \$337.0 million in expenses, partially offset by \$46.8 million of program specific charges for services, grants and contributions. General revenues of \$270.8 million were adequate to cover most of the cost of these programs.
- The General Fund had \$134.8 million in revenues and \$106.6 million in expenditures. An \$11.6 million transfer from the General Fund to the Capital Projects fund primarily consists of \$4.5 million to maintain the Apple leases, \$2.2 million to continue to service bus leases, \$1.1 million for server upgrades, and \$3.8 million for maintenance and upkeep of equipment. A \$3.0 million transfer was made from the General Fund to the Special Revenue fund to cover expenditures. The operating fund balance increased \$13.6 million as the School District worked to keep operating expenditures in line with operating revenues in order to meet the Board of Education's fund balance goal of +/-2% of 16.0% of operating expenditures.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

The School District as a Whole

The Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities present an aggregate view of the School District's financial standing as well as a more in-depth view of the School District's current financial standing than would normally be seen in the Governmental Fund Type statements. These statements include all assets and liabilities using the full accrual basis of accounting. Accrual basis of accounting recognizes revenues when earned and expenses when incurred regardless of when the School District physically receives funds or writes checks for goods and services.

These two statements report the School District's year ended net position and changes in that net position during the year. The change in net position helps readers determine whether the financial condition of the School District has improved or diminished over the course of the year. The change in net position may be the result of both financial and non-financial factors. Non-financial factors include the School District's property tax base, current property tax laws in Missouri, student enrollment, facility conditions and required educational programs for which little or no funding is provided.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operations and maintenance of buildings, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2021

The School District as a Whole (continued)

The Statement of Net Position and Statement of Activities (continued)

Table 1 compares the School District's Net Position as of June 30, 2021 to June 30, 2020.

TABLE 1
Statement of Net Position
(dollars in millions)

	<u>June 30,</u>		<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
	<u>2021</u>	<u>2020</u>		
ASSETS				
Current Assets	\$ 256.0	\$ 135.8	\$ 120.2	88.5%
Capital Assets – Net	<u>437.5</u>	<u>406.3</u>	<u>31.2</u>	7.7%
Total Assets	<u>693.5</u>	<u>542.1</u>	<u>151.4</u>	27.9%
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferred Outflows	<u>90.3</u>	<u>78.8</u>	<u>11.5</u>	14.6%
LIABILITIES				
Other Liabilities	72.8	63.2	9.6	15.2%
Long-Term Liabilities	<u>661.6</u>	<u>475.0</u>	<u>186.6</u>	39.3%
Total Liabilities	<u>734.4</u>	<u>538.2</u>	<u>196.2</u>	36.5%
DEFERRED INFLOWS OF RESOURCES				
Pension Plan Deferred Inflows	<u>23.1</u>	<u>37.1</u>	<u>(14.0)</u>	(37.7%)
NET POSITION				
Invested in Capital Assets, Net of Related Debt	114.4	132.3	(17.9)	(13.5%)
Restricted-Debt Svc	38.9	33.0	5.9	17.9%
Restricted-Capital Projects	103.9	5.7	98.2	1,722.8%
Unrestricted	<u>(231.0)</u>	<u>(125.3)</u>	<u>(105.7)</u>	84.4%
Total Net Position	<u>\$ 26.2</u>	<u>\$ 45.7</u>	<u>\$ (19.5)</u>	(42.7%)

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2021

The School District as a Whole (continued)

The Statement of Net Position and Statement of Activities (continued)

Table 2 compares the Changes in Net Position for fiscal year ended June 30, 2021 to June 30, 2020.

TABLE 2
Change in Net Position
(dollars in millions)

	<u>Year Ended June 30,</u>		<u>\$ Increase/</u>	<u>% Increase/</u>
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Program Revenues				
Charges for Services	\$ 4.6	\$ 10.0	\$ (5.4)	(54.0%)
Operating/Capital Grants and Contributions	42.2	27.3	14.9	54.6%
Total of Charges, Operating Grant and Contribut	<u>46.8</u>	<u>37.3</u>	<u>9.5</u>	25.5%
General Revenues:				
Property Taxes	151.6	146.9	4.7	3.2%
Non-restricted Intergovernmental	110.3	106.7	3.6	3.4%
Interest and Investment Earnings	1.2	2.4	(1.2)	(50.0%)
Other Miscellaneous Local	4.6	2.0	2.6	130.0%
Sale/Retirement of Assets	<u>3.2</u>	<u>-</u>	<u>3.2</u>	-
 Total Revenues	 <u>317.7</u>	 <u>295.3</u>	 <u>22.4</u>	 7.6%
Program Expenses				
Instruction	125.6	143.0	(17.4)	(12.2%)
Student Services	12.5	11.2	1.3	11.6%
Instructional Staff Support	26.1	22.5	3.6	16.0%
Board/Executive and Tech Administration	4.0	8.7	(4.7)	(54.0%)
Building Administration	17.0	4.0	13.0	325.0%
General Administration/Central Services	9.2	16.6	(7.4)	(44.6%)
Operation of Plant	30.3	30.6	(0.3)	(1.0%)
Transportation	17.2	18.1	(0.9)	(5.0%)
Food Service	11.6	11.9	(0.3)	(2.5%)
Community Services	6.3	4.4	1.9	43.2%
Facility Acquisition and Construction	66.6	13.6	53.0	389.7%
Interest and Fiscal Charges	<u>10.5</u>	<u>8.9</u>	<u>1.6</u>	18.0%
Total Expenses	<u>336.9</u>	<u>293.5</u>	<u>43.4</u>	14.8%
 Increase/(Decrease) in Net Position	 <u>\$ (19.2)</u>	 <u>\$ 1.8</u>	 <u>\$ (21.0)</u>	 (1,166.7%)

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

The School District as a Whole (continued)

Fund Financial Statements

The School District's financial statements for major funds provide more in-depth information about the School District's financial position and results of operations. The School District uses numerous funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds format. This format focuses on how money flows in and out of these funds and provides the reader with remaining fiscal year-end balances available for future use. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view of the School District's general governmental operations and the basic services the School District provides. Governmental fund information helps the reader determine the changes in financial resources in order to understand what can be spent in the near future. The relationship between governmental activities (as reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Governmental Activities

As reported in the Statement of Activities, the cost of the School District's governmental activities for the year ended June 30, 2021 was \$337.0 million. The Statement of Activities shows the cost of program services, the charges for services and the operating grants and contributions offsetting some of these services. Grants and contributions totaled \$42.2 million and helped reduce expenses for certain programs. Charges for services offset expenses by \$4.6 million and include items such as tuition reimbursement, activity fees, school lunch fees and facility use charges. The remaining program expenses are financed primarily by the taxpayers of the School District through property tax, sales tax, and other ad valorem tax revenue totaling \$183.0 million. State aid accounted for \$74.3 million. The "net cost" statement, on the following page, details the remaining cost of the various categories and informs the reader how much each program is funded by proceeds other than charges for services and operating grants and contributions.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2021

The School District as a Whole (continued)

Governmental Activities (continued)

Table 3 compares the Total and Net Costs of Governmental Activities for Fiscal Year ended June 30, 2021 to June 30, 2020.

TABLE 3
Net Cost of Government Activities
(dollars in millions)

	Year Ended June 30,				Year over Year	
	2021		2020		Total Cost	Net Cost
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	% Increase/ (Decrease)	% Increase/ (Decrease)
Instruction	\$ 125.6	\$ 96.6	\$ 143.0	\$ 125.0	(12.2%)	(22.7%)
Student Services	12.5	12.5	11.2	11.2	12.1%	12.1%
Instructional Staff Support	26.1	26.1	22.5	22.5	15.9%	15.9%
Board/Executive & Tech Adm	4.0	4.0	4.0	4.0	0.7%	0.7%
Building Administration	17.0	17.0	16.6	16.6	2.2%	2.2%
General Adm & Central Svcs	9.2	9.2	8.7	8.7	5.6%	5.6%
Operation of Plant	30.3	30.3	30.6	30.6	(0.8%)	(0.8%)
Transportation	17.2	13.2	18.1	14.3	(4.9%)	(7.6%)
Food Service	11.6	1.9	11.9	1.3	(3.0%)	47.9%
Community Services	6.3	2.2	4.4	(0.3)	42.9%	750.8%
Facility Acquisition/Construction	66.6	66.6	13.6	13.6	390.0%	390.0%
Interest and Fiscal Charges	10.5	10.5	8.9	8.9	19.0%	19.0%
Total Expenses	<u>\$ 336.9</u>	<u>\$ 290.2</u>	<u>\$ 293.5</u>	<u>\$ 256.2</u>	14.8%	13.2%

Note: Net Cost of Services is computed by taking the Total Cost of Services and subtracting Charges for Services and Grants and Contributions

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Student Services include guidance and counseling, health services, as well as the cost of student attendance reporting.

Instructional Staff Support includes the activities involved with assisting staff with the content and process of teaching to pupils.

Board/Executive and Tech Administration includes office of the superintendent, Board of Education, and Technology Administration.

Building Administration includes the cost of salaries and benefits for building level principals and office support staff.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

The School District as a Whole (continued)

Governmental Activities (continued)

General Administration and Central Services includes expenses associated with administrative and financial supervision of the School District. It also includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Operation of Plant involves keeping the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food Service includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Community Services includes expense related to parents as teachers, adult literacy education, adult continuing education, community education programs, and school age childcare program.

Facility Acquisition and Construction includes remodeling buildings, the construction of buildings and additions to buildings, initial installation and extensions of service systems and other built-in equipment, acquisition of land and buildings, and improvements to sites.

Interest and Fiscal Charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Over 87.4% of instruction activities are supported through taxes and other general revenues; for all activities, general revenue support is 87.3%. The local community as a whole is the primary support for the North Kansas City School District No. 74.

Reporting the School District's Most Significant Funds

School District Funds

The School District's funds are accounted for using the modified accrual basis of accounting. Governmental funds total revenues were \$314.4 million, other financing sources were \$171.5 million, and total expenditures were \$367.5 million. The net change in fund balance for the year in the General Fund was an increase of \$118.3 million. The unrestricted operating fund balance was \$64.8 million at year-end and was 25.7% of total expenditures of the General and Special Revenue Funds. This fund balance would exclusively sustain the School District for approximately 67 days of operations. The Operating Fund balance consisted of \$1.0 million non-spendable, leaving \$63.8 million operating fund balance unassigned and assigned.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Budgeting Highlights

Operating Funds (General Fund and Special Revenue Fund) Budgeting Highlights

The School District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified accrual basis recognizing cash receipts, disbursements, and encumbrances. During the course of the fiscal year, the School Board has the opportunity to approve budget adjustments on two separate occasions, once in the fall and again in the spring. Missouri Revised Statute 67.030 permits budget amendments to the expenditure budget as long as the changes do not exceed estimated revenues to be received during the year plus the unencumbered balance at the beginning of the fiscal year. The original budget for the School District was adopted June 23, 2020 with amendments being approved on August 25, 2020 and June 15, 2021. The most significant budgeted fund is the General Fund, followed by the Special Revenue Fund.

The School District uses site-based budgeting and the budgeting systems are designed to tightly control the overall site budget but also provide some flexibility for site administration within program functions.

During the fiscal year 2021 the School District amended its operating budget to reflect \$275.9 million for revenue and \$267.8 million for expenditures. Overall operating revenue came in \$1.9 million over budget. With prudent spending and conservative budgeting, the actual operating expenditures were \$15.2 million below the final budget. The largest drivers of the budget difference for expenditures were personnel-related expenditures (\$5.9 million), charges for services (\$6.2 million) and operating supplies (\$4.3 million).

Capital Assets and Long-term Liabilities Administration

Capital Assets

As of June 30, 2021, the School District had \$627.2 million invested in land, buildings, furniture and equipment, and vehicles with accumulated depreciation of \$189.7 million, resulting in net investment in capital assets at year-end of \$437.5 million.

TABLE 4
Capital Assets (Net of Depreciation)

	<u>June 30,</u>		<u>\$ Increase/</u>	<u>% Increase/</u>
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Land	\$ 11,453,216	\$ 11,453,216	\$ -	-
Construction in Progress (CIP)	38,011,658	74,696,063	(36,684,405)	(49.1%)
Buildings and Improvements	362,499,587	301,274,499	61,225,088	20.3%
Furniture and Equipment	25,537,844	18,896,681	6,641,163	35.1%
Totals	<u>\$ 437,502,305</u>	<u>\$ 406,320,459</u>	<u>\$ 31,181,846</u>	7.7%

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Capital Assets and Long-term Liabilities Administration (continued)

Net capital assets ended at \$437.5 million, an increase of \$31.2 million due to the addition of capital assets of \$51.7 million partially offset by depreciation expense of \$20.5 million.

Debt Administration

On June 30, 2021, the School District had \$353.1 million in general obligation bonds outstanding, due in varying interest rate charges through the year 2041. These bonds were issued for the purpose of capital improvements, building additions, and technology system advancements.

Table 5
Outstanding General Obligation Bonds

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Series 2021	\$ 60,000,000	\$ -
Series 2020	93,000,000	-
Series 2016	141,875,000	151,880,000
Series 2015	1,315,000	11,515,000
Series 2014	35,335,000	38,130,000
Series 2013	4,150,000	5,190,000
Series 2012	14,240,000	20,515,000
Series 2011	3,210,000	6,195,000
Series 2010	-	4,725,000
Total	<u>\$ 353,125,000</u>	<u>\$ 238,150,000</u>

Missouri statute allows School Districts to incur debt up to an amount equal to 15% of the most current assessed valuation, which includes abated TIF, abated Chapter 135 property, and abated Chapter 353 property. At June 30, 2021, the School District's overall legal debt margin was \$392.6 million, of which \$353.1 million has been issued, offset by a debt service fund balance of \$37.2 million leaving the un-voted debt margin at \$76.7 million.

In August 2020 the District held a voter and Board of Education approved competitive sale to issue \$95 million of new GO Bonds. The result of the competitive sale yielded a true interest cost of 1.67% and keeps the District's promise of a "No Tax Increase" bond issue. The new debt includes bonds with maturity dates ranging from March 1, 2021 through March 1, 2040, Coupons ranging from 1.625% to 5.0%, an average life of approximately 12.3 years, and a weighted average price of \$108.62.

In May 2021 the District held a voter and Board of Education approved competitive sale to issue \$60 million of new GO Bonds. The result of the competitive sale yielded a true interest cost of 1.72% and keeps the District's promise of a "No Tax Increase" bond issue. The new debt includes bonds with maturity dates ranging from September 1, 2021 through March 1, 2041, Coupons ranging from 2.0% to 5.0%, an average life of approximately 13 years, and a weighted average price of \$110.23.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Capital Assets and Long-term Liabilities Administration (continued)

Debt Administration (continued)

Both the Series 2020 and 2021 GO bonds received a rating from Moody's of Aa2. The Aa2 rating reflects the district's large and growing tax base, average wealth indices and modestly growing enrollment. The rating also reflects stable financial performance and reserves, and high yet manageable debt and pension profiles.

The stable outlook reflects an expectation of stable credit fundamentals supported by structurally balanced operations, healthy reserves, no medium-term plans for additional debt and conservative management.

Additionally, continued growth is expected in the district's tax base given new development and its location within the growing Kansas City, MO metropolitan area.

The rating and the stability demonstrate that the District exhibits strong financial management with a tenured financial staff, multi-year planning and conservative budgeting.

At June 30, 2021, the outstanding balance for the School District on Capital Lease Obligations is \$26.7 million in principal and \$1.8 million in interest for a total of \$28.5 million.

Table 6
Outstanding Capital Lease Obligations
June 30, 2021

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Apple, Inc. - MacBooks	\$ 2,061,545	\$ 39,994	\$ 2,101,539
Apple iPads and MacBook Airs	9,736,873	263,127	10,000,000
CNG Bus Infrastructure	1,277,271	81,971	1,359,242
CNG Buses	6,287,578	403,514	6,691,092
Diesel Buses	3,318,282	350,681	3,668,963
Navitas Phase IV	3,844,000	635,396	4,479,396
Custodial Equipment	189,987	11,528	201,515
	<u>\$26,715,536</u>	<u>\$1,786,211</u>	<u>\$28,501,747</u>

Other Long-term Liabilities

The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions commencing with the fiscal year ending June 30, 2015. The School District is required to address accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts and must recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to such pension plans. The current year net pension liability is \$243.7 million, an increase of \$ 45.2 million dollars. Additionally, the School District recorded deferred outflows related to the pension plan of 90.3 million dollars and deferred inflows related to pension plans of \$23.1 million dollars. See Notes to Financial Statements for additional details.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2021

Capital Assets and Long-term Liabilities Administration (continued)

Other Long-term Liabilities (continued)

The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB) commencing with the fiscal year ending June 30, 2018. The School District is required to provide a systematic, accrual-basis measurement of an annual OPEB Cost. During fiscal year 2021, the School District recognized a \$0.7 million increase in OPEB liability consisting of increases in service cost of \$1.2 million, interest on total OPEB liability of \$0.5 million, and effects of assumption changes of \$0.1 million, offset by benefit payments of \$1.1 million. See Notes to Financial Statements for additional details.

Economic Factors and Next Year's Budget

The North Kansas City School District No. 74 is financially stable; however, we must continually monitor the national, state, and local economic trends in order to maintain that stability. The School District has begun to see a slight increase in local property values and corresponding tax revenues. Our 2020 local assessed property valuation is 32.4% higher than values reported by the Clay County Assessor's office in 2011. The 2020 assessment figures are based on reassessments as of January 1, 2020.

As part of the normal budgeting process, long-range projections are developed and continually updated. This process allows the School District to determine how much of the available resources can be used for on-going projects, such as new programs or initiatives, versus one-time projects, such as facility repairs.

In addition to balancing the revenue and expenditure budgets, School District policy sets beginning of the fiscal year minimum cash requirements. Based upon parameters established by the Board of Education, the year-end operating fund balance must be equal to 16.0% of the operating expenditure budget plus or minus 2.0%. Due to the cyclical nature of School District revenues and expenditures, this reserve is designed to cover cash flow needs during the period of October thru December, just prior to the collection of property tax revenues in late December and January, eliminating the need to utilize short-term borrowing to cover School District cash requirements.

The North Kansas City School District No. 74 has committed itself to financial excellence for many years as demonstrated by our consistently strong financial performance. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

This report is designed to provide our citizens, taxpayers, investors, and creditors with a full and complete disclosure of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional copies, they can be obtained by contacting us at the North Kansas City School District, 2000 NE 46th Street, Kansas City, Missouri, 64116, phone number 816-321-5000.

Steve Marriott
Controller

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash & Cash Equivalents	\$ 216,152,737
Investments	8,883,974
Receivables:	
Taxes	510,600
Other Local, net of allowance for uncollectible of \$9,454	401,818
State	3,236,082
Federal	12,068,241
Inventory	661,866
Prepaid Expenses	1,047,071
Escrowed Cash with Fiscal Agents	13,017,567
Capital Assets:	
Land	11,453,216
Construction in Progress and related Capitalized Interest	38,011,658
Other Capital Assets, net of Accumulated Depreciation	<u>388,037,431</u>
Total Assets	<u>693,482,261</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amounts related to pension plans	87,170,673
Deferred amounts related to OPEB liability	<u>3,132,026</u>
Total Deferred Outflows of Resources	<u>90,302,699</u>
 <u>LIABILITIES</u>	
Accounts Payable	16,118,368
Payroll Withholding	3,799,193
Accrued Wages	13,210,147
Unearned Revenue	20,428
Accrued Interest Payable	4,271,116
Long-term Liabilities:	
Due within one year	35,699,307
Due in more than one year	<u>661,290,500</u>
Total Liabilities	<u>734,409,059</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred amounts related to pension plans	22,233,856
Deferred amounts related to OPEB liability	<u>868,751</u>
Total Deferred Inflows of Resources	<u>23,102,607</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	114,379,349
Restricted for:	142,851,244
Unrestricted	<u>(230,957,299)</u>
Total Net Position	<u>\$ 26,273,294</u>

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
Governmental Activities:		<u>Charges for Services & Sales</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Total Governmental Activities</u>
Current:					
Instruction	\$ 125,597,506	\$ 963,686	\$ 27,905,743	\$ 86,705	\$ (96,641,372)
Student Services	12,512,985	0	0	0	(12,512,985)
Instructional Staff Support	26,080,740	0	0	0	(26,080,740)
Board/Executive & Tech Admin	3,999,479	0	0	0	(3,999,479)
Building Level Administration	16,999,612	0	0	0	(16,999,612)
Business Support/Central Svcs	9,188,909	0	0	0	(9,188,909)
Operation/Maintenance of Plant	30,344,930	0	0	0	(30,344,930)
Transportation	17,200,586	297,418	3,726,944	0	(13,176,224)
Food Services	11,563,839	269,216	9,406,701	0	(1,887,922)
Community Services	6,318,790	3,024,988	1,089,610	0	(2,204,192)
Facilities	66,583,603	0	0	0	(66,583,603)
Interest & Charges	<u>10,547,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,547,498)</u>
Total Governmental Activities	\$ 336,938,477	\$ 4,555,308	\$ 42,128,998	\$ 86,705	(290,167,466)
General Revenues:					
					151,573,212
					22,300,566
					9,122,466
					4,551,822
					74,295,776
					1,186,591
					<u>4,568,641</u>
					Subtotal – General Revenues
					267,599,074
Special Items:					
					62,643
					<u>3,124,791</u>
					Subtotal – Special Items
					<u>3,187,434</u>
					Change in Net Position
					(19,380,958)
					NET POSITION – BEGINNING OF YEAR
					<u>45,654,252</u>
					NET POSITION – END OF YEAR
					\$ <u>26,273,294</u>

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General (Incidental) <u>Fund</u>	Special Revenue (Teachers) <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	<u>Totals</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$ 62,542,396	\$ 7,928,367	\$ 24,182,173	\$ 121,499,801	\$ 216,152,737
Investments	0	0	0	8,883,974	8,883,974
Receivables:					
Taxes	213,426	182,652	103,917	10,605	510,600
Other Local	94,340	0	0	1,794	96,134
State	1,798,463	1,432,943	0	4,676	3,236,082
Federal	11,057,152	988,101	0	22,988	12,068,241
Inventories	644,992	0	0	0	644,992
Prepaid Expenses	404,382	0	0	0	404,382
Escrowed Cash with Fiscal Agent	<u>0</u>	<u>0</u>	<u>12,885,035</u>	<u>0</u>	<u>12,885,035</u>
TOTAL ASSETS	<u>\$ 76,755,151</u>	<u>\$ 10,532,063</u>	<u>\$ 37,171,125</u>	<u>\$ 130,423,838</u>	<u>\$ 254,882,177</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ 5,272,937	\$ 153,602	\$ 10,000	\$ 10,681,829	\$ 16,118,368
Payroll Withholdings	3,799,193	0	0	0	3,799,193
Accrued Wages	2,831,686	10,378,461	0	0	13,210,147
Deferred Revenue	<u>20,428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,428</u>
Total Liabilities	11,924,244	10,532,063	10,000	10,681,829	33,148,136
Fund Balances:					
Nonspendable	1,049,374	0	0	0	1,049,374
Restricted	5,495,831	0	37,161,125	103,942,235	146,599,191
Assigned	0	0	0	15,799,774	15,799,774
Unassigned	<u>58,285,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>58,285,702</u>
Total Fund Balances	<u>64,830,907</u>	<u>0</u>	<u>37,161,125</u>	<u>119,742,009</u>	<u>221,734,041</u>
 TOTAL LIABILITIES & FUND BALANCES	 <u>\$ 76,755,151</u>	 <u>\$ 10,532,063</u>	 <u>\$ 37,171,125</u>	 <u>\$ 130,423,838</u>	 <u>\$ 254,882,177</u>

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 221,734,041

Amounts reported for governmental activities in the Statement of Net Position are different because:

Various assets are reported in the governmental activities that are not reported as assets in the governmental funds:

Capital assets, net of accumulated depreciation	\$ 437,502,305	
Non-cash donated inventory of food commodities	16,874	
Advance use of short-term medical leave, net of allowance	305,684	
Prepaid insurance premiums	<u>642,689</u>	
		438,467,552

The assets and liabilities related to the capital leases from both lease purchase agreements and Certificates of Participation (COPs) are included in the governmental activities and are not reported in the governmental funds.

Escrowed cash equivalents with fiscal agent	132,532	
Issuance premiums, net of accumulated amortization	(346,106)	
Capital leases – certificates of participation obligation	(17,065,000)	
Capital leases – lease purchase obligation	<u>(26,715,536)</u>	
		(43,994,110)

Deferred inflows and outflows of resources for pension plans are reported in the governmental activities that are not reported in the governmental funds:

Deferred outflows for pension liability (PSRS and PEERS)	87,170,673	
Deferred outflows for OPEB liability	3,132,026	
Deferred inflows for pension liability (PSRS and PEERS)	(22,233,856)	
Deferred inflows for OPEB liability	<u>(868,751)</u>	
		67,200,092

Various liabilities are reported in the governmental activities that are not reported as liabilities in the governmental funds:

Accrued interest on long-term debt	(4,271,116)	
Net OPEB obligation for retiree medical insurance	(24,468,994)	
Compensated absences for vacation and comp time	(1,615,899)	
Bond issuance premiums, net of accumulated amortization	(29,946,081)	
Bonds payable obligations	(353,125,000)	
Net pension obligation liability for PSRS and PEERS	<u>(243,707,191)</u>	
		(657,134,281)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 26,273,294

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals Governmental Funds
<u>REVENUES</u>					
Local	\$ 82,120,453	\$ 74,987,960	\$ 31,826,803	\$ 3,581,124	\$ 192,516,340
County	1,749,167	1,770,082	934,495	98,078	4,551,822
State	24,987,527	58,633,576	0	12,606	83,633,709
Federal	25,026,041	7,647,363	0	81,089	32,754,493
Other	<u>913,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>913,721</u>
Total Revenues	134,796,909	143,038,981	32,761,298	3,772,897	314,370,085
<u>EXPENDITURES</u>					
Current:					
Instruction	8,450,511	90,893,144	0	489,725	99,833,380
Special Education Instruction	11,703,357	29,173,698	0	7,548	40,884,603
Student Services	7,476,839	4,359,557	0	2,713	11,839,109
Instructional Staff Support	9,463,086	8,654,285	0	5,847,779	23,965,150
Board & Executive Administration	2,708,714	793,408	0	0	3,502,122
Building Level Administration	6,128,062	9,710,440	0	0	15,838,502
Business Support & Central Services	6,486,462	1,382,625	0	18,822	7,887,909
Operation & Maintenance of Plant	24,854,043	0	0	3,638,445	28,492,488
Transportation	14,657,864	0	0	1,194,586	15,852,450
Food Services	9,867,071	0	0	44,508	9,911,579
Adult & Community Services	4,776,435	1,080,391	0	0	5,856,826
Facilities Acquisition/Construction	0	0	0	69,898,047	69,898,047
Debt Service:					
Principal	0	0	21,455,000	1,504,987	22,959,987
Interest and Charges	<u>0</u>	<u>0</u>	<u>9,939,603</u>	<u>885,214</u>	<u>10,824,817</u>
Total Expenditures	<u>106,572,444</u>	<u>146,047,548</u>	<u>31,394,603</u>	<u>83,532,374</u>	<u>367,546,969</u>
Excess (Deficiency) of Revenues over Expenditures	28,224,465	(3,008,567)	1,366,695	(79,759,477)	(53,176,884)
Other Financing Sources (Uses):					
Sale of District Property	0	0	0	3,187,434	3,187,434
Premium on Bonds Sold	0	0	0	13,311,220	13,311,220
Proceeds from Sale of Bonds	0	0	0	155,000,000	155,000,000
Transfers In / (Out)	<u>(14,654,640)</u>	<u>3,008,567</u>	<u>0</u>	<u>11,646,073</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(14,654,640)</u>	<u>3,008,567</u>	<u>0</u>	<u>183,144,727</u>	<u>171,498,654</u>
Net Change in Fund Balances	13,569,825	0	1,366,695	103,385,250	118,321,770
FUND BALANCES, JUNE 30, 2020	<u>51,261,082</u>	<u>0</u>	<u>35,794,430</u>	<u>16,356,759</u>	<u>103,412,271</u>
FUND BALANCES, JUNE 30, 2021	\$ <u>64,830,907</u>	\$ <u>0</u>	\$ <u>37,161,125</u>	\$ <u>119,742,009</u>	\$ <u>221,734,041</u>

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 118,321,770

Variations in the reporting amounts of assets, deferred inflows and outflows, liabilities between the governmental activities & the governmental funds create variances in the reporting amounts of revenues & expenditures which follows:

Net capital asset purchases and disposals are expensed in funds but are capitalized and depreciated in activities.	<i>Capitalized assets</i>	51,660,512
	<i>Depreciation expense</i>	(20,478,666)
Federal food commodities are not recorded in funds & inventoried in activities.	<i>Commodities received</i>	628,804
	<i>Commodities consumed</i>	(797,145)
Accounts receivable for employee short-term medical leave.		31,978
Insurance premiums are expensed in funds and recorded as prepaids in activities.		72,323
The OPEB cost for retiree medical insurance is recorded in activities.		(889,154)
Compensated absences liability is recorded in activities and not in the funds.		7,742
Long-term obligation interest is expensed as paid in the funds and expensed or capitalized in the appropriate period for funds.	<i>Accrued interest</i>	(969,675)
General obligation bonds and notes payable are recorded as other financing sources in the year of received and expensed in year of payment in funds and recorded as liabilities in activities.	<i>Bonds paid</i>	21,455,000
	<i>Bonds issued</i>	(155,000,000)
Bond premiums are recognized as other financing sources in funds and capitalized and amortized in activities.	<i>Premium amortization</i>	2,711,988
	<i>Premium on bonds issued</i>	(13,311,220)
Capital lease obligations are expensed in year of payment in funds and recorded as liabilities in activities.	<i>Capitalized lease payments</i>	10,717,742
	<i>Capitalized lease borrowings</i>	(15,441,413)
Certificates of Participation issuance cost, underwriter discount, obligation payments, and amortization of issuance premiums are not reported in the funds.	<i>Payment on COPs</i>	1,505,000
	<i>Premium amortization</i>	39,993
Pension expense (PSRS/PEERS) reported in activities do not require use of current resources, not reported in funds.		<u>(19,646,537)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ <u>(19,380,958)</u>

See Accompanying Independent Auditor's Report and Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The North Kansas City School District No. 74 (the "School District") was established in 1913 under the statutes of the State of Missouri. The School District operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri which designates a Board of Education to act as the governing authority.

The School District, located in Clay County, serves an area of approximately 82 square miles. It is staffed by 1,614 non-certificated employees, 1,573 certificated, full-time teaching personnel and 152 administrative employees who provide services to 21,202 enrolled students and other community members. The School District currently operates 22 elementary schools (grades K-5), six middle schools (grades 6-8), four high schools (grades 9-12) and six other education centers.

B. Principles Used to Determine Scope of Entity

The School District has implemented Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations are Component Units*. GASB Statement No. 39, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the School District's financial statements.

The School District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the School District, including joint agreements which serve students from numerous school districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the School District exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service and special financing relationships.

The School District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the School District's financial statements. In addition, the School District is not aware of any entity which could exercise such oversight which would result in the School District being considered a component unit of the entity.

C. Basis of Presentation

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The School 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, 2021, all of the School District's activities are classified as governmental type.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the School District as a whole. They include all funds of the School District. The School District has only governmental activities which are financed through taxes, intergovernmental revenues and other revenues.

The statement of net position presents the financial condition of the governmental activities of the School District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues 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 requirement of a particular program and interest earned on grants that is required to be used to support a particular program.

Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. An emphasis is placed on major funds within the governmental categories. In accordance with the State law, the School District has designated all of the following funds as major funds.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the School District's governmental fund types.

General (Incidental) Fund

Accounts for general activities of the School District, including student activities, transportation, community activities and food service which are not required to be accounted for in a separate fund.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Special Revenue (Teacher's) Fund

Accounts for expenditures for certified employees who are involved in administration and instruction. It includes revenues restricted by the state and local tax levy for the payment of teacher salaries and certain employee benefits.

Debt Service Fund

Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Capital Projects (Building) Fund

Accounts for the proceeds of bond issues, taxes and other revenue restricted for acquisition or construction of major capital assets.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, recording of deferred revenue, presentation of expenses versus expenditures, and recording of long-term liabilities. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources' measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

Governmental fund statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School District considers revenues to be available if they are collected within 30 days after the end of the current fiscal period. Property taxes, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Expenditures are recorded when the liability is incurred, except for claims and judgments, compensated absences and interest on long-term debt which are recorded when normally expected to be liquidated with expendable available financial resources. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenues from property taxes are recognized in the period for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements imposed by the provider have been satisfied.

Eligibility requirements include timing requirements, which specify the year the resources require use, or the year when use is first permitted, matching requirements and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenues from nonexchange transactions must also be available before they are recognized.

E. Assets, Liabilities and Equity

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, except for the debt service fund, are maintained in this pool. Individual fund integrity is maintained through School District records. (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the School District.) Each fund type's portion of this pool is displayed in these financial statements as "Cash and Cash Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments.

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The funds of the School District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the School District's agent bank in an amount sufficient to protect the School District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (the "FDIC") insurance.

Investments

Authorized Investments

The School District's investment policy allows the purchase of any investments allowed by the Missouri State Treasurer. The School District is authorized to invest in United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase; repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity; or commercial paper issued by U.S. or domestic corporations and have two of the highest ratings issued from Moody's Investor Services, Inc. (Moody's), Standard and Poor's Corporation (S&P) or Fitch Group (Fitch).

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy requires operating funds to be invested to coincide with projected cash flow needs, thereby avoiding the need to sell securities on the open market prior to maturity.

Investment Valuation

The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School District does not have any investments that are measured using Level 3 inputs.

Credit Risk

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the School District's deposits may not be returned or the School District will not be able to recover collateral securities in the possession of an outside party. The School District's policy required deposits to be 100% secured by collateral valued at market less the amount covered by the FDIC. As of June 30, 2021, none of the School District's bank balances with financial institutions was exposed to custodial credit risk.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the School District and are held by the party who sold the security to the School District or its agent but not in the government's name. The School District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the School District or of a type not exposed to custodial credit risk. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Investment Credit Risk

The School District's investment policy is to apply the prudent-person rule: Investments will be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their capital as well as the probable income to be derived. The School District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2021.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Credit Risk (continued)

The School District also has deposits held by the Missouri Direct Deposit Program and the Missouri Securities Investment Program. These deposits are not classified by credit risk category.

Escrowed Cash with Fiscal Agents

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as “Escrowed Cash with Fiscal Agents” and represents deposits.

Prepaid Items

Payments made to vendors for services that will benefit a period beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

Inventory

On government-wide financial statements, inventories are presented using the average cost basis and are expensed when used. On fund-financial statements, inventories of governmental funds are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund-financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000.

The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets, except for land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8-15 years

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position / fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate element, Deferred Inflows of Resources, represents an acquisition of net position / fund balance that applies to a future period and so will not be recognized as revenue until then.

Bond Premium / Discount and Bond Issuance Cost

Initial issue bond premiums and discounts are capitalized and amortized over the life of the related debt issues using the straight-line method, which approximates the effective interest method. Bond premiums are reported with long-term liabilities net of the unamortized portion of applicable premium or discount in the government-wide financial statements. Amortization of bond premiums or discounts is included in interest expense and reported as debt service expenditures. In the governmental funds, the bond premiums are recognized as other financing sources in the period when the bonds were issued. Issuance costs, including underwriters' discount, are expensed when incurred.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that, once incurred, are paid on a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The general obligation bonds, the notes payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Accrued Salaries - Wages

Payroll expense for 2020-2021 school year contracts paid in July and August 2021 was included in accrued salaries and wages at June 30, 2021. The option to receive the July and August payment in June was not offered to the employee in the current year.

Accrued Vacation and Comp Time

Various certified and non-certified employees receive vacation and comp time which can be accrued. Each year a calculation of these accrued benefits is prepared based upon carryover hours at the employee's current rate. This liability is included in the government-wide financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets including the unamortized premiums of the borrowings. Net position balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position amounts are available. The following table shows the restrictions within the School District's net position.

<u>Restricted net position:</u>	
Student Activity groups	\$ 1,711,287
Food Service	3,384,688
NCAPs Districts	416,730
Debt Service	33,396,304
Bond Projects	<u>103,942,235</u>
Total Restricted net position	\$ <u>142,851,244</u>

Fund Balance Reporting

The School District has implemented GASB 54 with the intention to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the School District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

For committed fund balances (as defined in GASB 54), the School District's highest level of decision-making authority is the Board of Education. The Board delegates the authority to assign amounts for specific purpose(s) to either the Assistant Superintendent – Finance and Operations or the Superintendent. The following is a list of classifications of fund balances and definitions as described in GASB 54.

Nonspendable Fund Balance

Represents amounts that cannot be spent due to form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance

Represents amounts constrained for a specific purpose (restricted expenditure use).

Committed Fund Balance

Represents amounts designated for a special purpose by a government using its highest level of decision-making authority. The Board would make the commitment and only the Board can remove such a commitment. As of June 30, 2021, the School District did not have fund balances classified as committed.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Fund Balance Reporting (continued)

Assigned Fund Balance

For all governmental funds other than the general fund. The amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

Represents only the general fund and all remaining fund balances not classified in the first four levels.

In addition, the order of spending is as follows: 1) when restricted, committed, assigned and unassigned funds are available for expenditure, restricted funds should be spent first (if applicable); 2) committed funds (if applicable) should be spent second; 3) assigned funds (if applicable) third; and 4) unassigned funds last.

The following table shows the restrictions, commitments and assigned amounts within each element of the School District's fund balances by fund.

	<u>General</u>	<u>Special Revenue (Teachers)</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 644,992	\$ 0	\$ 0	\$ 0	\$ 644,992
Prepaid Expense	<u>404,382</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>404,382</u>
Total Nonspendable	1,049,374	0	0	0	1,049,374
Restricted:					
Student Activity groups	1,711,287	0	0	0	1,711,287
Food Service	3,367,814	0	0	0	3,367,814
NCAPs Districts	416,730	0	0	0	416,730
Debt Service	0	0	37,161,125	0	37,161,125
Bond Projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,942,235</u>	<u>103,942,235</u>
Total Restricted	5,495,831	0	37,161,125	103,942,235	146,599,191
Assigned:					
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,799,774</u>	<u>15,799,774</u>
Total Assigned	0	0	0	15,799,774	15,799,774
Unassigned					
	<u>58,285,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>58,285,702</u>
Total Fund Balances	\$ <u>64,830,907</u>	\$ <u>0</u>	\$ <u>37,161,125</u>	\$ <u>119,742,009</u>	\$ <u>221,734,041</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

Retirement Pension Plans

Public School and Public Education Employee Retirement Systems of Missouri

Financial reporting information pertaining to the School District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the School District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

Post-Employment Benefits

In addition to the retirement pension benefits described above and in Notes 4.A., the School District provides post-retirement healthcare benefits to all employees who retire from the School District. The monthly premium is paid fully by the retiree for the next period's coverage. There is no associated cost to the School District under this program.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the School District provides healthcare 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 monthly for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the School District under this program.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Revenues and Expenditures

Revenues are classified by their source.

Local Revenues

Includes property taxes that are levied and collected at the county level for the School District, a percentage sales tax collected by local merchants, and collections for services provided to students and patrons.

County Revenues

The county by law collects and passes through to the School District specified revenues.

State Revenues

The School District receives state aid money from the state based upon the state basic formula and for various other state educational programs.

Federal Revenues

The School District receives federal aid for various educational programs and grants in which they participate.

Investment Income

Interest earned on invested funds is a material amount annually.

Other Sources

The issuance of bonds is a source of revenue in the year of issuance in the governmental fund statements.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. All other governmental receipts are reported as general receipts.

Expenditures are classified by their use.

Instruction

This category includes the payment of salaries to and benefits for all instructional staff along with needed supplies and aides.

Support Services

This category includes all the services that are provided for the support of the students and/or teachers, the management team, the facilities' expenses and the transporting of students.

Acquisition/Construction

This category represents the expenditures of major new construction or furnishing and the upgrading of existing facilities.

Debt Service

The payment of principal and interest on bonds payable or long-term capital leases.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Use of Estimates

The preparation of the financial statements in conformity with the U.S. generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the final statements and accompanying notes. Actual results may differ from those estimates.

H. Recently Issued Statements by the Governmental Accounting Standards Board

Governmental Accounting Standards Board (GASB) issued pronouncement statement No. 98, *The Annual Comprehensive Financial Report*, since the beginning of the fiscal year ended June 30, 2021. The effective date of GASB Statement No. 98 is for the fiscal years ending after December 15, 2021. Additional GASB Statements have been issued in the recent past that were effective during the fiscal year ended June 30, 2021, but were not considered applicable to the School District or the adoption of the Statement had no impact on the School District's financial statements.

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government, the School District is subject to various federal, state and local laws and regulations. An analysis of the School District's compliance with significant laws, regulations, grants and contracts over School District resources follows.

A. Uninsured and Uncollateralized Deposits

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. government governmental agency securities and certain state or political subdivision debt obligations. At June 30, 2021, all School District funds were covered with FDIC insurance or acceptable collateral.

B. Property Tax Requirements

Property taxes attach as an enforceable lien on the property each year 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 School District on a monthly basis.

The School District also receives sales tax collected by the state and remitted based on prior year weighted average daily attendance. The state requires the School District to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. However, in April 1994 the voters of the School District approved a Prop C rollback waiver.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: COMPLIANCE AND ACCOUNTABILITY (continued)

B. Property Tax Requirements (continued)

The assessed valuation of the tangible property for calendar year 2020 for purposes of local taxation, excluding tax increment financing assessed valuation, and abated Chapter 100, Chapter 135 and Chapter 353 properties, as follows.

	Assessed Valuation as of <u>12/31/2020</u>	Assessment Rate	Estimated Actual Valuation	% of Total Estimated Actual Valuation
Real Property				
Residential	\$ 1,464,264,682	19.0%	\$ 7,706,656,221	71.82%
Agricultural	2,385,866	12.0%	19,882,217	0.19%
Commercial	<u>446,220,530</u>	32.0%	<u>1,394,439,156</u>	<u>13.00%</u>
Total Real Property	1,912,871,078		9,120,977,594	85.00%
Personal Property	<u>536,368,019</u>	33.3% ⁽¹⁾	<u>1,609,104,057</u>	<u>15.00%</u>
Total Property	\$ <u>2,449,239,097</u>		\$ <u>10,730,081,651</u>	<u>100.00%</u>

⁽¹⁾ Assumes all personal property is assessed at 33 1/3%. Because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was as follows:

General (Incidental) Fund	\$ 2.6229
Special Revenue (Teachers) Fund	2.1600
Debt Service Fund	1.2900
Capital Projects Fund	<u>0.1300</u>
Total	\$ <u>6.2029</u>

C. Net Position/Fund Balance Restrictions

State law prohibits the creation of a deficit fund balance in any individual fund. For the year ended June 30, 2021, the School District incurred no fund balance deficits in any individual fund.

D. Budgetary Law

State law requires that expenditures not exceed final budgeted expenditures as approved by the Board of Education. For the fiscal year ended June 30, 2021, no budgets had been exceeded.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

The following information is presented to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. Deposits and Investments

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the financial statements at June 30, 2021, as follows:

Unrestricted deposits	\$ 75,522,781
Deposits restricted for student activities	1,711,287
Deposits restricted for food service	3,367,814
Deposits restricted for NCAPs Districts	416,730
Deposits restricted for debt service	24,276,090
Deposits restricted for bond capital projects	95,058,261
Deposits assigned for bond capital projects	15,799,774
Escrowed cash restricted for debt service	12,885,035
Investments restricted for bond capital projects	<u>8,883,974</u>
Total carrying value	\$ <u>237,921,746</u>

As of June 30, 2021, the School District's investments were as follows:

<u>Fund</u>	<u>Type</u>	<u>Maturities</u>	<u>Value</u>
Capital Projects	MOSIP Certificates of Deposit	12 to 13 months	\$ 1,736,000
Capital Projects	MOSIP U.S. Treasury Notes	0 to 6 months	<u>7,147,974</u>
Total Investments			\$ <u>8,883,974</u>

The School District categorized its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The School District has the following recurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Not subject to Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of Deposit	\$ 0	\$ 0	\$ 1,736,000	\$ 1,736,000
U.S. Treasury Bond/Notes	<u>0</u>	<u>7,147,974</u>	<u>0</u>	<u>7,147,974</u>
Total	<u>\$ 0</u>	<u>\$ 8,883,974</u>	<u>\$ 0</u>	<u>\$ 8,883,974</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

B. Capital Assets

Capital asset balances for the year ended June 30, 2021, were as follows.

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Land	\$ 11,453,216	\$ 0	\$ 0	\$ 11,453,216
Land improvements	14,071,851	587,999	0	14,659,850
Buildings and improvements	421,872,352	72,771,632	0	494,643,984
Furniture and equipment	42,722,894	12,681,560	9,079,296	46,325,158
Vehicles	19,947,204	2,307,511	156,283	22,098,432
Construction in progress, capitalized interest	<u>74,696,063</u>	<u>35,229,268</u>	<u>71,913,673</u>	<u>38,011,658</u>
	584,763,580	123,577,970	81,149,252	627,192,298
Less accumulated depreciation	<u>178,443,121</u>	<u>20,478,666</u>	<u>9,231,794</u>	<u>189,689,993</u>
Net Capital Assets	<u>\$ 406,320,459</u>	<u>\$ 103,099,304</u>	<u>\$ 71,917,458</u>	<u>\$ 437,502,305</u>

Depreciation expense for the year ended June 30, 2021 was charged by function as shown below.

Instruction	\$ 16,853,145
Instructional staff support	221,663
Administration	224,270
Operation of plant	268,748
Transportation	2,206,321
Food service	665,099
Community service	271
Facility acquisition	<u>39,149</u>
	<u>\$ 20,478,666</u>

C. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2021, were as follows:

	Beginning Balance <u>6/30/2020</u>	Increases	Decreases	Ending Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
General Obligation Bonds	\$ 219,580,000	\$ 155,000,000	\$ (21,455,000)	\$ 353,125,000	\$ 22,870,000
Unamortized Premium on Bonds	19,346,849	13,311,220	(2,711,988)	29,946,081	2,834,899
Capital Lease Obligation	21,991,865	15,441,413	(10,717,742)	26,715,536	6,763,516
Certificates of Participation	18,570,000	0	(1,505,000)	17,065,000	1,575,000
Unamortized Premium on COPs	386,098	0	(39,992)	346,106	39,993
Compensated absences	1,623,641	1,615,899	(1,623,641)	1,615,899	1,615,899
OPEB Health care plan liability	23,733,473	1,899,958	(1,164,437)	24,468,994	0
Net Pension Plan Liability	<u>198,465,967</u>	<u>67,035,633</u>	<u>(21,794,409)</u>	<u>243,707,191</u>	<u>0</u>
Total Long-term Liabilities	<u>\$ 503,697,893</u>	<u>\$ 254,304,123</u>	<u>\$ (61,012,209)</u>	<u>\$ 696,989,807</u>	<u>\$ 35,699,307</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities

General Obligation Bonds Payable

The School District issues general obligation (GO) bonds to provide for acquisition and construction of new buildings and improvements, repair and renovation of existing buildings, and furnishing and equipping the facilities. In addition, the School District issues GO bonds to refund previously issued GO bonds.

Bonds payable at June 30, 2021, consisted of the following.

General obligation refunding bonds, issue of 2010, due in varying annual installments through March 1, 2021, interest at 2.0% to 3.5%. The bonds were paid in full during the year.	\$ 0
General obligation refunding bonds, issue of 2011, due in varying annual installment through March 1, 2023, interest at 2.0% to 4.89%	3,210,000
General obligation refunding bonds, issue of 2012, due in varying annual installments through March 1, 2025, interest at 2.0% to 5.0%	14,240,000
General obligation refunding bonds, issue of 2013, due in varying annual installments through March 1, 2022, interest at 2.0% to 4.25%	4,150,000
General obligation refunding and improvement bonds, issue of 2014, due in varying annual installments through March 1, 2034, interest at 2.0% to 5.0%	35,335,000
General obligation refunding bonds, issue of 2015, due in varying annual installments through March 1, 2022, interest at 2.0% to 5.0%	1,315,000
General obligation refunding bonds, issue of 2016A, due in varying annual installments through March 1, 2028, interest at 2.0% to 5.0%	29,875,000
General obligation building bonds, issue of 2016B, due in varying annual installments through March 1, 2036, interest at 2.0% to 4.0%	112,000,000
General obligation building bonds, issue of 2020, due in varying annual installments through March 1, 2040, interest at 1.625% to 5.0%	93,000,000
General obligation building bonds, issue of 2021, due in varying annual installments through March 1, 2041, interest at 2.0% to 5.0%	<u>60,000,000</u>
Total Bonds Payable	<u>\$ 353,125,000</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

General Obligation Bonds Payable (continued)

The School District is participating in the Missouri School District Direct Deposit Program (“Direct Deposit Program”) for all of the outstanding series bonds. This program provides for the School District to pledge its state aid, except for state aid for gifted and exceptional pupils and remedial reading, for payment of bonds and for the State of Missouri to directly deposit a portion of the School District’s state aid monies into a Direct Deposit Program account. The principal and interest payments on the bonds are paid directly from this account when due. General obligation bond interest expense during the year ended June 30, 2021, was \$9,915,269.

Debt service requirements as of June 30, 2021, was as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 22,870,000	\$ 11,730,028	\$ 34,600,028
2023	24,395,000	11,229,382	35,624,382
2024	25,660,000	10,119,657	35,779,657
2025	23,875,000	8,980,656	32,855,656
2026	22,515,000	7,937,657	30,452,657
2027 to 2031	90,810,000	26,998,730	117,808,730
2032 to 2036	96,670,000	12,118,689	108,788,689
2037 to 2041	<u>46,330,000</u>	<u>2,512,518</u>	<u>48,842,518</u>
	<u>\$ 353,125,000</u>	<u>\$ 91,627,317</u>	<u>\$ 444,752,317</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. The following calculation reflects the addition of tax increment financing (TIF) assessed valuation, and abated Chapter 135 and Chapter 353 properties.

Assessed Valuation as of 12/31/2020	\$ 2,449,239,097	
Add: Abated TIF property	151,217,770	
Add: Abated Chapter 135 property	8,738,320	
Add: Abated Chapter 353 property	<u>7,916,250</u>	
Combined Assessed Valuation	\$ 2,617,111,437	
Constitutional Debt Limit	392,566,716	(15% of Assessed Val.)
General Obligation Bonds Payable	(353,125,000)	
Amount Available in Debt Service Fund	<u>37,161,125</u>	
Total Legal Debt Margin	<u>\$ 76,602,841</u>	

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Capital Lease Obligations

Apple MacBook Computers

On March 27, 2012, the Board of Education approved and signed a master lease purchase agreement with Apple Inc. Financial Services (“Apple”) effective April 28, 2012 to purchase new computer technology equipment through capital lease purchase transactions. The School District signed individual contract agreements with specific funding and repayment schedules for each purchase.

Effective September 29, 2017, a lease purchase contract was signed with Apple for 15,000 iPads for students, 6,000 MacBook Air 11-in laptops for students, and 2,000 MacBook Air 13-in laptops for staff. The lease agreement includes a discounted purchase price totaling \$9,079,296 and \$364,507 of calculated interest using a stated rate of 1.940%. A one-time required payment was made on December 1, 2017 totaling principal of \$1,007,246 and interest expense of \$30,402. Beginning July 2019, the agreement requires four annual payments of \$2,101,539 due on July 15th of every year, which includes total interest of \$334,105 and principal of \$8,072,050.

On May 26, 2020, the Board of Education approved a lease purchase of computer hardware (Schedule No. 5) as an addendum to the Master Lease Purchase Agreement to purchase 16,000 Apple iPads and 9,300 Apple MacBook Air 13-inch laptops. The lease agreement includes a discounted purchase price totaling \$11,854,965 of principal and \$345,998 of calculated interest using a stated rate of 1.350%. A one-time required payment totaling \$2,220,963 was made on January 15, 2021 with calculated principal of \$2,118,092 and interest expense of \$82,871. Commencing July 10, 2021, the agreement requires four annual payments of \$2,500,000 due on July 15th of every year, which includes total interest of \$263,127 and principal of \$9,736,873.

The following is a schedule of future lease expense under the Apple lease purchase agreements.

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,496,361	\$ 105,178	\$ 4,601,539
2023	2,401,422	98,578	2,500,000
2024	2,433,842	66,158	2,500,000
2025	<u>2,466,793</u>	<u>33,207</u>	<u>2,500,000</u>
	<u>\$ 11,798,417</u>	<u>\$ 303,122</u>	<u>\$ 12,101,539</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Capital Lease Obligation (continued)

Custodial Equipment

On August 8, 2017, the Board of Education approved the purchase of new custodial related equipment through a lease purchase transaction. The agreement is for 131 pieces of equipment, including carpet extractors, floor scrubbers, high and low speed buffers, wet/dry vacuums, sport extractors, and small scrubbers for a term of 3 years (36 monthly payments) commencing September 1, 2017. Interest component is calculated based on being compounded monthly and an interest rate of 4.30%.

On May 26, 2020, the Board of Education approved the purchase of new custodial related equipment through a lease purchase transaction. The agreement is for 75 pieces of custodial and cleaning equipment throughout the School District's campus for a term of 3 years (36 monthly payments) commencing August 6, 2020.

The following is the schedule of future lease payments under these lease purchase agreements.

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 88,486	\$ 8,241	\$ 96,727
2023	93,477	3,249	96,726
2024	<u>8,024</u>	<u>37</u>	<u>8,061</u>
	<u>\$ 189,987</u>	<u>\$ 11,527</u>	<u>\$ 201,514</u>

Transportation – Buses and Infrastructure

On March 10, 2015, the Board of Education approved the Transportation Committee's recommendation and signed a master installment purchase agreement with Mercedes-Benz Financial Services (MBFS) effective April 15, 2015 to purchase new buses and facility infrastructure through a combination of operating leases and capital lease purchase transactions. The School District signed individual contract agreements with specific funding and repayment schedules for each purchase. The three capital lease purchase agreements are outlined below.

Effective April 5, 2016, the School District purchased 94 CNG school buses for a term of 10 years through a lease purchase contract with MBFS. The School District will capitalize the 94 CNG school buses. Beginning July 2016, the agreement requires 10 annual payments of \$1,338,218 due on July 1st of every year totaling \$13,382,184, which includes total interest of \$1,231,833 and principal of \$12,150,351.

Effective April 5, 2016, the School District purchased a CNG fueling truck for a term of five years through a lease purchase contract with MBFS. The School District will capitalize the CNG fueling truck. Beginning July 2016, the agreement requires five annual payments of \$9,750 due on July 1st of every year totaling \$48,748, which includes total interest of \$1,753 and principal of \$46,995.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Capital Lease Obligation (continued)

Transportation –Buses and Infrastructure (continued)

Effective April 5, 2016, the School District purchased CNG infrastructure and building modifications for a term of 10 years through a lease purchase contract with MBFS. The School District will capitalize the CNG infrastructure and building modifications. Beginning July 2016, the agreement requires 10 annual payments of \$271,848 due on July 1st of every year totaling \$2,718,483, which includes total interest of \$250,237 and principal of \$2,468,246.

The Board of Education signed a new master installment purchase agreement with MBFS effective June 25, 2020 to purchase new diesel buses through purchase transactions.

Effective February 5, 2021, the School District purchased 33 diesel school buses for a term of 8 years through a lease purchase contract with MBFS. The School District capitalized the 33 diesel school buses. Beginning July 5, 2021, the agreement requires 8 annual payments of \$459,321 due on July 5th of every year totaling \$3,674,569, which includes total interest of \$356,287 and principal of \$3,318,282.

The following is a schedule of future lease expense under the MBFS lease purchase agreements.

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,872,669	\$ 195,482	\$ 2,068,151
2023	1,862,647	205,676	2,068,323
2024	1,904,138	164,325	2,068,463
2025	1,946,563	122,047	2,068,610
2026	1,989,943	78,812	2,068,755
2027-2029	<u>1,307,170</u>	<u>69,824</u>	<u>1,376,994</u>
	<u>\$ 10,883,130</u>	<u>\$ 836,166</u>	<u>\$ 11,719,296</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Capital Lease Obligation (continued)

Energy Cost Savings Improvements – Phase IV

On November 11, 2014, the Board of Education approved entry into an Energy Savings Performance Contract with Navitas, LLC as authorized under Section 8.231 of the Revised Statutes of Missouri, as amended. The contract includes a written guarantee from Navitas, LLC that either the energy savings or operational savings, or both, achieved by the School District will meet or exceed amounts specified in the contract on an annual basis for a period of 15 years. The School District, in agreement with the contract, issued Certificates of Participation (COPs) as noted below in Note 3.B. (Phases I, II, and III). In addition, the District entered into a base lease purchase agreement with Bank of America for energy cost savings improvements in the amount of \$4,999,000 on March 14, 2017. The following is a schedule of future payments related to the lease purchased agreement for Phase IV and related guaranteed energy and operational savings.

Fiscal Year Ending June 30	Lease Payments			Annual Energy Savings ⁽¹⁾	Annual Operational Savings ⁽¹⁾
	Principal	Interest	Total		
2022	\$ 306,000	\$ 101,482	\$ 407,482	\$ 71,182	\$ 71,316
2023	314,000	93,403	407,403	74,029	73,455
2024	322,000	85,114	407,114	76,991	75,659
2025	330,000	76,613	406,613	80,070	77,929
2026	339,000	67,901	406,901	83,273	80,267
2027-2031	1,836,000	200,402	2,036,402	469,075	438,932
2032	<u>397,000</u>	<u>10,481</u>	<u>407,481</u>	<u>105,367</u>	<u>95,843</u>
Total	\$ <u>3,844,000</u>	\$ <u>635,396</u>	\$ <u>4,479,396</u>	\$ <u>959,987</u>	\$ <u>913,401</u>

⁽¹⁾ Excludes \$3,314,864 in Future Capital Cost Avoidance Savings, which the parties to the Energy Contract have stipulated will be realized upon completion of Phase IV.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Capital Lease Obligation (continued)

Prospect Plaza Buildings and Land – Early Childhood Center

Effective March 5, 2020, a lease purchase agreement was signed with Capital One Public Funding for reimburse the costs of acquiring land and two buildings located at the northeast corner of Northeast 64th Street and North Prospect in Gladstone, Missouri, to use as an early childhood center. The School District capitalized the building and land. The lease agreement includes a discounted purchase price totaling \$5,032,138, which includes \$277,138 of calculated interest using a stated rate of 1.95%. A one-time required interest payment was made on September 1, 2020 totaling \$45,331 with semi-annual payments of \$46,361 due on March 1st and September 1st of every year until September 2022. One final payment was scheduled to be paid on March 1, 2023, which includes total interest of \$46,361 and principal of \$4,755,000. Following the issuance of GO Bonds Series 2020 in August 2020, the capital lease purchase agreement for the Prospect Plaza buildings and land was prepaid in full.

Combined

The following is a combined schedule of future lease expense under all capital lease agreements.

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,763,516	\$ 410,383	\$ 7,173,899
2023	4,671,546	400,906	5,072,452
2024	4,668,003	315,635	4,983,638
2025	4,743,356	231,867	4,975,223
2026	2,328,943	146,713	2,475,656
202-2031	3,143,172	270,226	3,413,398
2032	<u>397,000</u>	<u>10,481</u>	<u>407,481</u>
Total	\$ <u>26,715,536</u>	\$ <u>1,786,211</u>	\$ <u>28,501,747</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Long-term Liabilities (continued)

Certificates of Participation (COPs)

On November 11, 2014, the Board of Education approved entry into an Energy Savings Performance Contract with Navitas, LLC as authorized under Section 8.231 of the Revised Statutes of Missouri, as amended. The contract includes a written guarantee from Navitas, LLC that either the energy savings or operational savings, or both, achieved by the School District will meet or exceed amounts specified in the contract on an annual basis for a period of 15 years. The School District, in agreement with the contract, entered into a series of leases through the issuance of Certificates of Participation (COPs). The School District issued the COPs Series 2014 in the amount of \$5,170,000 on December 1, 2014, Series 2015 in the amount of \$9,175,000 on April 2, 2015 and Series 2015A in the amount of \$9,840,000 on September 30, 2015. The proceeds received from the sale of the COPs will be used to pay costs of acquiring and installing energy cost savings measures in existing buildings of the School District and to pay certain costs related to the execution and delivery of the COPs.

The following is a schedule of future lease expense related to the issuance of COPs series 2014, 2015, and 2015A and the related guaranteed energy and operational saving.

Phase I, II & III Projects – Financed with Proceeds of the Series 2014, 2015 & 2015A Certificates					
Fiscal Year Ending June 30	Lease Payments			Annual Guaranteed Energy Savings ⁽²⁾	Annual Guaranteed Operational Savings ⁽²⁾
	Principal	Interest	Total		
2022	\$ 1,575,000	\$ 523,556	\$ 2,098,556	\$ 1,522,899	\$ 324,525
2023	1,630,000	474,056	2,104,056	1,583,814	334,261
2024	1,695,000	421,803	2,116,803	1,647,166	344,289
2025	1,760,000	362,613	2,122,613	1,713,054	354,617
2026	1,840,000	310,234	2,150,234	1,781,576	365,256
2027-2031	<u>8,565,000</u>	<u>673,173</u>	<u>9,238,173</u>	<u>8,788,303</u>	<u>1,616,940</u>
Total	<u>\$ 17,065,000</u>	<u>\$ 2,765,435</u>	<u>\$ 19,830,435</u>	<u>\$ 17,036,812</u>	<u>\$ 3,339,888</u>

⁽²⁾ Excludes \$9,489,947 in Future Capital Cost Avoidance Savings, which the parties to the Energy Contract have stipulated will be realized upon completion of Phase I, II & III.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

D. Inter-fund Transfers

Exchange transactions between funds are reported as receipts in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Those transfers made by the School District at June 30, 2021, are as follows.

Food Service

The School District transferred from the general fund food service revenue the amount spent for food service equipment to the capital projects fund.

Student Activities

This is a transfer from the general fund to the capital projects' fund for capital projects' expenses pertaining to student activities.

7% x State Adequacy Target x Prior Year Weighted Average Daily Attendance

This is a legal transfer from the general fund to the capital projects fund for specified projects as approved by the board of education. The amount transferred is less than the maximum amount calculated on the state formula.

Transportation Calculation Cost

This is a transfer from the general fund to the capital projects' fund for an amount based on prior year allowable transportation capital outlay expenditures, including school bus and facility depreciation.

"Zero" Teachers' Fund

This fund allows the School District to transfer from the general fund an amount necessary to bring a negative special revenue fund balance to "zero".

The following is a detail of the transfers.

	General Fund	Special Revenue Fund	Capital Projects Fund
Food service	\$ (44,508)	\$ 0	\$ 44,508
Student activities	(4,130)	0	4,130
7% x SAT x WADA	(9,112,372)	0	9,112,372
Transportation calc	(2,485,063)	0	2,485,063
"Zero" Teachers Fund	<u>(3,008,567)</u>	<u>3,008,567</u>	<u>0</u>
	<u>\$ (14,654,640)</u>	<u>\$ 3,008,567</u>	<u>\$ 11,646,073</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

E. Short-term Medical Leave Policy

This policy allows employees to continue to be paid up to thirty days for approved specified approved paid leave conditions after the employee has exhausted all available approved paid leave and vacation. The policy states that the employee will reimburse the School District by forfeiting four days annual approved paid leave (AAPL) and one half of any unused AAPL days at the end of each year until the employee has repaid short-term leave days.

If the employee leaves employment for other than permanent disability or death, the amount due to the School District is collected from their final paychecks. As of June 30, 2021, the estimated amount owed to the School District was \$315,138 of which \$9,454, or 3%, was reserved for uncollectability.

NOTE 4: OTHER NOTES

A. Pension Plan - Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS)

General Information about the Pension Plan

Plan Description. Public School Retirement System of Missouri (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 "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

Public Education Employee Retirement System of Missouri (PEERS) is a mandatory cost-sharing multiple employer 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 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.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

General Information about the Pension Plan (continued)

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

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

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

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

General Information about the Pension Plan (continued)

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

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The School District's contributions to PSRS and PEERS were \$17,950,514 and \$3,532,531, respectively, for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District recorded a liability of \$216,328,739 for its proportionate share of PSRS' net pension liability and \$27,378,452 for its proportionate share of PEERS' net pension liability. In total the School District recorded net pension liabilities of \$243,707,191. The net pension liability for the plans in total was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The School District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$17,536,934 and \$3,482,176, respectively, for the year ended June 30, 2020, relative to the actual contributions of \$723,970,206 for PSRS and \$123,440,288 for PEERS from all participating employers. At June 30, 2020, the School District's proportionate share was 2.4223% for PSRS and 2.8209% for PEERS.

For the year ended June 30, 2021, the School District recognized pension expense of \$35,503,476 for PSRS and \$5,626,354 for PEERS, its proportionate share of the total pension expense.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS		PEERS		District Total	
	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Balance of Deferred Outflows and Inflows Due to:						
Differences between expected and actual experience	\$ 3,526,268	\$ 8,869,062	\$ 0	\$ 408,830	\$ 3,526,268	\$ 9,277,892
Changes of assumptions	17,771,067	0	278,891	0	18,049,958	0
Net difference between projected and actual earnings on pension plan investments	34,201,890	10,935,195	4,931,063	1,506,282	39,132,953	12,441,477
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,799,364	117,093	181,002	397,394	4,980,366	514,487
Employer contributions subsequent to the measurement date	<u>17,949,517</u>	<u>0</u>	<u>3,531,611</u>	<u>0</u>	<u>21,481,128</u>	<u>0</u>
Total	<u>\$ 78,248,106</u>	<u>\$ 19,921,350</u>	<u>\$ 8,922,567</u>	<u>\$ 2,312,506</u>	<u>\$ 87,170,673</u>	<u>\$ 22,233,856</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2020, will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as collective deferred (inflows) / outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30,	<u>PSRS</u>	<u>PEERS</u>	<u>District Total</u>
2022	\$ 24,560,526	\$ 3,540,051	\$ 28,100,577
2023	14,198,113	788,904	14,987,017
2024	11,876,332	1,199,051	13,075,383
2025	7,145,281	1,082,055	8,227,336
2026	<u>546,503</u>	<u>0</u>	<u>546,503</u>
Total	<u>\$ 58,326,755</u>	<u>\$ 6,610,061</u>	<u>\$ 64,936,816</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.60% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2019 valuations, the investment rate of return assumption was further reduced from 7.60% to 7.50%. No additional assumption changes have occurred. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date		June 30, 2020
- Valuation Date		June 30, 2020
- Expected Return on Investments		7.50% net of investment expenses and including 2.25% inflation
- Inflation		2.25%
- Total Payroll Growth	PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases	PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

Actuarial Assumptions (continued)

- | | | |
|----------------------------|--------------------|--|
| - Future Salary Increases | PEERS | 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |
| - Cost-of-Living Increases | PSRS
&
PEERS | The annual COLA assumed in the valuation increases from 1.35% to 1.65% over seven years, beginning January 1, 2022.
The COLA reflected for January 1, 2021 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows: <ul style="list-style-type: none">- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.- If the CPI decreases, no COLA is provided. |

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

Actuarial Assumptions (continued)

- Mortality Assumption

Actives:	PSRS	RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
	PEERS	RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
Non-disabled Retirees, Beneficiaries and Survivors:	PSRS	RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
	PEERS	RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	PSRS & PEERS	RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

- Changes in Actuarial Assumptions and Methods

PSRS There have been no assumption changes since the June 30,
& 2018 valuations.
PEERS

- Fiduciary Net Position

The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psrs-peers.org.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

Actuarial Assumptions (continued)

- Expected Rate of Return The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2020 are summarized below.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Return Arithmetic Basis</u>
U.S. Public Equity	23.0%	4.81%
Public Credit	0.0%	0.80%
Hedged Assets	6.0%	2.39%
Non-U.S. Public Equity	16.0%	6.88%
U.S. Treasuries	20.0%	(0.02%)
U.S. TIPS	0.0%	0.29%
Private Credit	8.0%	5.61%
Private Equity	16.0%	10.90%
Private Real Estate	<u>11.0%</u>	7.47%
Total	<u>100.0%</u>	

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

A. Pension Plan - PSRS/PEERS (continued)

Actuarial Assumptions (continued)

- Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017 valuation, and to 7.5% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity

The sensitivity of the district's net pension liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

		1% Decrease <u>(6.50%)</u>	Current Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
PSRS	Proportionate share of the Net Pension Liability/(Asset)	\$ 367,098,290	\$ 216,328,739	\$ 90,944,527
PEERS	Proportionate share of the Net Pension Liability/(Asset)	\$ 48,248,746	\$ 27,378,452	\$ 9,866,995

As of June 30, 2021, the School District did not report a payable for legally required contributions to PSRS and PEERS.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan

General Information about the OPEB Plan

Plan Description. The School District's post-employment healthcare plan is a single-employer defined benefit healthcare plan (North Kansas City School District Other Post-Employment Benefits (OPEB) Program). As mandated by Section 169.590 of the Missouri Revised Statutes, the School District's qualified retirees and current employees are insured together as a group. Eligible participants receive benefits in the form of an implicit rate subsidy, where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy. The plan's premium rates are determined by the Board of Education in their selection of benefit plan proposals submitted by various benefit providing entities. The current plan offers four different types of plans, each with a different premium. Current contribution requirements require participants to pay the full blended premium. The School District does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets.

Eligibility. To be eligible for participation in the plan, employees must meet the retirement eligibility requirements for normal or early retirement under one of the state retirement plans for public employees (PSRS or PEERS). Normal retirement age is the earlier of age 60 with 5 years of service, age plus service equal to 80 points ("Rule of 80"), or any age with 30 years of service. Early retirement is age 55 with 5 years of service. Retirees may cover spouses and eligible dependent children, and surviving spouses can continue coverage after retiree's death.

Employees Covered by Benefit Terms. As of June 30, 2020 (valuation date), membership consisted of the following:

Active participants	2,538
Retired employees and surviving spouses	197
Spouses of current retired employees	<u>43</u>
	<u>2,778</u>

OPEB Benefits. All medical benefits are provided through the School District's selected medical and dental care plans with medical coverage to include prescription drugs for retirees and their dependents. Retirees and related dependents can continue coverage past Medicare eligibility age (age 65) as a secondary insurance.

Total OPEB Liability

The School District's total OPEB liability of \$24,468,994 was measured as of June 30, 2021, and was determined by an actuarial valuation with a valuation date as of June 30, 2020.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan (continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 actuarial valuation measured as of June 30, 2021 was determined using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16% per annum based on the 20-year bond GO index. (prior year rate was 2.21%)
Inflation Rate	2.30% per annum
Salary Increases Rate	3.00% per annum (including inflation)
Healthy Mortality	Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2019
Actuarial Cost Method	Entry Age Normal
Medical/Retiree Premium Inflation Rate	Medical cost trend rate of 5.30% for 2021, with annual changes to an ultimate rate of 3.70% for 2073 and beyond. The healthcare trends used in this valuation are based on long term healthcare trends generated by the Getzen Model. The Getzen Model is the result of research sponsored by the Society of Actuaries and completed by a committee of economists and actuaries. This model is the current industry standard for projecting long term medical trends. Inputs to the model are consistent with the assumptions used in deriving the discount rate used in the valuation.
Turnover	Rates based on length of service with a turnover rate of 23.4% with less than 1 year of service, gradually decreasing to an ultimate rate of 1.0% with 20 years or greater of service.
Future Retiree Coverage	40% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.
Medicare eligible retirees	Medicare eligible retirees and dependents are assumed to discontinue coverage under the plan when they reach age 65.
Non-Medicare eligible retirees	25% of teachers hired prior to 1986 are assumed to never be eligible for Medicare. These employees are assumed to continue coverage under the plan after age 65. 5% of retired teachers currently under age 65 are assumed to not be eligible for Medicare. These retirees are assumed to continue coverage under the plan after age 65.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan (continued)

Changes in Total OPEB Liability

	Increase (Decrease) Total <u>OPEB Liability</u>
Balance as of June 30, 2020	\$ 23,733,473
Changes for the year:	
Service cost	1,229,404
Interest on total OPEB liability	538,883
Effect of assumptions changes or inputs	131,671
Benefit payments	<u>(1,164,437)</u>
Balance as of June 30, 2021	\$ <u>24,468,994</u>

Sensitivity of the Total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the School District, calculated using the discount rate of 2.16%, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1.0% lower (1.16%) or 1.0% higher (3.16%) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	\$ 27,319,883	\$ 24,468,994	\$ 22,009,106

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the School District, calculated using the current healthcare cost trend rates, as well as what the School District's total OPEB liability would be if it were calculated using trend rates that are 1.0% lower or 1.0% higher than the current trend rates:

	1% Decrease <u>1%</u>	Current Rate <u>2%</u>	1% Increase <u>3%</u>
Total OPEB liability	\$ 21,252,653	\$ 24,468,994	\$ 28,371,240

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan (continued)

OPEB Expense and Deferred Outflows / Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the School District recognized OPEB expense of \$2,053,591. Due to OPEB changes in assumptions/inputs, the School District reported deferred inflows and deferred outflows of resources as of June 30, 2021, in the amount of \$868,751 and \$3,132,026, respectively.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ending June 30,	
2022	\$ 285,304
2023	285,304
2024	285,304
2025	285,304
2026	285,304
Thereafter	<u>836,755</u>
	<u>\$ 2,263,275</u>

C. Deferred Compensation Plan

The School District has a deferred compensation plan under the provision of Internal Revenue Code Section 457B (Deferred Compensation Plans with Respect to Service for State and Local Governments). Those employees electing to defer a portion of their salary avoided paying income taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plans of these employees are administered by unrelated financial institutions. Under the terms of IRC Section 457 Deferred Compensation Plan, all deferred compensation amounts held by these financial institutions, until paid or made available to the employee or beneficiary, are the property of the School District and subject to the claims of the School District's general creditors. In addition, the participant in the plan has rights equal to those of the general creditors of the School District and each participant's rights are equal to his or her share of the fair market value of the plan assets.

The School District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise. As part of a fiduciary role, the School District has an obligation of due care in selecting the third-party administrator.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

D. Section 125 Cafeteria Plan and Health Savings Account

The School District has a Section 125 Cafeteria Plan that includes the Health Savings Account (HSA) option. Under the Plan, School District employees may elect to withhold from their payroll amounts which can be used to pay for various medical and dependent care expenses not covered by insurance. Any balance that remains in the employee account at September 30 of each year (plan year-end) is not carried over to the subsequent plan year. The employee forfeits all rights with respect to the balance, and the forfeited balance reverts to the School District.

As of October 1, 2013, the School District began offering a Qualified-High Deductible Plan (QHDP) with an HSA for pre-tax contributions. Under the QHDP Plan, School District employees may elect to withhold from their payroll amounts which can be used to pay for various medical and dependent care expenses not covered by insurance and the School District contributes \$50 per month to each account. Any balance remaining in the employee's HSA account at the end of any plan year will be carried forward and used to fund such benefits in any subsequent plan year.

E. Claims and Adjustments

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the School District may be required to reimburse the grantor government. As of June 30, 2021, disbursements have not been audited by grantor governments, but the School District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall position of the School District.

F. Leases - Operating

Northland Innovation Center

On October 7, 2014, the School District entered into a lease agreement with the CBC Real Estate Group ("CBC") based on a development agreement between the City of Gladstone, Missouri and the CBC to finance the planning, development and construction of a 90,000 square foot office building (Northland Innovation Center, the "Center"). Upon completion, CBC was the landlord for the facility. The School District agreed to use 60,000 square feet of the Center for educational purposes, including the location for the Northland CAPS program (see Note 4.L.) and the Gifted and Talented program. The base rent has an escalator every 60 months beginning with \$90,000 per month commencing May 1, 2016. For the year ended June 30, 2021, the School District recognized \$1,098,000 in lease expense. The following is a schedule of the future escalation payments as per agreement.

<u>Lease term period</u>	<u>Per Rentable Square Foot</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
May 2016 to April 2021	\$ 18.00	\$ 90,000	\$ 1,080,000
May 2021 to April 2026	19.80	99,000	1,188,000
May 2026 to April 2031	21.78	108,900	1,306,800
May 2031 to April 2036	23.96	119,800	1,437,600

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

F. Leases – Operating (continued)

Passenger School Buses

The School District entered into an equipment lease for the use of passenger school buses through fiscal year 2022. The lease contains provisions with regard to cancellation and renewal. For the year ended June 30, 2021, the School District recognized \$599,820 in lease expense for the bus agreement.

Konica Copier Equipment

The School District entered into multiple leases for the use of office copier equipment throughout the school buildings and with administration buildings through fiscal year 2025. Each lease contains separate and varying provisions with regard to cancellation and renewal. For the year ended June 30, 2021, the School District recognized expense related to these agreements totaling \$506,521.

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation).

<u>For the Year Ended June 30,</u>	<u>Northland Innovation Center</u>	<u>Passenger School Buses</u>	<u>Konica Copier Equipment</u>	<u>Total</u>
2022	\$ 1,188,000	\$ 1,343,048	\$ 496,520	\$ 3,027,568
2023	1,188,000	0	482,520	1,670,520
2024	1,188,000	0	482,520	1,670,520
2025	1,188,000	0	482,520	1,670,520
2026	1,207,800	0	0	1,207,800
2027-2031	6,555,800	0	0	6,555,800
2032-2036	<u>6,948,400</u>	<u>0</u>	<u>0</u>	<u>6,948,400</u>
	<u>\$ 19,464,000</u>	<u>\$ 1,343,048</u>	<u>\$ 1,944,080</u>	<u>\$ 22,751,128</u>

G. Facilities Use Agreement

In September 2005, the School District entered into an agreement with the City of Gladstone, Missouri. The City agreed to finance the planning, development and construction of a water-related recreational facility (Natatorium) and to operate the facility after completion. The School District agreed to use the Natatorium and pay a user fee of \$525,000 per year commencing in February 2007 and lasting through February 2026. In January 2021, \$525,000 was paid to the City of which \$306,250 was recorded as prepaid expense as of June 30, 2021.

The School District also agreed to pay the City an annual payment for maintenance usage. These maintenance usage fees will be recalculated every five years during the lease term. Beginning in fiscal year ending June 30, 2018 through fiscal year ending June 30, 2022, the maintenance fee was recalculated to \$175,000. In January 2021, \$175,000 was paid to the City of which \$87,500 was recorded as prepaid expense as of June 30, 2021.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

G. Facilities Use Agreement (continued)

The following is a schedule of future minimum use payments and maintenance agreements as per agreement.

<u>For the Year Ended June 30,</u>	<u>Usage Fees</u>	<u>Maintenance Fees</u>
2022	\$ 525,000	\$ 175,000
2023	525,000	Adjusted
2024	525,000	Adjusted
2025	525,000	Adjusted
2026	<u>525,000</u>	Adjusted
	<u>\$ 2,625,000</u>	

H. Impact Fee Credits

New construction within the city limits of Kansas City, Missouri (the “City”), require specified fees be paid to Kansas City. As the project is completed, benefitting the City, the City issues credits which have value and can be used in the future for fees on construction projects or sold if a willing buyer can be located. Through the years, the School District has accumulated, used and sold these credits. Even though the City assigns a value to these credits, a fair value can never be easily estimated as there is very little market for such credits. Therefore, the School District has never booked a value for such credits. The following is the summary of the current year’s transactions of impact fee credits at City value.

Balance June 30, 2020	\$ 1,688,046
Credits sold	(0)
Credits used	<u>(54,762)</u>
Balance June 30, 2021	<u>\$ 1,633,284</u>

I. Litigation

As of June 30, 2021, the School District had several unsettled claims of various natures. These claims are at various stages of litigation and at this time, outcomes cannot be predicted. The School District is vigorously defending against each claim.

J. Risk Management

The School District is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

K. North Kansas City School District Foundation

The North Kansas City School District Foundation is a 501(c)(3) corporation that was organized to provide support to the School District through classroom grants to teachers and scholarships to students graduated from the School District. The Foundation has a separate board of directors to include School District management and has the final approval on the distribution of funds. The Foundation is not controlled by the Board of Education and therefore not considered a component unit by management.

L. Northland CAPS Program

The Northland CAPS (Northland Center for Advanced Professional Studies) program is a partnership with surrounding school districts that started with the 2014-15 school year. Each district is required to pay tuition for their students to attend the program. The program operates with its own Board of Directors and the North Kansas City School District serves as the fiscal agent. Participating school districts include the following: Excelsior Springs, Kearney, Lathrop, Lawson, Liberty #53, North Kansas City Schools #74, Park Hill, Platte County R-III, and Smithville.

The program provides high school students the opportunity to deeply explore professions of interest through a profession-based, inquiry learning method. Local and global business partners participate with highly skilled instructors to provide authentic exposure and skill acquisition in high demand/high skill 21st century professions. The program served 344 students during the 2020-2021 school year and is reported as a restricted fund.

M. Tax Abatement

The following governmental entities are at least partially within the boundaries of the School District and were likely to enter into tax abatement agreements with individuals or entities including the School District: City of Kansas City, City of Gladstone, City of North Kansas City, City of Pleasant Valley, and Village of Claycomo (collectively “governmental entities”).

City of Kansas City, Missouri Tax Abatement Programs

The City of Kansas City, Missouri and its component units (collectively “KCMO”) provide tax redirection through the following four programs: Tax Increment Financing (TIF), “Super” TIF, Land Bank and various City Council initiatives. KCMO also provided tax abatement through six programs under the Missouri Revisor of Statutes (RSMo), as amended – Chapter 100, Chapter 353, Missouri Works – Enhanced Enterprise Zones, Sale/Leaseback – Land Clearance for Redevelopment Authority (LCRA), Sale/Leaseback – Port KC and the Urban Renewal Program.

The Tax Increment Financing Commission of Kansas City (TICF) administers the TIF program which allows for future real property taxes paid in the form of payments in lieu of taxes (PILOTs) and economic activity taxes (EATs) to be utilized to pay for costs of construction, public infrastructure, and other improvements per Sections 99.800 - 99.865 Revised Statutes of Missouri (RSMo). Per 99.810 RSMo, the criteria for recipients to be eligible for the program are as follows:

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4: OTHER NOTES (continued)

M. Tax Abatement (continued)

City of Kansas City, Missouri Tax Abatement Programs (continued)

1. The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. Such a finding shall include, but not be limited to, a detailed description of the factors that qualify the redevelopment area or project pursuant to this subdivision and an affidavit, signed by the developer or developers and submitted with the redevelopment plan, attesting that the provisions of this subdivision have been met;
2. The redevelopment plan conforms to the comprehensive plan for the development of the municipality as a whole;
3. The estimated dates, which shall not be more than twenty-three years from the adoption of the ordinance approving a redevelopment project within a redevelopment area, of completion of any redevelopment project and retirement of obligations incurred to finance redevelopment project costs have been stated, provided that no ordinance approving a redevelopment project shall be adopted later than ten years from the adoption of the ordinance approving the redevelopment plan under which such project is authorized and provided that no property for a redevelopment project shall be acquired by eminent domain later than five years from the adoption of the ordinance approving such redevelopment project;
4. A plan has been developed for relocation assistance for businesses and residences;
5. A cost-benefit analysis showing the economic impact of the plan on each taxing district which is at least partially within the boundaries of the redevelopment area. The analysis shall show the impact on the economy if the project is not built and is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the commission established in section 99.820 to evaluate whether the project as proposed is financially feasible;
6. A finding that the plan does not include the initial development or redevelopment of any gambling establishment, provided however, that this subdivision shall be applicable only to a redevelopment plan adopted for a redevelopment area designated by ordinance after December 23, 1997.

Assessed Valuation of “base year” is established and 100% of the taxes resulting from the incremental increase in assessed valuation are remitted to the Project Special Allocation Fund rather than disbursed to various taxing entities. For the EATs, the base amount is established and 50% of the incremental increase in EATs is remitted to the Project Special Allocation Fund. Cash in the Project Special Allocation Fund is disbursed to the Trustee and then to the Developer through semiannual payments for the Notes issued. There is no provision for recapturing abated taxes for adjusting the base assessed valuation or the base EATs. Taxes revert back to the taxing entities at the end of the abatement period or upon payoff of the Notes issued, whichever comes first.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS June 30, 2021

NOTE 4: OTHER NOTES (continued)

M. Tax Abatement (continued)

City of Kansas City, Missouri Tax Abatement Programs (continued)

Chapter 100 RSMo. The program provides property tax abatement and sales tax exemption to purchase, construct, improve and equip certain industrial development projects through the issuance of industrial development bonds per Sections 100.010 - 100.200 RSMo. Eligible types of projects include warehouses, distribution facilities, office industries and others listed within Section 100.010 RSMo. The City's policy for the use of Chapter 100 bonds, per Committee Substitute for Resolution No. 041033, requires a minimum issuance of \$5 million for businesses located within Kansas City and \$100 million for businesses relocating to Kansas City. Project improvements and equipment financed with Chapter 100 bonds are deeded to City, and exempt from ad valorem taxes per Section 137.100 RSMo, as long as the bonds are outstanding. Companies commit to operational standards for payroll and investment. Failing to meet those standards may result in the company repaying a portion of the abated taxes.

Chapter 353 RSMo. The program provides property tax abatement to encourage developers to improve and/or remove blight (e.g., renovating abandoned buildings for new uses) per Chapter 353 RSMo. A financial need analysis, proof of a blight study and a plan approved by City Council are required. The program also requires the formation of an Urban Redevelopment Corporation, rezoning to an Urban Revitalization District, compliance with MWDBE and Prevailing Wage requirements, and submission of annual project reports. Developers under this program are normally granted 25 years of property tax abatement on improvements made to real property. Abatements generally occur in two phases (Phase I - 100% abatement of property taxes on the assessed value of the improved property, followed by a Phase II - 50% abatement of property taxes for 15 years). Recapture of abated taxes may occur if the recipient does not fulfill their commitments under the redevelopment plan agreements. The development agreement may also require an annual PILOT during the first phase.

The School District's property tax revenues for 2021 were reduced by \$8,686,259 as part of the abovementioned KCMO Tax Abatement programs. However, the School District received \$2,408,743 as payments in lieu of taxes (PILOTs) for the abated properties.

City of North Kansas City, Missouri Tax Abatement Programs

The City of North Kansas City, Missouri (the "City of NKC") administers several programs: tax abatement programs under Chapter 100 RSMo and Chapter 353 RSMo, as well as tax redirection through Tax Increment Financing (TIF) initiatives.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

M. Tax Abatement (continued)

City of North Kansas City, Missouri Tax Abatement Programs (continued)

The Chapter 100 program provides property tax abatement and sales tax exemption to purchase, construct, improve and equip certain industrial development projects through the issuance of industrial development bonds per Sections 100.010 - 100.200 RSMo. Eligible types of projects include warehouses, distribution facilities, office industries and others listed within Section 100.010 RSMo. Project improvements and equipment financed with Chapter 100 bonds are deeded to the City of NKC, and exempt from ad valorem taxes per Section 137.100 RSMo, as long as the bonds are outstanding. Companies commit to operational standards for payroll and investment. Failing to meet those standards may result in the company repaying a portion of the abated taxes. A jeweler receives a 100 percent tax abatement.

The Chapter 353 program provides property tax abatement to encourage developers to improve and/or remove blight (e.g., renovating abandoned buildings for new uses) per Chapter 353 RSMo. A financial need analysis, proof of a blight study, and a plan approved by the City of NKC's Council are required. The program also requires the formation of an Urban Redevelopment Corporation, rezoning to an Urban Revitalization District, compliance with MWDBE and Prevailing Wage requirements and submission of annual project reports. Developers under this program are normally granted 25 years of property tax abatement on improvements made to real property. Abatements generally occur in two phases (Phase I - 100 percent abatement of property taxes on the assessed value of the improved property, followed by a Phase II – 50 percent abatement of property taxes for 15 years). Recapture of abated taxes may occur if the recipient does not fulfill their commitments under the redevelopment plan agreements. The development agreement may also require an annual PILOT during the first phase. All PILOTs are remitted to the Clay County, Missouri collector for distribution to the respective taxing jurisdictions.

Tax Increment Financing (TIF) allows for developments to use a portion of newly generated taxes and apply a portion of them to repay costs for the development. The maximum period for TIF is 23 years.

The School District's property tax revenues for 2021 were reduced by \$2,807,774 as part of the City of North Kansas City Tax Abatement programs. However, the School District received \$114,883 as PILOTs for the abated properties.

City of Gladstone, Missouri Tax Abatement Program

The City of Gladstone administers tax abatements under Chapter 100 RSMo. The School District's property tax revenues for 2021 were reduced by \$628,510 as part of the City of Gladstone Tax Abatement program. However, the School District received \$120,609 as PILOTs for the abated properties.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: OTHER NOTES (continued)

M. Tax Abatement (continued)

Village of Claycomo, Missouri

The Village of Claycomo administers tax abatements under Chapter 100 RSMo. The program provides property tax abatement and sales tax exemption to purchase, construct, improve and equip certain industrial development projects through the issuance of industrial development bonds per Sections 100.010 - 100.200 RSMo. Eligible types of projects include warehouses, distribution facilities, office industries and others listed within Section 100.010 RSMo. Project improvements and equipment financed with Chapter 100 bonds are deeded to the Village of Claycomo, and exempt from ad valorem taxes per Section 137.100 RSMo, as long as the bonds are outstanding. Companies commit to operational standards for payroll and investment. Failing to meet those standards may result in the company repaying a portion of the abated taxes.

The School District's property tax revenues for 2021 were reduced by \$144,920 as part of the Village of Claycomo Tax Abatement program. However, the School District received \$1,983 as PILOTs for the abated properties.

In total, the School District's property tax revenues for 2021 were reduced by \$12,267,463 and is comprised of the following:

Tax Abatement Program by Government Entity	Assessed Value Abated	Taxes Abated for 2021
City of Gladstone		
Chapter 100	10,132,526	628,510
Total City of Gladstone	<u>10,132,526</u>	<u>628,510</u>
City of Kansas City		
Chapter 100	1,392,864	86,398
Chapter 135	8,605,606	533,797
TIF	130,036,990	8,066,064
Total City of Kansas City	<u>140,035,460</u>	<u>8,686,259</u>
City of North Kansas City		
Chapter 100	17,069,876	1,058,827
Chapter 353	7,893,317	489,615
TIF	20,302,310	1,259,332
Total City of North Kansas City	<u>45,265,503</u>	<u>2,807,774</u>
Village of Claycomo		
Chapter 100	2,336,320	144,920
Total Village of Claycomo	<u>2,336,320</u>	<u>144,920</u>
Total Abatements	<u><u>197,769,809</u></u>	<u><u>12,267,463</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

GENERAL FUND

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over/ (Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 84,104,506	\$ 89,287,427	\$ 82,120,453	\$ (7,166,974)
County	1,762,554	1,818,258	1,749,167	(69,091)
State	23,616,902	23,476,982	24,987,527	1,510,545
Federal	11,371,622	20,707,027	25,026,041	4,319,014
Other	<u>1,520,500</u>	<u>1,520,500</u>	<u>913,721</u>	<u>(606,779)</u>
Total Revenues	122,376,084	136,810,194	134,796,909	(2,013,285)
<u>EXPENDITURES</u>				
Instruction	18,997,268	19,041,338	20,153,868	1,112,530
Student Services	8,523,954	11,223,519	7,476,839	(3,746,680)
Instructional Staff Support	10,251,863	10,483,235	9,463,086	(1,020,149)
Board/Executive & Tech Admin	3,502,477	3,468,131	2,708,714	(759,417)
Building Administration	6,967,238	6,775,952	6,128,062	(647,890)
General Admin & Central Services	5,519,764	8,085,647	6,486,462	(1,599,185)
Operation of Plant	26,095,065	26,063,676	24,854,043	(1,209,633)
Transportation	14,860,957	14,857,261	14,657,864	(199,397)
Food Services	12,326,784	12,326,784	9,867,071	(2,459,713)
Community Service	6,171,171	6,184,190	4,776,435	(1,407,755)
Debt Service - Interest	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Total Expenditures	113,226,541	118,519,733	106,572,444	(11,947,289)
Other Financing Sources/(Uses):				
Transfers From	<u>(8,312,258)</u>	<u>(15,245,256)</u>	<u>(14,654,640)</u>	<u>590,616</u>
Total Other Financing Sources (Uses)	<u>(8,312,258)</u>	<u>(15,245,256)</u>	<u>(14,654,640)</u>	<u>590,616</u>
Net Change in Fund Balance	837,285	3,045,205	13,569,825	10,524,620
FUND BALANCE – JUNE 30, 2020	<u>51,261,082</u>	<u>51,261,082</u>	<u>51,261,082</u>	<u>0</u>
FUND BALANCE – JUNE 30, 2021	\$ <u>52,098,367</u>	\$ <u>54,306,287</u>	\$ <u>64,830,907</u>	\$ <u>10,524,620</u>

See Accompanying Independent Auditor's Report and Notes to the Required Supplementary Information.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

SPECIAL REVENUE FUND

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over/ (Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 74,504,878	\$ 73,018,067	\$ 74,987,960	\$ 1,969,893
County	1,952,972	1,897,364	1,770,082	(127,282)
State	57,920,585	56,921,081	58,633,576	1,712,495
Federal	<u>7,302,563</u>	<u>7,290,003</u>	<u>7,647,363</u>	<u>357,360</u>
Total Revenues	141,680,998	139,126,515	143,038,981	3,912,466
<u>EXPENDITURES</u>				
Instruction	122,914,221	122,967,531	120,066,842	(2,900,689)
Student Services	4,595,811	4,626,853	4,359,557	(267,296)
Instructional Staff Support	9,720,959	10,014,184	8,654,285	(1,359,899)
Board/Executive & Tech Admin	778,196	778,196	793,408	15,212
Building Administration	10,159,854	10,157,156	9,710,440	(446,716)
General Admin & Central Services	(373,519)	(373,519)	1,382,625	1,756,144
Community Services	<u>1,083,268</u>	<u>1,100,837</u>	<u>1,080,391</u>	<u>(20,446)</u>
Total Expenditures	148,878,790	149,271,238	146,047,548	(3,223,690)
Other Financing Sources (Uses)				
Transfers To	<u>2,412,258</u>	<u>5,630,022</u>	<u>3,008,567</u>	<u>(2,621,455)</u>
Total Other Financing Sources (Uses)	<u>2,412,258</u>	<u>5,630,022</u>	<u>3,008,567</u>	<u>(2,621,455)</u>
Net Change in Fund Balance	(4,785,534)	(4,514,701)	0	4,514,701
FUND BALANCE – JUNE 30, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE – JUNE 30, 2021	\$ <u>(4,785,534)</u>	\$ <u>(4,514,701)</u>	\$ <u>0</u>	\$ <u>4,514,701</u>

See Accompanying Independent Auditor's Report and Notes to the Required Supplementary Information.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

For the Year Ended June 30, 2021

BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 67, RSMo, the School District adopts a budget for each major fund.
2. Prior to June 30, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues, proposed expenditures and transfers for all School District governmental type funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in these financial statements. Following the School District setting the tax levy rate and updated assessed valuation figures are reported from Clay County, an adjusted budget is approved by the Board of Education in August. The adjusted budget from August is considered the operating budget to be used during the school year. Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Education.
6. The School District prepares its budget for all governmental funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in preparing and presenting the governmental fund statements. The financial statements include a reconciliation between the modified accrual basis of accounting and the accrual basis of accounting.
6. Actual expenditures may not legally exceed the budgeted expenditures in any budgeted fund. For the fiscal year ended June 30, 2021, no budgets had been exceeded using the modified accrual basis of accounting.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS
For the Year Ended June 30, 2021

Public School Retirement System (PSRS)

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	2.2990%	\$ 94,318,208	\$ 103,094,163	91.49%	89.34%
6/30/2015	2.2749%	131,326,795	103,881,210	126.42%	85.78%
6/30/2016	2.3141%	172,184,055	107,677,795	159.91%	82.18%
6/30/2017	2.3379%	168,832,038	111,038,911	152.05%	83.77%
6/30/2018	2.3572%	175,433,584	114,141,431	153.70%	84.06%
6/30/2019	2.3795%	175,608,774	117,640,567	149.28%	84.62%
6/30/2020	2.4223%	216,328,739	121,780,071	177.64%	82.01%

* The Data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the School District's fiscal year.

Public Education Employee Retirement System (PEERS)

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	2.7791%	\$ 10,162,203	\$ 40,581,222	25.04%	91.33%
6/30/2015	2.7791%	14,698,831	41,672,178	35.27%	88.28%
6/30/2016	2.8411%	22,795,148	43,873,529	51.96%	83.32%
6/30/2017	2.8472%	21,722,737	45,756,998	47.47%	85.35%
6/30/2018	2.8258%	21,835,305	47,017,887	46.44%	86.06%
6/30/2019	2.8898%	22,857,193	50,062,207	45.66%	86.38%
6/30/2020	2.8209%	27,378,452	50,650,909	54.05%	84.06%

* The Data provided in the schedule is based as of the measurement date of PEERS' net pension liability, which is as of the beginning of the School District's fiscal year.

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2021**

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions As a Percentage of Covered Payroll</u>
6/30/2013	\$ 14,349,307	\$ 14,349,307	\$ 0	\$ 100,074,855	14.34%
6/30/2014	14,804,562	14,804,562	0	103,094,163	14.36%
6/30/2015	14,936,534	14,936,534	0	103,881,210	14.38%
6/30/2016	15,501,055	15,501,055	0	107,677,795	14.40%
6/30/2017	15,992,950	15,992,950	0	111,038,911	14.40%
6/30/2018	16,434,928	16,434,928	0	114,141,431	14.40%
6/30/2019	16,936,255	16,936,255	0	117,640,567	14.40%
6/30/2020	17,536,934	17,536,934	0	121,780,071	14.40%

Public Education Employee Retirement System (PEERS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions As a Percentage of Covered Payroll</u>
6/30/2013	\$ 2,680,124	\$ 2,680,124	\$ 0	\$ 39,068,849	6.86%
6/30/2014	2,783,873	2,783,873	0	40,581,222	6.86%
6/30/2015	2,858,708	2,858,708	0	41,672,178	6.86%
6/30/2016	3,009,720	3,009,720	0	43,873,529	6.86%
6/30/2017	3,138,926	3,138,926	0	45,756,998	6.86%
6/30/2018	3,225,423	3,225,423	0	47,017,887	6.86%
6/30/2019	3,441,193	3,441,193	0	50,062,207	6.87%
6/30/2020	3,482,176	3,482,176	0	50,650,909	6.87%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2021**

Postemployment Health Care Plan

	Fiscal year ending June 30,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 1,229,404	\$ 927,523	\$ 917,359	\$ 903,434
Interest on total OPEB liability	538,883	739,347	758,782	701,150
Effect of plan changes	0	0	0	0
Effect of economic/demographic gains or losses	0	(613,391)	0	0
Effect of assumptions changes or inputs	(131,671)	3,049,349	869,329	(661,694)
Benefit payments	<u>(1,164,437)</u>	<u>(1,116,480)</u>	<u>(960,396)</u>	<u>(911,154)</u>
Net change in total OPEB liability	735,521	2,986,348	1,585,074	31,736
Total OPEB liability balance – beginning	<u>23,733,473</u>	<u>20,750,125</u>	<u>19,165,051</u>	<u>19,133,315</u>
Total OPEB liability balance – ending	<u>\$ 24,468,994</u>	<u>\$ 23,733,473</u>	<u>\$ 20,750,125</u>	<u>\$ 19,165,051</u>
Covered employee payroll	\$ 145,755,566	\$ 136,527,105	\$ 132,325,054	\$ 128,119,933
Total OPEB liability as a % of covered payroll	16.79%	17.38%	15.68%	14.96%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

SUPPLEMENTARY INFORMATION

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over/ (Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 31,642,258	\$ 31,804,396	\$ 31,826,803	\$ 22,407
County	<u>894,346</u>	<u>894,346</u>	<u>934,495</u>	<u>40,236</u>
Total Revenues	32,536,604	32,698,655	32,761,298	62,643
<u>EXPENDITURES</u>				
Debt Service - Principal	19,455,000	21,455,000	21,455,000	0
Debt Service - Interest	<u>8,431,781</u>	<u>9,940,268</u>	<u>9,939,603</u>	<u>(665)</u>
Total Expenditures	27,886,781	31,395,268	31,394,603	(665)
Other Financing Sources/(Uses)				
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	4,649,823	1,303,387	1,366,695	63,308
FUND BALANCE – JUNE 30, 2020	<u>35,794,430</u>	<u>35,794,430</u>	<u>35,794,430</u>	<u>0</u>
FUND BALANCE – JUNE 30, 2021	\$ <u>40,444,253</u>	\$ <u>37,097,817</u>	\$ <u>37,161,125</u>	\$ <u>63,308</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Actual Over/</u> <u>(Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 3,588,524	\$ 3,604,852	\$ 3,581,124	\$ (23,728)
County	90,128	90,119	98,078	7,959
State	22,789	12,949	12,606	(343)
Federal	<u>0</u>	<u>59,136</u>	<u>81,089</u>	<u>21,953</u>
Total Revenues	3,701,441	3,767,056	3,772,897	5,841
<u>EXPENDITURES</u>				
Instruction	379,739	637,561	497,273	(140,288)
Student Services	7,375	7,375	2,713	(4,662)
Instructional Staff Support	3,169,424	5,371,894	5,847,779	475,885
General Admin/Central Services	110,000	120,000	18,822	(101,178)
Operation of Plant	4,737,315	4,966,411	3,638,445	(1,327,966)
Transportation	1,196,488	1,196,488	1,194,586	(1,902)
Food Services	209,700	209,700	44,508	(165,192)
Community Services	1,000	1,000	0	(1,000)
Facilities Acquisition & Construction	163,008,023	65,478,629	69,898,047	4,419,418
Debt Service – Principal	1,505,000	1,505,000	1,504,987	(13)
Debt Service – Interest	<u>957,398</u>	<u>1,340,625</u>	<u>885,214</u>	<u>(455,411)</u>
Total Expenditures	175,281,462	80,834,683	83,532,374	2,697,691
Other Financing Sources/(Uses):				
Transfer to	5,900,000	8,650,000	11,646,073	2,996,073
Sale of Bonds	155,000,000	155,000,000	155,000,000	0
Premiums on Bond Sale	0	4,908,922	13,311,220	8,402,298
Sale of Assets	<u>8,000</u>	<u>8,000</u>	<u>3,187,434</u>	<u>3,179,434</u>
Total Other Financing Sources	<u>160,908,000</u>	<u>168,566,922</u>	<u>183,144,727</u>	<u>14,577,805</u>
Net Change in Fund Balance	(10,672,021)	91,499,295	103,385,250	11,885,955
FUND BALANCE – JUNE 30, 2020	<u>16,356,759</u>	<u>16,356,759</u>	<u>16,356,759</u>	<u>0</u>
FUND BALANCE – JUNE 30, 2021	\$ <u>5,684,738</u>	\$ <u>107,856,054</u>	\$ <u>119,742,009</u>	\$ <u>11,885,955</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

HISTORICAL SCHOOL DATA June 30, 2021

A. History of Student Enrollment

The following table shows the total student enrollment as of the last Wednesday in September for each of the last seven school years:

<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
19,619	20,435	20,097	19,604	19,609	19,391	19,253

B. History of Assessed Valuations and Corresponding Debt Outstanding

Assessed valuation figures used are as of December 31 of the preceding calendar year and do not include abated TIF property, abated Chapter 135 property and Chapter 353 property or state-assessed railroad and utility real property.

<u>As of</u> <u>December 31,</u>	<u>Assessed</u> <u>Valuation</u>	<u>% Change</u> <u>in Assessed</u> <u>Valuation</u>	<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Bond</u> <u>Principal</u> <u>Outstanding</u>	<u>Interest on</u> <u>Bonds</u> <u>Outstanding</u>	<u>Total Debt</u>	<u>Bond</u> <u>Principal as %</u> <u>of Assessed</u> <u>Valuation</u>
2020	\$2,463,355,172	2.4%	2021	\$353,125,000	\$91,627,317	\$444,752,317	14.3%
2019	2,406,226,746	7.5%	2020	219,580,000	56,025,894	275,605,894	9.1%
2018	2,239,005,680	4.2%	2019	238,150,000	65,079,850	303,229,850	10.6%
2017	2,149,562,989	3.2%	2018	261,800,000	75,253,369	337,053,369	12.2%
2016	2,083,053,528	4.0%	2017	317,615,000	99,185,648	416,800,648	15.2%
2015	2,003,103,850	4.7%	2016	179,335,000	47,946,944	227,281,944	9.0%
2014	1,912,528,731	5.2%	2015	195,750,000	56,070,710	251,820,710	10.2%
2013	1,818,344,563	(2.8%)	2014	210,530,000	67,284,164	277,814,164	11.6%
2012	1,871,506,546	0.6%	2013	205,905,000	67,872,590	273,777,590	11.0%
2011	1,860,080,168	(3.8%)	2012	215,930,000	77,507,869	293,437,869	11.6%

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

HISTORICAL SCHOOL DATA
June 30, 2021

C. History of Tax Levies

The following table shows the District's tax levies (per \$100 of assessed valuation) for each of the following year:

Fiscal Year Ended June 30,	General (Incidental) Fund	Special Revenue (Teacher's) Fund	Capital Projects (Building) Fund	Debt Service Fund	Total Levy
2021	\$2.6229	\$2.1600	\$0.1300	\$1.2900	\$6.2029
2020	2.5423	2.2400	0.1300	1.2900	6.2023
2019	2.7683	2.2400	0.1300	1.2900	6.4283
2018	2.7680	2.2400	0.1300	1.2900	6.4280
2017	2.7684	2.2400	0.1300	1.2900	6.4284
2016	2.7733	2.2400	0.1300	1.2900	6.4333
2015	2.8567	2.2400	0.1300	1.2900	6.5167
2014	2.4998	2.2400	0.1300	1.0200	5.8898
2013	2.4998	2.2400	0.1300	1.0200	5.8898
2012	2.4998	2.2400	0.1300	1.0200	5.8898

D. Tax Collection Record

The following table sets forth tax collection information for the School District for the last ten fiscal years:

Fiscal Year Ended June 30,	Total Levy	Total Taxes Levied	Taxes Collected (Current & Delinquent)		Railroad & Utility Taxes Collected
			Amount	Percent	
2021	\$6.2029	\$152,799,458	\$151,573,212	99.2%	\$4,322,916
2020	6.2023	149,241,401	146,904,487	98.4%	4,232,393
2019	6.4283	143,930,002	139,027,826	96.6%	4,194,450
2018	6.4280	138,173,909	137,258,214	99.3%	3,963,458
2017	6.4284	133,907,013	133,128,394	99.4%	3,845,214
2016	6.4333	128,865,680	128,964,416	100.1%	3,784,693
2015	6.5167	124,633,760	124,121,001	99.6%	3,567,253
2014	5.8898	107,096,858	107,539,203	100.4%	2,914,010
2013	5.8898	110,227,993	109,235,187	100.0%	3,075,312
2012	5.8898	109,555,002	109,609,569	100.0%	2,924,133

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF BONDED INDEBTEDNESS

June 30, 2021

<u>Bonded</u> <u>Indebtedness</u>	<u>Totals</u>	<u>Series</u> <u>2011</u>	<u>Series</u> <u>2012</u>	<u>Series</u> <u>2013</u>	<u>Series</u> <u>2014</u>	<u>Series</u> <u>2015</u>	<u>Series</u> <u>2016A</u>	<u>Series</u> <u>2016B</u>	<u>Series</u> <u>2020</u>	<u>Series</u> <u>2021</u>
Fiscal Year										
2021-22	\$ 22,870,000	\$ 1,575,000	\$ 3,350,000	\$ 4,150,000	\$ 1,500,000	\$ 1,315,000	\$ 4,280,000	\$ 4,500,000	\$ 1,200,000	\$ 1,000,000
2022-23	24,395,000	1,635,000	3,490,000	0	5,915,000	0	4,490,000	5,735,000	1,630,000	1,500,000
2023-24	25,660,000	0	3,630,000	0	6,210,000	0	4,750,000	6,020,000	2,250,000	2,800,000
2024-25	23,875,000	0	3,770,000	0	5,800,000	0	4,985,000	6,320,000	0	3,000,000
2025-26	22,515,000	0	0	0	4,970,000	0	5,180,000	6,635,000	4,730,000	1,000,000
2026-27	21,140,000	0	0	0	1,185,000	0	5,435,000	6,970,000	4,870,000	2,680,000
2027-28	17,070,000	0	0	0	1,235,000	0	755,000	7,245,000	5,020,000	2,815,000
2028-29	16,925,000	0	0	0	1,285,000	0	0	7,535,000	5,175,000	2,930,000
2029-30	17,525,000	0	0	0	1,335,000	0	0	7,840,000	5,330,000	3,020,000
2030-31	18,150,000	0	0	0	1,390,000	0	0	8,150,000	5,495,000	3,115,000
2031-32	18,800,000	0	0	0	1,450,000	0	0	8,480,000	5,660,000	3,210,000
2032-33	19,380,000	0	0	0	1,505,000	0	0	8,735,000	5,835,000	3,305,000
2033-34	19,965,000	0	0	0	1,555,000	0	0	8,995,000	6,010,000	3,405,000
2034-35	18,980,000	0	0	0	0	0	0	9,275,000	6,195,000	3,510,000
2035-36	19,545,000	0	0	0	0	0	0	9,565,000	6,380,000	3,600,000
2036-37	10,245,000	0	0	0	0	0	0	0	6,575,000	3,670,000
2037-38	10,490,000	0	0	0	0	0	0	0	6,745,000	3,745,000
2038-39	10,700,000	0	0	0	0	0	0	0	6,880,000	3,820,000
2039-40	10,920,000	0	0	0	0	0	0	0	7,020,000	3,900,000
2040-41	<u>3,975,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,975,000</u>
Total	\$ <u>353,125,000</u>	\$ <u>3,210,000</u>	\$ <u>14,240,000</u>	\$ <u>4,150,000</u>	\$ <u>35,335,000</u>	\$ <u>1,315,000</u>	\$ <u>29,875,000</u>	\$ <u>112,000,000</u>	\$ <u>93,000,000</u>	\$ <u>60,000,000</u>

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)

June 30, 2021

Interest Obligation	<u>Totals</u>	<u>Series 2011</u>	<u>Series 2012</u>	<u>Series 2013</u>	<u>Series 2014</u>	<u>Series 2015</u>	<u>Series 2016A</u>	<u>Series 2016B</u>	<u>Series 2020</u>	<u>Series 2021</u>
Fiscal Year										
2021-22	\$ 11,730,029	\$ 126,975	\$ 586,350	\$ 176,375	\$ 1,640,169	\$ 57,088	\$ 1,158,900	\$ 3,949,425	\$ 2,647,013	\$ 1,387,734
2022-23	11,229,382	63,975	435,600	0	1,565,169	0	944,900	3,859,425	2,587,013	1,773,300
2023-24	10,119,657	0	296,000	0	1,269,419	0	720,400	3,630,025	2,505,513	1,698,300
2024-25	8,980,656	0	150,800	0	958,919	0	530,400	3,389,225	2,393,012	1,558,300
2025-26	7,937,657	0	0	0	668,919	0	331,000	3,136,425	2,393,013	1,408,300
2026-27	6,930,056	0	0	0	420,419	0	123,800	2,871,025	2,156,512	1,358,300
2027-28	6,117,657	0	0	0	373,019	0	15,100	2,592,225	1,913,013	1,224,300
2028-29	5,371,606	0	0	0	323,619	0	0	2,302,425	1,662,012	1,083,550
2029-30	4,613,556	0	0	0	272,219	0	0	2,001,025	1,403,262	937,050
2030-31	3,965,856	0	0	0	218,819	0	0	1,687,425	1,243,362	816,250
2031-32	3,407,456	0	0	0	163,219	0	0	1,442,925	1,078,512	722,800
2032-33	2,938,882	0	0	0	105,219	0	0	1,188,525	986,538	658,600
2033-34	2,435,989	0	0	0	54,425	0	0	904,638	884,426	592,500
2034-35	1,915,950	0	0	0	0	0	0	612,300	779,250	524,400
2035-36	1,420,412	0	0	0	0	0	0	310,862	655,350	454,200
2036-37	909,950	0	0	0	0	0	0	0	527,750	382,200
2037-38	713,268	0	0	0	0	0	0	0	404,468	308,800
2038-39	511,900	0	0	0	0	0	0	0	278,000	233,900
2039-40	297,900	0	0	0	0	0	0	0	140,400	157,500
2040-41	<u>79,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>79,500</u>
Total	<u>\$ 91,627,319</u>	<u>\$ 190,950</u>	<u>\$ 1,468,750</u>	<u>\$ 176,375</u>	<u>\$ 8,033,553</u>	<u>\$ 57,088</u>	<u>\$ 3,824,500</u>	<u>\$ 33,877,900</u>	<u>\$ 26,638,419</u>	<u>\$ 17,359,784</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF REVENUES COLLECTED BY SOURCE
For the Year Ended June 30, 2021

	General (Incidental) <u>Fund</u>	Special Revenue (Teachers) <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	<u>Totals</u>
<u>LOCAL</u>					
Current taxes	\$ 62,559,583	\$ 51,526,660	\$ 30,770,273	\$ 3,100,880	\$ 147,957,396
Delinquent Taxes	1,495,423	1,297,940	747,125	75,327	3,615,815
School District Trust Fund (Prop C)	3,345,085	18,955,481	0	0	22,300,566
Financial Institutions Tax	118,760	97,801	58,409	5,886	280,856
M&M Surcharge Tax	3,468,705	2,570,210	0	154,689	6,193,604
In Lieu of Tax	2,648,006	0	0	0	2,648,006
Tuition	37,195	0	0	0	37,195
Transportation from Individuals	160,697	0	0	0	160,697
Earnings on Investments	551,385	339,868	250,996	44,342	1,186,591
Food Services	14,327	0	0	0	14,327
Food Services Non-Program	254,889	0	0	0	254,889
Student Activities	963,686	0	0	0	963,686
Community Services	2,013,329	0	0	0	2,013,329
Other	<u>4,489,383</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>4,889,383</u>
Total Local	82,120,453	74,987,960	31,826,803	3,581,124	192,516,340
<u>COUNTY</u>					
Fines, Escheats	0	228,905	0	0	228,905
State Assessed Utilities	<u>1,749,167</u>	<u>1,541,177</u>	<u>934,495</u>	<u>98,078</u>	<u>4,322,917</u>
Total County	1,749,167	1,770,082	934,495	98,078	4,551,822
<u>STATE</u>					
Basic Formula	9,899,525	56,097,309	0	0	65,996,834
Transportation Aid	2,687,953	0	0	0	2,687,953
Early Child SPED	2,876,053	2,350,890	0	4,676	5,231,619
Classroom Trust Fund	8,298,942	0	0	0	8,298,942
Parents as Teachers	334,474	0	0	0	334,474
Career Education	82,129	0	0	7,930	90,059
Food Services	102,339	0	0	0	102,339
Adult Education Literacy	139,313	0	0	0	139,313
High Needs Fund	428,619	185,377	0	0	613,996
Other	<u>138,180</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,180</u>
Total State	24,987,527	58,633,576	0	12,606	83,633,709

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONTINUED)
For the Year Ended June 30, 2021

	General (Incidental) <u>Fund</u>	Special Revenue (Teachers) <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	<u>Totals</u>
<u>FEDERAL</u>					
Medicaid	\$ 653,647	\$ 0	\$ 0	\$ 0	\$ 653,647
Perkins-Career Education	152,909	62,375	0	36,661	251,945
CARES ESSER	10,234,516	0	0	0	10,234,516
CARES CRF	769,543	665,493	0	37,438	1,472,474
Adult Education Literacy	340,619	0	0	0	340,619
Special Ed IDEA/ECSE	0	4,752,865	0	6,990	4,759,855
Food Services	9,304,362	0	0	0	9,304,362
Title I.A – ESEA	1,212,906	1,665,413	0	0	2,878,319
Title II.A – ESEA	95,503	404,132	0	0	499,635
Title III - English Language	91,450	90,896	0	0	182,346
Title IV.A – ESEA	169,856	6,189	0	0	176,045
Other	<u>2,000,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,730</u>
Total Federal	25,026,041	7,647,363	0	81,089	32,754,493
<u>OTHER</u>					
Tuition from Other Districts	777,000	0	0	0	777,000
Transportation from Other Districts	<u>136,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>136,721</u>
Total Other	913,721	0	0	0	913,721
<u>OTHER FINANCING SOURCES</u>					
Sale of Bond Proceeds	0	0	0	155,000,000	155,000,000
Premium on Sale of Bonds	0	0	0	13,311,220	13,311,220
Sale of Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,187,434</u>	<u>3,187,434</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>171,498,654</u>	<u>171,498,654</u>
TOTAL ALL SOURCES	\$ <u>134,796,909</u>	\$ <u>143,038,981</u>	\$ <u>32,761,298</u>	\$ <u>175,271,551</u>	\$ <u>485,868,739</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF EXPENDITURES PAID BY OBJECT
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals (Memo Only)
Salaries	\$ 47,076,790	\$ 109,392,687	\$ 0	\$ 0	\$ 156,469,477
Retirement	3,893,472	17,594,485	0	0	21,487,957
FICA/Medicare	3,375,179	1,554,415	0	0	4,929,594
Employee Insurance	9,695,512	13,584,098	0	0	23,279,610
Tuition	821,527	1,423,095	0	0	2,244,622
Professional, audit & legal	395,398	2,498,768	0	0	2,894,166
Technical Services	7,514,569	0	0	0	7,514,569
Property Services	5,159,789	0	0	0	5,159,789
Contracted Transportation	2,223,386	0	0	0	2,223,386
Travel	130,737	0	0	0	130,737
Insurance-property/liability	1,590,197	0	0	0	1,590,197
Other Purchased Services	5,850,175	0	0	0	5,850,175
General Supplies	9,925,649	0	0	0	9,925,649
Books & Periodicals	773,372	0	0	0	773,372
Warehouse & Food Service	3,675,867	0	0	0	3,675,867
Utilities, Energy Service	4,052,726	0	0	0	4,052,726
Other Supplies	418,099	0	0	0	418,099
Capital Outlay	0	0	0	80,397,572	80,397,572
Debt & Other	0	0	31,394,603	3,134,802	34,529,405
	<u>\$ 106,572,444</u>	<u>\$ 146,047,548</u>	<u>\$ 31,394,603</u>	<u>\$ 83,532,374</u>	<u>\$ 367,546,969</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>FAIN Number</u>	<u>Pass- through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<i>Pass-through Missouri Dept. of Elementary & Secondary Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	20210N109943	024-093	\$ 2,592,757
Non-cash Commodity Distribution	10.555	n/a	024-093	797,145
National School Snack	10.555	20210N109943	024-093	876
National School Lunch Program	10.555	20210N109943	024-093	5,390,281
COVID-19 CARES School Lunch Program	10.555	2020N850343	024-093	723,629
COVID-19 CARES School Breakfast Program	10.555	2020N850343	024-093	<u>378,985</u>
Total Child Nutrition Cluster				9,883,673
National Fresh Fruits and Veggie Program	10.582	2021IL160343	024-093	<u>217,834</u>
Total U.S. Department of Agriculture				10,101,507
<u>U.S. Department of Treasury</u>				
<i>Pass-through Clay County Treasurer's Office</i>				
COVID-19 Coronavirus Relief Fund	21.019	SLT0015		1,950,573
<i>Pass-through Missouri Dept. of Elementary & Secondary Education:</i>				
COVID-19 Coronavirus Relief Fund	21.019	SLT0015	024-093	<u>1,472,473</u>
Total U.S. Department of Treasury				3,423,046
<u>U.S. Department of Education</u>				
<i>Pass-through Missouri Dept. of Elementary & Secondary Education:</i>				
Title I, Part A - Grants for LEAs	84.010A	S010A200025	024-093	2,878,319
Title I, Part A - Career and Technical Education	84.048A	V048A200025	024-093	251,945
Title II, Part A - Improving Teacher Quality	84.367A	S367A120024	024-093	499,635
Title III, Part A - Limited English Proficient (LEP)	84.365A	S365A200025	024-093	182,347
Adult Education & Family Literacy Act	84.002A	V002A200026	024-093	340,619
Student Support and Academic Enrichment Program	84.424A	S424A120026	024-093	176,045
Assessment Substitute Payment	84.369A	A369160026	024-093	100
COVID-19 Education Stabilization Fund – GEER Fund	84.425C	S2425C00016	024-093	269,448
COVID-19 Education Stabilization Fund – ESSER Fund	84.425D	S425D210021	024-093	9,965,067
Special Education Cluster (IDEA):				
IDEA, Part B - Special Education	84.027A	H027A200040	024-093	4,105,082
Early Childhood Special Education	84.027A	H027A170040	024-093	526,724
Early Childhood Special Education	84.173A	H173A200103	024-093	<u>121,060</u>
Total Special Education Cluster				4,752,866
<i>Direct from U.S. Department of Education:</i>				
Indian Education Grant	84.060	S060A190985	Direct	<u>13,804</u>
Total U.S. Department of Education				<u>19,330,195</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ <u>32,854,748</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of North Kansas City School District No. 74 (the "School District") under programs of the federal government for the year ended June 30, 2021. 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 School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the School District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein 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 presents both Type A and Type B federal assistance programs administered by the School District. The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For the District, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in Uniform Guidance.

NOTE 3: SUBRECIPIENTS

The School District did not provide funds to subrecipients in the current fiscal year.

NOTE 4: INDIRECT COST RATE

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

INTERNAL CONTROL AND COMPLIANCE SECTION



INDEPENDENT AUDITOR'S 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
North Kansas City School District No. 74
Kansas City, 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 and each major fund of the North Kansas City School District No. 74 (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 17, 2021



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited the North Kansas City School District No. 74's (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2021. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matter – Reissuance of Report

Our previously issued independent auditor’s report dated November 17, 2021 on compliance for each major program and on internal control over compliance required by the Uniform Guidance is replaced by this auditor’s report on compliance. The Education Stabilization Fund – ESF (Assistance Listing No. 84.425) and Coronavirus Relief Fund – CRF (Assistance Listing No. 21.019) programs were improperly excluded from being audited as major programs. Therefore, the schedule of findings and questioned costs has been corrected and reissued to include these programs as major federal programs audited for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri

November 17, 2021, except for the Schedule of Findings and Questioned Costs, and the audits of major programs Education Stabilization Fund – ESF (Assistance Listing No. 84.425) and Coronavirus Relief Fund – CRF (Assistance Listing No. 21.019), for which is May 20, 2022

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021 (Reissued)**

Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued: Unmodified Opinion
2. Internal control over financing reporting:
 - Material weakness(es) identified? Yes No
 - Significant deficiencies identified that are not considered to be material weaknesses?
 Yes No None Reported
3. Noncompliance material to financial statements noted: Yes No

Federal Awards

1. Internal control over major programs:
 - Material weakness(es) identified? Yes No
 - Significant deficiencies identified that are not considered to be material weakness(es)?
 Yes No None Reported
2. Type of auditor's report issued on compliance for major programs: Unmodified Opinion
3. Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance? Yes No
4. The School District's major federal programs were:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
21.019	Coronavirus Relief Fund (CRF)
84.425	Education Stabilization Fund (ESF)

5. Dollar threshold used to distinguish between type A and type B programs: \$985,642
6. Auditee qualified as low-risk auditee specified in Section 200.520 of the Uniform Guidance?
 Yes No

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2021 (Reissued)**

Financial Statement Findings

The audit did not disclose any noncompliance which is material to the basic financial statements of the School District.

Federal Award Findings and Questioned Costs

There were no audit findings related to internal control, compliance, questioned costs or fraud that related to federal awards for the year ended June 30, 2021.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2021

There were no findings or questioned costs in the prior year's audit findings to be resolved.



INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

We have examined management's assertion, included in its representation letter dated November 17, 2021, that the North Kansas City School District No. 74 (the "School District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, accurate disclosure of the School District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2021. Management is responsible for its assertion that the School District complied with the aforementioned requirements. Our responsibility is to express an opinion on management's assertion 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 is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. 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.

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

In our opinion, management's assertion that the North Kansas City School District No. 74 complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2021, are fairly stated, in all material respects.

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

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 17, 2021

County District Number: 024-093**NORTH KANSAS CITY SCHOOL DISTRICT NO. 74****SCHEDULE OF SELECTED STATISTICS**

For the Year Ended June 30, 2021

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

Report each unique calendar the School District has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
-	K	5	n/a	6.4500	168	1,083.6000
-	6	8	n/a	6.6000	168	1,108.8000
-	9	12	n/a	6.6000	168	1,108.8000

2. ATTENDANCE HOURS

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
1050	9	411,873.7016	1,042.2700	0.0000	0.0000	40,424.4000	453,340.3716
1050	10	426,676.5793	0.0000	0.0800	0.0000	29,083.2000	455,759.8593
1050	11	445,469.3898	0.0000	0.0000	0.0000	23,436.6000	468,905.9898
1050	12	410,592.2903	1,181.9469	0.0000	0.0000	0.0000	411,774.2372
1075	9	452,092.9698	1,068.7829	187.2700	0.0000	31,741.8000	485,090.8227
1075	10	451,112.3266	1,042.3829	158.0700	0.0000	16,659.0000	468,971.7795
1075	11	394,426.1854	2,631.3329	83.9300	0.0000	19,252.8000	416,394.2483
1075	12	360,371.4985	53,907.2262	13.8600	0.0000	0.0000	414,292.5847
1080	9	476,023.9671	1,605.0329	1.5000	0.0000	35,772.6000	513,403.1000
1080	10	459,415.0137	4,013.0330	0.0000	0.0000	18,582.6000	482,010.6467
1080	11	473,694.4856	1,240.8000	0.0000	0.0000	12,897.0000	487,832.2856
1080	12	391,483.8015	44,137.4305	0.0000	0.0000	0.0000	435,621.2320
1090	9	342,911.4293	0.0000	0.0000	0.0000	22,497.3500	365,408.7793
1090	10	309,245.0007	950.6000	0.0000	0.0000	10,919.4000	321,115.0007
1090	11	276,124.4012	3,813.8501	0.0000	0.0000	11,064.6000	291,002.8513
1090	12	253,462.7909	42,192.3065	0.0000	0.0000	0.0000	295,655.0974
3000	7	469,100.0957	0.0000	1.5000	0.0000	0.0000	469,101.5957
3000	8	491,118.9903	521.2469	7.5800	0.0000	0.0000	491,647.8172
3100	6	695,572.9834	2,618.3058	6.0000	0.0000	19,653.7334	717,851.0226
3150	7	363,152.7711	0.0000	36.0000	0.0000	225.6000	363,414.3711
3150	8	377,788.9186	1,992.0105	87.0000	0.0000	0.0000	379,867.9291

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2021

2. ATTENDANCE HOURS (continued)

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
3160	6	948,341.6124	1,364.9162	0.0000	0.0000	0.0000	949,706.5286
3180	7	511,897.8166	3,725.4159	0.0000	0.0000	33,546.0500	549,169.2825
3180	8	523,634.6792	6,254.2974	0.0000	0.0000	2,458.2000	532,347.1766
3200	7	362,498.0339	3,387.2297	1.5000	0.0000	11,505.6000	377,392.3636
3200	8	352,528.1297	935.7167	0.0000	0.0000	789.6000	354,253.4464
4020	K	57,544.5614	55.0000	0.0000	0.0000	2,146.8000	59,746.3614
4020	1	65,332.0777	509.4004	0.0000	0.0000	3,833.7334	69,675.2115
4020	2	58,413.7659	0.0000	0.0000	0.0000	3,590.5167	62,004.2826
4020	3	57,257.5746	0.0000	0.0000	0.0000	2,389.8000	59,647.3746
4020	4	55,768.3244	0.0000	0.0000	0.0000	2,418.0000	58,186.3244
4020	5	55,205.6850	0.0000	0.0000	0.0000	2,220.0000	57,425.6850
4040	K	98,354.3174	0.0000	0.0000	0.0000	5,712.8835	104,067.2009
4040	1	117,462.6944	509.4004	0.0000	0.0000	4,247.5501	122,219.6449
4040	2	120,437.9173	74.0000	0.0000	0.0000	4,602.9667	125,114.8840
4040	3	120,614.1408	1,018.6924	0.0000	0.0000	4,177.6335	125,810.4667
4040	4	120,040.8624	19.0000	0.0000	0.0000	3,722.7501	123,782.6125
4040	5	124,944.1826	0.0000	0.0000	0.0000	2,948.5502	127,892.7328
4060	K	46,139.8653	0.0000	0.0000	0.0000	0.0000	46,139.8653
4060	1	65,567.9009	80.0000	0.0000	0.0000	4,693.2668	70,341.1677
4060	2	50,218.7915	0.0000	0.0000	0.0000	2,205.5667	52,424.3582
4060	3	55,115.6016	0.0000	0.0000	0.0000	1,090.9000	56,206.5016
4060	4	65,406.9958	589.4004	0.0000	0.0000	1,844.3667	67,840.7629
4060	5	60,671.9045	0.0000	0.0000	0.0000	676.8000	61,348.7045
4080	K	102,271.7350	0.0000	0.0000	0.0000	7,690.4834	109,962.2184
4080	1	90,889.3811	509.4004	0.0000	0.0000	7,186.4167	98,585.1982
4080	2	89,166.7774	0.0000	0.0000	0.0000	6,811.0000	95,977.7774
4080	3	93,340.7331	0.0000	0.0000	0.0000	7,552.8000	100,893.5331
4080	4	109,020.4682	519.7334	0.0000	0.0000	5,368.1334	114,908.3350
4080	5	84,966.4881	1,018.5800	0.0000	0.0000	4,870.8000	90,855.8681
4100	K	62,229.2409	0.0000	0.0000	0.0000	1,536.0000	63,765.2409
4100	1	69,036.1659	0.0000	0.0000	0.0000	2,373.5500	71,409.7159
4100	2	68,842.1169	0.0000	0.0000	0.0000	4,696.9501	73,539.0670
4100	3	60,805.1064	0.0000	0.0000	0.0000	3,846.3333	64,651.4397
4100	4	55,898.5172	0.0000	0.0000	0.0000	3,177.6000	59,076.1172
4100	5	55,764.0500	509.4004	10.5000	0.0000	2,198.3501	58,482.3005

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

2. ATTENDANCE HOURS (continued)

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4110	K	105,470.4918	0.0000	0.0000	0.0000	8,243.0336	113,713.5254
4110	1	116,298.7428	1,083.6000	0.0000	0.0000	5,010.2834	122,392.6262
4110	2	99,175.2972	0.0000	0.0000	0.0000	4,647.6834	103,822.9806
4110	3	89,230.4536	0.0000	0.0000	0.0000	4,227.4169	93,457.8705
4110	4	109,094.6658	0.0000	0.0000	0.0000	3,640.9834	112,735.6492
4110	5	119,985.6259	1,083.6000	0.0000	0.0000	3,692.3501	124,761.5760
4120	1	0.0000	0.0000	0.0000	0.0000	1,491.6000	1,491.6000
4120	2	112,098.7811	1,018.6924	0.0000	0.0000	5,091.7000	118,209.1735
4120	3	131,632.6860	0.0000	0.0000	0.0000	4,393.1667	136,025.8527
4120	4	119,236.7914	488.5400	0.0000	0.0000	5,680.8000	125,406.1314
4120	5	123,942.0051	0.0000	0.0000	0.0000	5,708.4000	129,650.4051
4160	K	69,836.6873	0.0000	0.0000	0.0000	18,384.1010	88,220.7883
4160	1	94,919.4321	509.4004	0.0000	0.0000	17,350.0838	112,778.9163
4160	2	86,284.7334	0.0000	0.0000	0.0000	14,088.9171	100,373.6505
4160	3	74,975.7879	0.0000	0.0000	0.0000	13,874.0006	88,849.7885
4160	4	78,290.2001	509.4004	0.0000	0.0000	15,792.7840	94,592.3845
4160	5	81,633.1592	0.0000	0.0000	0.0000	7,805.2000	89,438.3592
4180	K	60,764.0412	0.0000	0.0000	0.0000	2,393.7501	63,157.7913
4180	1	63,562.4865	0.0000	0.0000	0.0000	2,313.0334	65,875.5199
4180	2	68,913.0107	1,018.6924	0.0000	0.0000	2,879.2000	72,810.9031
4180	3	71,688.1564	0.0000	0.0000	0.0000	2,071.2000	73,759.3564
4180	4	64,119.6003	0.0000	0.0000	0.0000	2,274.0000	66,393.6003
4180	5	71,198.2501	1,018.6924	0.0000	0.0000	832.8000	73,049.7425
4200	K	93,922.1816	0.0000	0.0000	0.0000	7,996.9502	101,919.1318
4200	1	114,096.9551	451.5000	0.0000	0.0000	5,513.4667	120,061.9218
4200	2	102,592.1080	0.0000	0.0000	0.0000	8,127.2333	110,719.3413
4200	3	120,592.1806	0.0000	0.0000	0.0000	5,211.6001	125,803.7807
4200	4	116,855.4048	0.0000	0.0000	0.0000	7,493.4835	124,348.8883
4200	5	119,919.2742	0.0000	0.0000	0.0000	5,775.0000	125,694.2742
4280	K	126,163.4100	17.1670	1.5000	0.0000	7,251.6000	133,433.6770
4280	1	125,363.5413	0.0000	0.0000	0.0000	6,552.5834	131,916.1247
4320	K	109,520.9811	0.0000	6.0000	0.0000	3,069.0336	112,596.0147
4320	1	111,217.3206	0.0000	0.0000	0.0000	3,624.5337	114,841.8543
4320	2	106,010.9642	0.0000	0.0000	0.0000	5,951.6003	111,962.5645

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

2. ATTENDANCE HOURS (continued)

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4320	3	130,612.0244	0.0000	0.0000	0.0000	3,867.2168	134,479.2412
4320	4	108,066.4532	1,936.6967	0.0000	0.0000	1,771.2000	111,774.3499
4320	5	106,450.7975	1,018.5800	0.0000	0.0000	2,053.2000	109,522.5775
4340	K	23,396.3001	484.5809	0.0000	0.0000	1,070.4000	24,951.2810
4340	1	29,405.5425	0.0000	0.0000	0.0000	547.2000	29,952.7425
4340	2	28,355.7382	0.0000	0.0000	0.0000	1,090.0000	29,445.7382
4340	3	42,573.9626	1,018.5800	0.0000	0.0000	1,434.0000	45,026.5426
4340	4	41,804.5442	1,643.8408	0.0000	0.0000	1,376.4000	44,824.7850
4340	5	35,096.1077	0.0000	0.0000	0.0000	428.4000	35,524.5077
4380	K	71,783.9330	0.0000	0.0000	0.0000	3,171.3667	74,955.2997
4380	1	74,352.9259	0.0000	0.0000	0.0000	1,345.3500	75,698.2759
4380	2	60,976.4332	0.0000	0.0000	0.0000	2,724.0000	63,700.4332
4380	3	71,573.2244	0.0000	0.0000	0.0000	3,673.2000	75,246.4244
4380	4	85,269.6112	0.0000	0.0000	0.0000	1,675.2000	86,944.8112
4380	5	84,558.6939	0.0000	0.0000	0.0000	2,716.2834	87,274.9773
4400	K	44,476.7669	0.0000	0.0000	0.0000	2,450.4000	46,927.1669
4400	1	51,211.3783	0.0000	0.0000	0.0000	2,431.6501	53,643.0284
4400	2	54,348.5974	0.0000	0.0000	0.0000	896.4000	55,244.9974
4400	3	38,125.6170	0.0000	0.0000	0.0000	1,234.2834	39,359.9004
4400	4	44,661.5453	0.0000	0.0000	0.0000	1,885.2000	46,546.7453
4400	5	53,866.4649	0.0000	0.0000	0.0000	1,142.4000	55,008.8649
4420	K	88,487.4945	503.4969	0.0000	0.0000	3,873.6000	92,864.5914
4420	1	90,738.1649	1,108.6924	0.0000	0.0000	3,242.4000	95,089.2573
4420	2	78,328.7009	0.0000	0.0000	0.0000	2,894.4000	81,223.1009
4420	3	93,205.8668	0.0000	0.0000	0.0000	2,340.0000	95,545.8668
4420	4	80,363.3969	0.0000	0.0000	0.0000	2,788.8000	83,152.1969
4420	5	95,798.5935	509.4004	0.0000	0.0000	2,746.8000	99,054.7939
4440	K	59,551.0215	0.0000	0.0000	0.0000	2,537.5500	62,088.5715
4440	1	52,404.5571	0.0000	0.0000	0.0000	4,400.6335	56,805.1906
4440	2	76,838.5172	509.4004	0.0000	0.0000	1,521.6000	78,869.5176
4440	3	42,992.8173	0.0000	0.0000	0.0000	3,514.6167	46,507.4340
4440	4	83,070.7990	0.0000	0.0000	0.0000	2,926.8000	85,997.5990
4440	5	71,671.7132	0.0000	0.0000	0.0000	1,423.2000	73,094.9132
4500	K	33,988.2878	0.0000	0.0000	0.0000	2,528.4000	36,516.6878

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

2. ATTENDANCE HOURS (continued)

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4500	1	47,132.7666	0.0000	0.0000	0.0000	1,221.6000	48,354.3666
4500	2	33,205.1578	0.0000	0.0000	0.0000	2,192.4000	35,397.5578
4500	3	41,122.7816	0.0000	0.0000	0.0000	1,242.4334	42,365.2150
4500	4	35,614.5533	509.4004	0.0000	0.0000	2,228.4000	38,352.3537
4500	5	53,003.6592	0.0000	0.0000	0.0000	1,536.0000	54,539.6592
4540	K	50,987.5243	0.0000	0.0000	0.0000	4,949.9500	55,937.4743
4540	1	70,695.6082	0.0000	0.0000	0.0000	3,656.4000	74,352.0082
4540	2	72,165.6969	0.0000	0.0000	0.0000	2,355.6000	74,521.2969
4540	3	61,597.5686	0.0000	0.0000	0.0000	3,120.0000	64,717.5686
4540	4	58,997.5673	0.0000	0.0000	0.0000	3,193.2834	62,190.8507
4540	5	54,928.9099	0.0000	0.0000	0.0000	1,255.2000	56,184.1099
4560	K	60,748.9266	952.9504	0.0000	0.0000	1,741.6168	63,443.4938
4560	1	55,881.8712	0.0000	0.0000	0.0000	2,487.2834	58,369.1546
4560	2	49,290.9868	0.0000	0.0000	0.0000	1,500.0000	50,790.9868
4560	3	49,037.0014	0.0000	0.0000	0.0000	1,061.1500	50,098.1514
4560	4	51,392.8072	0.0000	0.0000	0.0000	1,533.6000	52,926.4072
4560	5	51,685.6103	0.0000	0.0000	0.0000	1,569.6000	53,255.2103
4570	K	82,662.5470	0.0000	0.0000	0.0000	3,424.7000	86,087.2470
4570	1	77,273.8310	0.0000	0.0000	0.0000	2,103.6000	79,377.4310
4570	2	67,877.5366	0.0000	0.0000	0.0000	2,338.0501	70,215.5867
4570	3	69,422.2849	0.0000	0.0000	0.0000	2,632.8000	72,055.0849
4570	4	64,665.9051	0.0000	0.0000	0.0000	2,868.8167	67,534.7218
4570	5	80,280.0820	509.4004	0.0000	0.0000	2,890.8000	83,680.2824
4580	K	35,830.5046	0.0000	0.0000	0.0000	8,730.2836	44,560.7882
4580	1	43,778.6732	0.0000	0.0000	0.0000	6,617.9167	50,396.5899
4580	2	34,798.9831	0.0000	0.0000	0.0000	6,417.0837	41,216.0668
4580	3	39,409.2821	0.0000	0.0000	0.0000	5,793.6500	45,202.9321
4580	4	33,301.8907	1,018.6924	0.0000	0.0000	8,101.9838	42,422.5669
4580	5	56,221.0544	0.0000	0.0000	0.0000	3,138.0000	59,359.0544
Grand Total		<u>20,837,361.3776</u>	<u>203,961.1388</u>	<u>602.2900</u>	<u>0.0000</u>	<u>836,418.9593</u>	<u>21,878,343.7657</u>

County District Number: 024-093**NORTH KANSAS CITY SCHOOL DISTRICT NO. 74****SCHEDULE OF SELECTED STATISTICS**

For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9	379.00	2.15	0.00	381.15
1050	10	397.00	1.25	0.00	398.25
1050	11	410.00	3.63	0.00	413.63
1050	12	388.00	4.76	0.00	392.76
1075	9	432.00	0.00	0.00	432.00
1075	10	438.00	0.50	0.00	438.50
1075	11	375.00	1.00	0.00	376.00
1075	12	396.00	8.89	0.00	404.89
1080	9	457.00	0.62	0.00	457.62
1080	10	437.00	0.75	0.00	437.75
1080	11	447.00	1.00	0.00	448.00
1080	12	417.00	13.92	0.00	430.92
1090	9	323.00	0.00	0.00	323.00
1090	10	295.00	0.00	0.00	295.00
1090	11	270.00	0.00	0.00	270.00
1090	12	257.00	22.54	0.00	279.54
3000	7	441.00	0.00	0.00	441.00
3000	8	461.00	0.00	0.00	461.00
3100	6	633.00	0.00	0.00	633.00
3150	7	322.00	0.00	0.00	322.00
3150	8	345.00	0.00	0.00	345.00
3160	6	874.00	0.20	0.00	874.20
3180	7	476.00	0.00	0.00	476.00
3180	8	482.00	2.72	0.00	484.72
3200	7	327.00	1.61	0.00	328.61
3200	8	322.00	0.50	0.00	322.50
4020	K	54.00	0.00	0.00	54.00
4020	1	59.00	0.00	0.00	59.00

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP (continued)

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	2	47.00	0.00	0.00	47.00
4020	3	53.00	0.00	0.00	53.00
4020	4	54.00	0.00	0.00	54.00
4020	5	51.00	0.00	0.00	51.00
4040	K	89.00	0.00	0.00	89.00
4040	1	109.00	0.00	0.00	109.00
4040	2	114.00	0.00	0.00	114.00
4040	3	111.00	0.00	0.00	111.00
4040	4	112.00	0.00	0.00	112.00
4040	5	118.00	0.00	0.00	118.00
4060	K	36.00	0.00	0.00	36.00
4060	1	57.00	0.00	0.00	57.00
4060	2	46.00	0.00	0.00	46.00
4060	3	49.00	0.00	0.00	49.00
4060	4	60.00	0.00	0.00	60.00
4060	5	56.00	0.00	0.00	56.00
4080	K	96.00	0.00	0.00	96.00
4080	1	87.00	0.00	0.00	87.00
4080	2	83.00	0.00	0.00	83.00
4080	3	84.00	0.00	0.00	84.00
4080	4	101.00	0.00	0.00	101.00
4080	5	82.00	0.00	0.00	82.00
4100	K	58.00	0.00	0.00	58.00
4100	1	62.00	0.00	0.00	62.00
4100	2	65.00	0.00	0.00	65.00
4100	3	56.00	0.00	0.00	56.00
4100	4	52.00	0.00	0.00	52.00
4100	5	53.00	0.00	0.00	53.00
4110	K	94.00	0.00	0.00	94.00
4110	1	108.00	0.09	0.00	108.09
4110	2	94.00	0.46	0.00	94.46

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP (continued)

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4110	3	79.00	0.46	0.00	79.46
4110	4	103.00	0.00	0.00	103.00
4110	5	112.00	0.62	0.00	112.62
4120	2	103.00	0.00	0.00	103.00
4120	3	121.00	0.00	0.00	121.00
4120	4	109.00	0.00	0.00	109.00
4120	5	114.00	0.00	0.00	114.00
4160	K	63.00	0.00	0.00	63.00
4160	1	95.00	0.00	0.00	95.00
4160	2	84.00	0.00	0.00	84.00
4160	3	75.00	0.00	0.00	75.00
4160	4	76.00	0.00	0.00	76.00
4160	5	81.00	0.00	0.00	81.00
4180	K	59.00	0.00	0.00	59.00
4180	1	59.00	0.00	0.00	59.00
4180	2	60.00	0.00	0.00	60.00
4180	3	67.00	0.00	0.00	67.00
4180	4	59.00	0.00	0.00	59.00
4180	5	65.00	0.90	0.00	65.90
4200	K	85.00	0.00	0.00	85.00
4200	1	112.00	0.00	0.00	112.00
4200	2	96.00	0.00	0.00	96.00
4200	3	120.00	0.00	0.00	120.00
4200	4	107.00	0.00	0.00	107.00
4200	5	112.00	0.00	0.00	112.00
4280	K	113.00	0.00	0.00	113.00
4280	1	108.00	0.00	0.00	108.00
4320	K	100.00	0.00	0.00	100.00
4320	1	101.00	0.00	0.00	101.00
4320	2	100.00	0.00	0.00	100.00
4320	3	121.00	0.00	0.00	121.00

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP (continued)

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4320	4	110.00	0.00	0.00	110.00
4320	5	98.00	0.00	0.00	98.00
4340	K	20.00	0.00	0.00	20.00
4340	1	27.00	0.00	0.00	27.00
4340	2	27.00	0.00	0.00	27.00
4340	3	40.00	0.00	0.00	40.00
4340	4	36.00	0.00	0.00	36.00
4340	5	32.00	0.00	0.00	32.00
4380	K	67.00	0.00	0.00	67.00
4380	1	66.00	0.00	0.00	66.00
4380	2	54.00	0.00	0.00	54.00
4380	3	68.00	0.00	0.00	68.00
4380	4	77.00	0.00	0.00	77.00
4380	5	79.00	0.00	0.00	79.00
4400	K	43.00	0.00	0.00	43.00
4400	1	46.00	0.00	0.00	46.00
4400	2	50.00	0.00	0.00	50.00
4400	3	36.00	0.00	0.00	36.00
4400	4	40.00	0.00	0.00	40.00
4400	5	48.00	0.00	0.00	48.00
4420	K	80.00	0.00	0.00	80.00
4420	1	88.00	0.00	0.00	88.00
4420	2	71.00	0.00	0.00	71.00
4420	3	84.00	0.00	0.00	84.00
4420	4	78.00	0.00	0.00	78.00
4420	5	94.00	0.00	0.00	94.00
4440	K	52.00	0.00	0.00	52.00
4440	1	51.00	0.00	0.00	51.00
4440	2	76.00	0.00	0.00	76.00
4440	3	39.00	0.00	0.00	39.00
4440	4	81.00	0.00	0.00	81.00
4440	5	70.00	0.00	0.00	70.00

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP (continued)

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4500	K	33.00	0.00	0.00	33.00
4500	1	43.00	0.00	0.00	43.00
4500	2	34.00	0.00	0.00	34.00
4500	3	41.00	0.00	0.00	41.00
4500	4	35.00	0.00	0.00	35.00
4500	5	51.00	0.00	0.00	51.00
4540	K	49.00	0.00	0.00	49.00
4540	1	66.00	0.00	0.00	66.00
4540	2	67.00	0.00	0.00	67.00
4540	3	57.00	0.00	0.00	57.00
4540	4	57.00	0.00	0.00	57.00
4540	5	48.00	0.00	0.00	48.00
4560	K	59.00	0.00	0.00	59.00
4560	1	54.00	0.00	0.00	54.00
4560	2	47.00	0.00	0.00	47.00
4560	3	47.00	0.00	0.00	47.00
4560	4	48.00	0.00	0.00	48.00
4560	5	52.00	0.00	0.00	52.00
4570	K	71.00	0.00	0.00	71.00
4570	1	72.00	0.00	0.00	72.00
4570	2	64.00	0.00	0.00	64.00
4570	3	65.00	0.00	0.00	65.00
4570	4	57.00	0.00	0.00	57.00
4570	5	74.00	0.00	0.00	74.00
4580	K	34.00	0.00	0.00	34.00
4580	1	39.00	0.00	0.00	39.00
4580	2	32.00	0.00	0.00	32.00
4580	3	36.00	0.00	0.00	36.00
4580	4	29.00	0.00	0.00	29.00
4580	5	51.00	0.00	0.00	51.00
Grand Total		<u>19,550.00</u>	<u>68.57</u>	<u>0.00</u>	<u>19,618.57</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A	1.00	0.00	N/A	N/A	1.00
1050	620.00	112.00	N/A	N/A	732.00
1075	459.81	86.68	N/A	N/A	546.49
1080	232.40	56.13	N/A	N/A	288.53
1090	475.26	86.76	N/A	N/A	562.02
3000	256.00	68.00	N/A	N/A	324.00
3100	290.00	47.00	N/A	N/A	337.00
3150	285.00	52.00	N/A	N/A	337.00
3160	198.00	61.00	N/A	N/A	259.00
3180	151.43	26.57	N/A	N/A	178.00
3200	328.00	44.00	N/A	N/A	372.00
4020	58.00	20.00	N/A	N/A	78.00
4040	85.00	14.00	N/A	N/A	99.00
4060	97.00	6.00	N/A	N/A	103.00
4080	124.00	31.00	N/A	N/A	155.00
4100	220.00	35.00	N/A	N/A	255.00
4110	65.00	12.00	N/A	N/A	77.00
4120	114.00	22.00	N/A	N/A	136.00
4160	281.00	45.00	N/A	N/A	326.00
4180	150.00	41.00	N/A	N/A	191.00
4200	162.00	30.00	N/A	N/A	192.00
4280	69.00	16.00	N/A	N/A	85.00
4320	298.00	58.00	N/A	N/A	356.00
4340	83.00	25.00	N/A	N/A	108.00
4380	209.00	39.00	N/A	N/A	248.00
4400	132.00	30.00	N/A	N/A	162.00

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6),
RSMO) (continued)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4420	203.00	29.00	N/A	N/A	232.00
4440	37.00	19.00	N/A	N/A	56.00
4500	95.00	19.00	N/A	N/A	114.00
4540	142.00	23.00	N/A	N/A	165.00
4560	164.46	19.00	N/A	N/A	183.46
4570	199.00	31.00	N/A	N/A	230.00
4580	136.00	32.00	N/A	N/A	168.00
Grand Total	<u>6,420.36</u>	<u>1,236.14</u>	<u>0.00</u>	<u>0.00</u>	<u>7,656.50</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2021

5. FINANCE

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

Section	Question	Answer
5.1	The District 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:	True
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	True
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The District 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:	\$500,000
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

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

5. FINANCE (continued)

Section	Question	Answer
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 seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one-half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost.	True
5.12	The amount spent for approved professional development committee plan activities was:	<u>\$615,862</u>
5.13	The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True
Notes:	None	

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

Finding:	None noted
Management Letter Comment:	None noted

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	<u>8,039.00</u>
	Ineligible ADT	<u>916.00</u>
6.4	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	<u>2,300,007</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	True
	Eligible Miles	<u>1,740,529</u>
	Ineligible Miles (Non-Route/Disapproved)	<u>559,478</u>
6.7	Number of days the District operated the school transportation system during the regular school year:	<u>162</u>

Notes:	none
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All above "False" answers **must** be supported by a finding or management letter comment.

Finding:	None noted
Management Letter Comment:	None noted

County District Number: 024-093

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHEDULE OF STATE FINDINGS
For the Year Ended June 30, 2021**

Prior year

MO20-01:Transportation – Resolved in the current year

Current year

There were no audit findings related to state compliance for the year ended June 30, 2021.