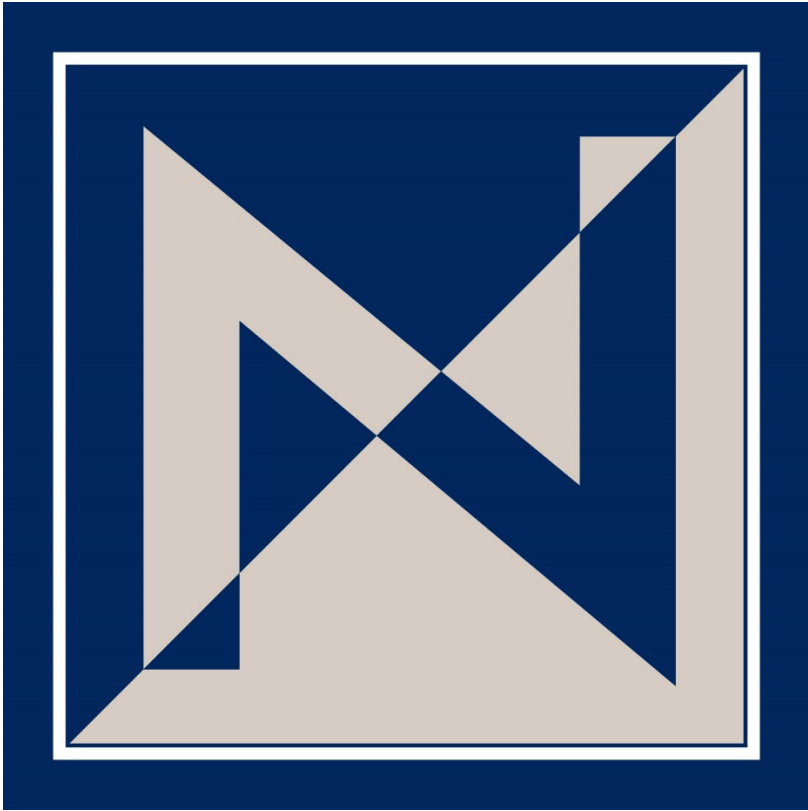


North Kansas City School District No. 74
Kansas City, Missouri

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023



*Report Submitted by
Matthew L. Fritz, Chief Financial Officer*

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NORTH
KANSAS CITY
SCHOOLS
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Matthew Fritz, MBA, SFO
Chief Financial Officer

December 6, 2023

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

State law and the North Kansas City School District's adopted policy require an audit of the books of accounts, financial records and transactions of all funds of the North Kansas City School District (District). This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2023. The independent auditors' report is located at the front of the financial section of this report. The independent auditors' report on internal control and compliance issued in connection with the Single Audit is located in the separately issued Compliance Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The area served by the District encompasses 82 square miles and includes a population that is estimated to exceed 200,000. This area includes part of Clay County and a small portion of Platte County.

The District was established on March 14, 1913 by the merging of Harlem School District 72 and Glenwood School District 73. That first year, the district taught 32 students and employed one principal, an assistant and two teachers. Soon, more teachers and classrooms were added as enrollment steadily rose, and in January 1926, North Kansas City High School opened. It still stands today as home to hundreds of high school students, teachers, and staff members.

Extraordinary Educational Experiences
2000 NE 46th St. Kansas City MO 64116
816.321.4641 phone

www.nkcschools.org

Today North Kansas City Schools is an award-winning school district located just north of Kansas City's vibrant downtown. A growing district of more than 21,500 learners from grades PreK-12, students benefit daily from challenging academic curriculum. NKC Schools is among the largest, most diverse districts in Missouri with 22 elementary schools, two sixth grade centers, four middle schools and four high schools.

Extensive pre-K options exist for all. A recent point of pride was the conversion of 115,000 square feet of vacant box stores into a compelling and inspiring learning environment for nearly 1000 three- and four-year-olds. Business and industry partners helped inform the creation of our Portrait of a Graduate, identifying key competencies such as empathy, integrity and collaboration integral to students' future success. Alongside rigorous classroom experiences, the development of these important skills can be seen PreK-12.

NKC Schools is accredited at both state and national levels and is recognized throughout Missouri as a leader in academic innovation. Celebrating several National Blue Ribbon schools, all schools are prepared to meet the varied educational needs of families throughout the community. Students of all ages benefit from expansive gifted, honors, and advanced offerings, A+ certified high schools, an International Baccalaureate option and a broad range of before and after school programs that ensure that every learner has the opportunity to reach their unique potential.

The district is committed to preparing learners for success in a rapidly changing environment. In fall 2021, NKC Schools embarked on an innovative means of transforming the high school experience. The district's Pathways program is a proven, systemic approach to college and career preparation that creates opportunities for students to grow through integrated real world experiences. Students' learning is aligned with leading industry sectors matching their interests, including healthcare, business, technology and design, service and leadership and more. School takes on new relevance and motivates students to succeed – in postsecondary education and the workforce – following high school. More than simply being prepared to succeed, each student in NKC Schools graduates with an “edge” over their peers nationwide.

NKC Schools is also innovative outside the classroom. Their well-respected Board of Education establishes annual goals pertaining to students, staff, community and finance. They take pride in what access students and families have to a wealth of resources benefitting physical, emotional, and mental health, thanks to the district's extensive network of community partners. In response to feedback, the Board is also focused on empowering staff to ensure students' emotional and behavioral needs are well-supported at school. The first district in Missouri to equip every site on campus with an armed protection officer, NKC Schools doesn't just speak of safety and security, but rather prioritizes funding to support it. Cybersecurity is also of great importance. A Board goal for the present school year is the allocation of resources to ensure the protection and security of information and finances. The Board has also issued the charge to monitor the impact of inflation on district expenditures and ensure the continued operational financial stability of the district. They know that this is the strong foundation that will ensure the continued success of this reputable and renowned learning organization.

The North Kansas City Schools seven-member Board of Education (Board) provides governance for the District as its top elected officials. The Superintendent of Schools reports directly to the Board of Education. The Board provides approval and financial accountability over all activities related to public school education in the District. The Board complies with all Missouri State law which requires approval of the annual budget prior to each new fiscal year beginning July 1.

The annual budget is designed to meet the expectations of the Board of Education and the strategic initiatives of the District while maintaining fiscal responsibility. The Board of Education adopted a series

of policies that provide direction regarding the district's budget and financial affairs that reflect the educational philosophy of the District and provide a framework in which the district's administration can effectively operate. The Board approves a preliminary budget in June, approves an amended/updated budget in September to include new Board approved tax rates and approves a final budget amendment in June to account for any major deviations from projections throughout the year. The annual budget governs the expenditures and obligations of all funds for the District. The Superintendent or designee establishes procedures for fund management and reporting. No funds may be spent which are not authorized by the annual budget. The Superintendent establishes regulations and prescribes written procedures and forms for line-item transfers of appropriations or personnel in compliance with state law so as to provide an audit trail of all such activities. The Chief Financial Officer prepares a monthly statement to account for each month's expenditures and the total expended to date for the fiscal year. The monthly statement includes all receipts and remaining balances for each fund account. The budget and finance process conforms to all state and local requirements as set forth by the state constitution, state statutes, the Department of Elementary and Secondary Education (DESE) rules, and Board policies.

Local Economy

The Kansas City metropolitan area is home to over 2 million people with a growth rate of over 9% since 2010. The Northland today is one of the most dynamic areas in metropolitan Kansas City with over 300,000 residents. The area is an unusual mixture of quiet farmland and some of the most rapidly growing real estate development in the region. Among the many major employers you'll find Auto Manufacturing, Medical Software, Telecommunications, Logistics, Entertainment and many more industries in and around the area. North Kansas City Schools is the largest PreK-12 public school district in the Kansas City Metro on the Missouri side and employs over 3,200 staff that serve over 21,000 students. The area has an average household income of over \$54,000 and an unemployment rate below 3%. NKC Schools average new home price is now nearly \$450,000, up more than \$158,000, or 50% since 2015 and the average existing home price in the district is up 41% or more than \$72,000 in the past seven years. District enrollment is expected to continue to grow with an average of over 220 new students annually or just over 1% annually.

Long-Term Financial Planning

The District prepares five-year projections twice a year with input from leadership and the Board of Education. In preparing the five-year forecast the District utilizes estimates based on trends for enrollment and attendance, changes in assessed valuation, tax rates, salaries, benefits and impacts of inflation.

Additionally, the District maintains a ten-year facilities plan to ensure equity amongst all District facilities. The plan includes community, staff, leadership and Board of Education input on everything from sustainability to classroom set up and furniture. The plan also takes into consideration annual facilities and grounds maintenance and upkeep. In conjunction with the long-term facilities plan is the plan of finance for bonding needs to service the plan including available capacity based on assessed valuation, debt service tax rate constraints and principal payoff timelines.

Governmental Accounting Standards Board (GASB) 75

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASS 75) effective for reporting period beginning after June 15, 2017. The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (OPEB). The statement

is intended to provide useful information and to create additional transparency. It requires that most changes in the OPEB liability be reported in OPEB expense in the period of the change. Changes that are not included in OPEB expense are required to be report as deferred outflows of resources or deferred in flows of resources. The change in the assumptions for OPEB is recorded as a deferred inflow of resources in the government-wide financial statements as required.

Governmental Accounting Standards Board (GASB) 68, as amended by GASB 71

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) effective for reporting periods beginning after June 15, 2014. The statement is intended to improve financial reporting by state and local government for pensions. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures and identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to the period of employee service. This statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan such as the Missouri School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS). The District reports its proportionate share of the PSRS and PEERS liabilities in the financial statements as required.

While the Board of Education has not adopted formal policies regarding GASB 68 and 71, these financial statements fully comply with the Statements.

Budget Development

Developing the annual budget for the District involves all stakeholders within the community. Input is given from the Board of Education, district administration, building administration, school staff and the general public. The process is separated into four segments: planning, preparations, adoption, and implementation. There are two objectives driving the budget process. First, the goal of the District is to provide each student with a quality education. Second, the District focuses its resources in the most efficient and effective way to support the first objective. The annual budget creates a detailed analysis of the District's revenues and expenditures and allows the administration to focus its financial resources in a manner that best supports student learning.

The planning process begins in the fall of the prior school year. A calendar is developed to outline the main activities and deadlines during the budget process. The calendar is used to gauge the district's progress toward adopting a budget for the next fiscal year.

Preparation of the annual budget begins in early January as the district administration holds an initial meeting with the budget administrators within the District. A User's Guide with budget parameters is distributed with completion information, and direction is given on any updated information on the budget collection system. The District created a worksheet that assists in the budget collection system. It allows the district administration detailed information on budget requests and allows the users to provide needs assessments on all proposed budget items. In late February / March, the district administration meets with each budget administrator on their proposed budgets, clarifying any questions concerning items entered into the worksheet. Staffing levels are also reviewed and Board approval is requested. These two steps assist in finalizing the preliminary budget.

The preliminary budget parameters are developed by the Board of Education during their workshop in January. The Board reviews the budget and workshops are held to clarify any questions concerning the

budget. The Board may request modifications of the preliminary budget during these meetings or at any time prior to adopting the budget. Final adoption occurs by June 30th.

Upon approval of the budget, the Financial Department uploads the new budget into the financial software system and the budget is available to use during the next fiscal year. The budget is also posted on the district's website in an effort to provide transparency and education to the budget process.

The capital projects planning process begins with the building administrators and their assessment of the building needs. Administrators and staff are surveyed periodically as to the condition of the site, building envelope, interior, mechanical systems, electrical systems, fire and safety systems, equipment, and ADA compliance requirements relevant to their respective building. In addition, work requests can be submitted by building principals to Human Resources.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BOARD OF EDUCATION *

Dr. Daniel Wartick, President	Ms. Jan Kauk, Vice President
Ms. Jane Rinehart, Treasurer	Dr. Terrence Ward, Member
Ms. Karee Gleason-Miller, Member	Mr. Paul Harrell, Member
Ms. Laura Wagner, Member	Ms. Peggy Cole, Board Secretary

ADMINISTRATIVE LEADERSHIP TEAM *

Dr. Daniel N. Clemens
Superintendent of Schools

Dr. Rochel L. Daniels
Chief of Staff

Dr. Chad G. Evans
Assistant Superintendent – Operations

Dr. Chad C. Sutton
Deputy Superintendent – Academic Services

Dr. Eric L. Johnson
Assistant Superintendent – Compliance and
Support Services

Mr. Matthew L. Fritz, MBA, SFO
Chief Financial Officer

Dr. Todd B. Schuetz
Assistant Superintendent – Human Resources

Dr. Janelle Porter
Executive Director – Student and Community
Services

Ms. Tamara S. Henderson
Executive Director – Community Relations and
Legislative Affairs

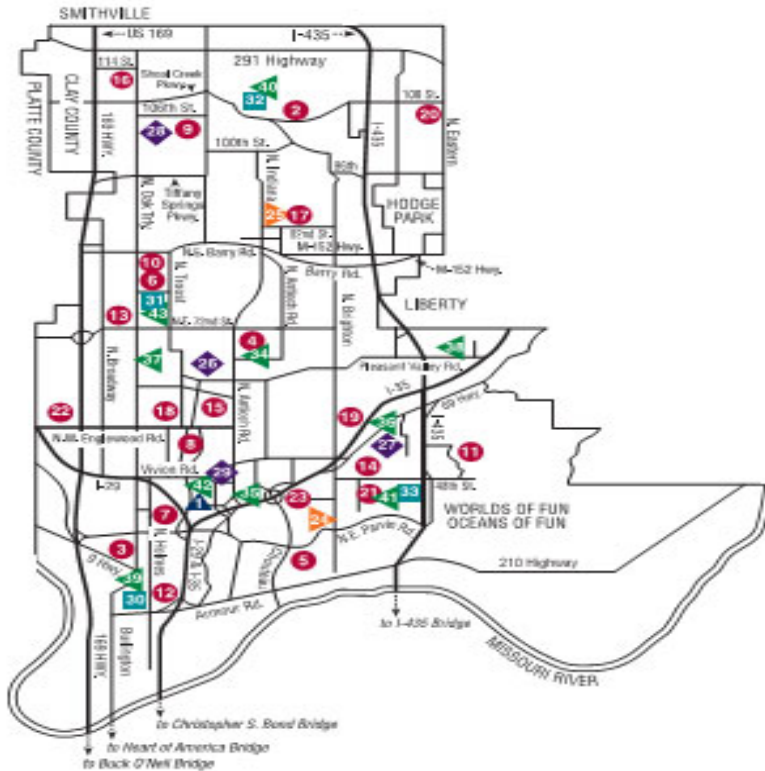
Mr. Steven J. Book
School District General Counsel

Vacant
Assistant Superintendent – Organizational
Development

* As of June 30, 2023



North Kansas City Schools LOCATIONS



▲ ADMINISTRATIVE CAMPUS

- 1 **Thomas P. Cummings Administrative Center**
2000 N.E. 46th St.
(816) 321-5000
- R. B. Doolin Center for Educational Development**
1900 N.E. 46th St.
- Career & Technical Education Center**
1950 N.E. 46th St.

● ELEMENTARY SCHOOLS

- 2 **Bell Prairie**
3000 N.E. 108th St.
(816) 321-5020
- 3 **Briarcliff**
4100 N. Briarcliff Rd.
(816) 321-5030
- 4 **Chapel Hill**
3220 N.E. 67th Terr.
(816) 321-5040

- 5 **Chouteau**
3701 N. Jackson Ave.
(816) 321-5050
- 6 **Clardy**
8100 N. Troost Ave.
(816) 321-5060
- 7 **Crestview**
4327 N. Holmes St.
(816) 321-5070
- 8 **Davidson**
5100 N. Highland Ave.
(816) 321-5080
- 9 **Fox Hill**
545 N.E. 106th St.
(816) 321-5090
- 10 **Gashland**
500 N.E. 83rd St.
(816) 321-5100
- 11 **Gracemor**
5125 N. Sycamore Ave.
(816) 321-5110
- 12 **Lakewood**
2601 Howell St.
(816) 321-5120

- 13 **Linden West**
7333 N. Wyandotte St.
(816) 321-5130
- 14 **Maplewood**
6400 N.E. 52nd St.
(816) 321-5140
- 15 **Meadowbrook**
6301 N. Michigan Ave.
(816) 321-5150
- 16 **Nashua**
221 N.E. 114th St.
(816) 321-5160
- 17 **Northview**
3900 N.E. 92nd St.
(816) 321-5170
- 18 **Oakwood Manor**
5900 N. Flora Ave.
(816) 321-5180
- 19 **Ravenwood**
5020 N.E. 58th St.
(816) 321-5190
- 20 **Rising Hill**
7301 N.E. 108th St.
(816) 321-5370
- 21 **Topping**
4433 N. Topping Ave.
(816) 321-5200
- 22 **West Englewood**
1506 N.W. Englewood Rd.
(816) 321-5210
- 23 **Winnwood**
4531 N.E. 44th Terr.
(816) 321-5220

▶ SIXTH-GRADE CENTERS

- 24 **Eastgate**
4700 N.E. Parvin Rd.
(816) 321-5270
- 25 **Gateway**
9201 N. Indiana Ave.
(816) 321-5360

◆ MIDDLE SCHOOLS

- 26 **Antioch**
2100 N.E. 65th St.
(816) 321-5260
- 27 **Maple Park**
5300 N. Bennington Ave.
(816) 321-5280
- 28 **New Mark**
515 N.E. 106th St.
(816) 321-5290
- 29 **Northgate**
2117 N.E. 48th St.
(816) 321-5300

■ HIGH SCHOOLS

- 30 **North Kansas City**
620 E. 23rd Ave.
(816) 321-5310
- 31 **Oak Park**
825 N.E. 79th Terr.
(816) 321-5320
- 32 **Staley**
2800 N.E. Shoal Creek Pkwy.
(816) 321-5330
- 33 **Winnetonka**
5815 N.E. 48th St.
(816) 321-5340

◀ OTHER FACILITIES

- Adult Basic Education**
6449 N. Prospect Ave.
(816) 321-5011
- Early Education Center**
6479 N. Prospect Ave.
(816) 321-5250
- Professional Development Center**
6465 N. Prospect Ave.
- Technology Center**
6469 N. Prospect Ave.
(816) 321-4357
- 34 **Golden Oaks Education Center**
3100 N.E. 46th St.
(816) 321-5230
- 35 **Joseph G. Jacobs III Education Center**
5700 N. Eugene Field Rd.
(816) 321-5240
- 36 **Northland Innovation Center (Gifted Program)**
6889 N. Oak Tfwy.
(816) 321-5646
- 37 **Pleasant Valley Special Education Administration Center**
6800 Sobbie Rd.
(816) 321-5390
- 38 **District Football Stadium**
620 E. 23rd Ave.
(North of North Kansas City High School)
- 39 **District Activities Complex Administration Center**
2800 N.E. Shoal Creek Pkwy.
(East of Staley High School)
- 40 **Griffin Stadium**
5815 N.E. 48th St.
(West of Winnetonka High School)
- 41 **Northgate Soccer Stadium**
2117 N.E. 48th St.
(South of Northgate Middle School)
- 42 **Oak Park Activities Complex**
825 N.E. 79th Terr.
(South of Oak Park High School)



NORTH
KANSAS CITY
SCHOOLS
1911-1915

2000 NE 46th Street
Kansas City, MO 64116
(816) 321-5000
(816) 321-5001 fax

North Kansas City Schools does not discriminate on the basis of race, color, national origin, age, sex, marital status, religion, disability or handicap.

Equal Opportunity Employer





Independent Auditor's Report

RSM US LLP

Board of Education
North Kansas City School District No. 74

Opinions

We have audited the financial statements of the governmental activities and each major fund of the North Kansas City School District No. 74 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 North Kansas City School District No. 74, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and OPEB related information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 District's basic financial statements. The budgetary comparison schedules, schedule of bonded indebtedness, schedule of revenues collected by source, and schedule of expenditures paid by object are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, schedule of bonded indebtedness, schedule of revenues collected by source, and schedule of expenditures paid by object are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Kansas City, Missouri
December 6, 2023

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)

Management's discussion and analysis (MD&A) of the North Kansas City School District No. 74's (the "district") financial performance provides a narrative overview of financial activities by the management of the District for the fiscal year. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the letter of transmittal, the financial statements, notes to the basic financial statements, and other supplementary information to enhance their understanding of the District's financial performance.

Financial Highlights

- The total assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the end of the 2023 fiscal year by \$86,795,847 (net position).
- The District's total net position increased by \$18,516,466. This increase resulted from increases in Unrestricted Net Position and Net Investment in Capital Assets and a decrease in Restricted Net Position.
- The governmental funds reported a combined ending fund balance of \$240,197,652, an increase of \$99,548,977 from the prior year. Of this amount, \$54,915,684 is available for spending at the District's discretion (unassigned fund balance).
- The combined fund balance for the General Fund and Teachers Fund is \$66,552,061, or 22.36% of the current year expenditures of these funds.
- The total long-term liabilities of the District increased \$276,432,951 during the year primarily due to the issuance of new bonds, partially offset by principal payments made during the year, and an increase in net pension obligation.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the district's basic financial statements. The district's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the district's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 14-16 of this report.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The district has only governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general (incidental) fund, the special revenue (teachers) fund, the debt service fund, and the capital projects (building) fund.

The district adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all of the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17, 18, 20 and 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23- 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the district's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 62-67.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the end of the most recently completed fiscal year, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by over \$86.8 million. Of that amount, 163.9% represents the District's net investment in capital assets (land, buildings, equipment, etc.), 48.3% represents amounts that are subject to external

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

restrictions on how they can be used (debt service, capital projects, teachers' salaries and benefits, etc.), and negative 112.2%, approximately \$(97.4) million, is available to fund the ongoing operations of the District.

The District's current assets exceed current liabilities in the current year, indicating an ability to meet immediate financial needs. However, the long-term perspective shown in the government-wide statements has changed in recent years due to the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, and GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The district's other post-employment benefit liability increased approximately \$1.4 million. Long-term debt obligations of the District increased approximately \$126.5 million during the year. The resulting increase is due to the issuance of \$140 million in bonds during the year, partially offset by principal payments made on previously issued general obligation bonds. In addition, net pension liability increased \$161.1 million in the current year due to differences between projected and actual earnings on pension plan investments and changes of assumptions. The District continues to be able to meet its obligations under long-term debt while also maintaining a reasonable balance of approximately \$37.5 million in net position restricted for debt service.

Table 1 provides condensed information regarding the District's assets, liabilities, deferred outflows and inflows, and net position. As indicated previously, changes in net position can serve as an indicator that the District's financial situation is improving or deteriorating.

	2023	2022	Change
Current and Other Assets	\$ 291.7	\$ 182.6	\$ 109.1
Capital Assets	550.1	518.0	32.1
Total Assets	<u>841.8</u>	<u>700.6</u>	<u>141.2</u>
Deferred Outflows of Resources	<u>85.9</u>	<u>103.1</u>	<u>(17.2)</u>
Current Liabilities	56.3	41.8	14.4
Noncurrent Liabilities	<u>771.7</u>	<u>498.2</u>	<u>273.4</u>
Total Liabilities	<u>828.0</u>	<u>540.0</u>	<u>287.8</u>
Deferred Inflows of Resources	<u>13.0</u>	<u>195.3</u>	<u>(182.3)</u>
Net Investment in Capital Assets	142.3	131.8	10.5
Restricted	41.9	72.8	(24.7)
Unrestricted	<u>(97.5)</u>	<u>(136.3)</u>	<u>32.8</u>
Total Net Position	<u>\$ 86.7</u>	<u>\$ 68.3</u>	<u>\$ 18.6</u>

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The District's total net position increased by \$18.6 million. Total assets increased by \$141.2 million primarily due to an increase in capital assets and cash and investments on hand. The increase in cash and investments was driven primarily by the unspent bond proceeds. Deferred outflows of resources decreased by \$17.2 million primarily due to changes between projected and actual earnings on pension plan investments. Liabilities increased by \$287.8 million primarily due to the issuance of new bonds and an increase in net pension obligation. Net pension liability increased by \$161.1 million. Deferred inflows of resources decreased by \$182.3 million.

Table 2 provides a summary of the changes in net position for the year ended June 30, 2023.

	<u>Year Ended June 30,</u>		<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
	<u>2023</u>	<u>2022</u>		
Program Revenues				
Charges for Services	\$ 11.6	\$ 8.2	\$ 3.4	41.5%
Operating/Capital Grants and Contributions	49.9	51.8	(1.9)	(3.7%)
Total of Charges, Operating Grant and Contributions	<u>61.5</u>	<u>60.0</u>	<u>1.5</u>	<u>2.5%</u>
General Revenues:				
Property Taxes	169.7	155.5	14.2	9.1%
Non-restricted Intergovernmental	116.5	114.8	1.7	1.5%
Interest and Investment Earnings	8.1	1.9	6.2	326.3%
Other Miscellaneous Local	6.1	5.4	0.7	13.0%
Total General Revenues	<u>300.4</u>	<u>277.6</u>	<u>22.8</u>	<u>8.2%</u>
Total Revenues	<u>361.9</u>	<u>337.6</u>	<u>24.3</u>	<u>7.2%</u>
Program Expenses				
Instruction	164.9	136.4	28.5	20.9%
Student Services	14.3	12.1	2.2	18.2%
Instructional Staff Support	21.5	19.5	2.0	10.3%
Board/Executive and Tech Administration	5.4	6.7	(1.3)	(19.4%)
Building Administration	17.7	14.5	3.2	22.1%
General Administration/Central Services	7.6	7.9	(0.3)	(3.8%)
Operation of Plant	36.5	26.4	10.1	38.3%
Transportation	24.5	20.6	3.9	18.9%
Food Service	13.8	11.5	2.3	20.0%
Community Services	7.4	5.7	1.7	29.8%
Facility Acquisition and Construction	4.4	6.1	(1.7)	(27.9%)
Interest and Fiscal Charges	25.3	26.6	(1.3)	(4.9%)
Total Expenses	<u>343.3</u>	<u>294.0</u>	<u>49.3</u>	<u>16.8%</u>
Increase in Net Position	<u>\$ 18.6</u>	<u>\$ 43.6</u>	<u>\$ (25.0)</u>	<u>(57.3%)</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)

Program Specific revenues offset costs associated with operations and are made up of charges for services and grants and contributions. Program Specific revenues increased \$1.5 million, or 2.5%, to \$61.5 million. Some elements of this change are:

- Charges for services revenues increased \$3.4 million or 41.5%, to \$11.6 million. This increase was caused by a \$3.8 million increase in Food Service revenues and a \$0.6 million increase in instruction revenues partially offset by and a \$1.0 million decrease in Community Services revenues.
- Operating and capital grants decreased by \$1.9 million, or 3.7% to \$49.9 million. This decrease was caused by a \$7.5 million decrease in capital grants and a \$5.6 million dollar increase in operating grants. The decrease in capital grants is related to a \$9.1 Emergency Communication Grant received during the prior fiscal year. The increase in operating grants was driven primarily by an increase in Transportation funding received during the year.

General revenues increased \$22.8 million, or 8.2%, to \$300.4 million. Some elements of this change are:

- The largest source of general revenue for the School District continues to be locally assessed property taxes. In fiscal year 2023, the District's assessed valuation increased \$151.7 million or 5.4% to \$2,955 million at December 31, 2022 from \$2,803 million at December 31, 2021. Total property tax revenue received amounted to \$169.6 million for the fiscal year ended June 30, 2023. Property taxes collected, exclusive of all other taxes collected, were \$14.1 million, or 9.16%, 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 \$74.2 million from these sources. This represents a \$0.3 million or 0.4% increase from the prior year.
- Prop C sales taxes are collected and distributed by the State Department of Revenue. These taxes accounted for \$27.4 million in revenue. This represents a \$1.5 million or 5.9% 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 \$14.9 million in general revenues, a decrease of \$0.1 million from the prior year.

Expenses for governmental activities increased by \$49.3 million. This increase was driven by an increase in instruction, student services, instructional staff support, building administration, operation of plant, transportation, food service and community services, partially offset by decreases in facility acquisition and construction. Some elements of this change are:

- Facility acquisition and construction expenses decreased by \$1.7 million, or 27.9%, to \$4.4 million. Primarily this change was caused by an increase in repair and maintenance items not capitalized.
- Instruction expenses increased by \$28.5 million, or 20.9%, to \$164.9 million. Primarily this change was caused by financed purchased lease loss on disposal as well as changes in pension and OPEB amounts.
- Instructional staff support expenses increased by \$2.0 million, or 10.0%, to \$21.5 million. This change was driven primarily by changes in pension and OPEB amounts.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)

- Building administration expenses increased \$3.2 million, or 22.1%, to 17.7 million. This change was driven primarily by increases in salary and benefit expenses.
- General administration and central services expenses decreased \$0.2 million, or 3.0%, to \$7.6 million. This change was driven primarily by increases in salary and benefit expenses.
- Operation of plant expenses increased \$10.1 million, or 38.2%, to \$36.5 million. This change was driven primarily by increases in salary and benefit expenses, increases in contractual services expenses and increases in supply expenses.

Financial Analysis of the District's Funds

The District completed the year with a total governmental fund balance of \$240.2 million. This is an increase of \$99.5 million from the previous year. This increase was caused primarily by the issuance of bonds during the year.

The District refers to the combined balance of the General Fund and Teachers Fund as its "operating funds balance." The operating fund balance increased by \$7.2 million. This increase was caused by the fact that actual revenues exceeded budgeted revenues.

The fund balance of the Debt Service Fund decreased by \$2.2 million. The decrease in the Debt Service Fund balance was caused by current year debt service payments exceeding current year revenue.

The fund balance of the Capital Projects Fund increased \$94.5 million. This increase in the Capital Projects Fund balance was caused the deposit of bond proceeds.

General Fund Budgetary Highlights

Actual revenues in the General Fund were \$13,949,675 more than budgeted. Local revenues exceeded the amount budgeted by \$4,476,226, as delinquent tax collections and investment revenues exceeded estimates. County revenue exceeded the amount budgeted by \$61,971 as property taxes on state-assessed utilities exceeded estimates. State revenues exceeded the amount budgeted by \$3,474,496 primarily due to increased transportation reimbursements. Federal revenues exceeded the amount budgeted by \$6,394,548 primarily due to food service reimbursements and Title I reimbursements exceeding estimates.

Actual expenditures were \$6,620,109 less than budgeted. Most of this difference was caused by salary and benefit expenditures falling short of estimates by \$1,712,865 and \$1,534,426, respectively, as vacant positions that were budgeted for but not filled. In addition, purchased service expenditures fell short of estimates by \$2,830,121.

Capital Assets

As of June 30, 2023, the District had \$550.1 million, net of accumulated depreciation, invested in land, buildings, building improvements, furniture and equipment in Governmental Activities. This also includes construction in progress of \$166.2 million.

The District added a total of \$59.3 million to construction in progress during the year. This amount consisted of amounts related to construction of new buildings and construction of improvements at other buildings. Some of the buildings involved were Davidson Elementary School, Maplewood Elementary School, Nashua Elementary School, Chapel Hill Elementary School, and construction of a new IT Center, Professional Development space and a new Adult Education space at Prospect Plaza.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 3 summarizes the District's net capital assets for the years ended June 30, 2023 and 2022.

	June 30,		\$ Increase/	% Increase/
	2023	2022		
Land	\$ 11.5	\$ 11.5	\$ -	-
Construction in Progress (CIP)	97.0	107.0	(10.0)	(9.3%)
Buildings and Improvements	404.6	350.4	54.2	15.5%
Furniture and Equipment	16.6	25.6	(9.0)	(35.1%)
Vehicles	6.0	8.6	(2.5)	(29.5%)
Leased Building	13.5	14.5	(1.0)	(7.2%)
Leased Equipment	0.9	0.5	0.4	83.2%
Totals	<u>\$ 550.1</u>	<u>\$ 518.0</u>	<u>\$ 32.1</u>	6.2%

Debt Administration

On June 30, 2023, the School District had \$445.9 million in general obligation bonds outstanding, due in varying interest rate charges through the year 2042. These bonds were issued for the purpose of capital improvements, building additions, and technology system advancements.

Table 4 summarized the District's general obligation bonds outstanding at June 30, 2023 and 2022.

	June 30,	
	2023	2022
Series 2022	\$ 140.0	\$ -
Series 2021	57.5	59.0
Series 2020	90.2	91.8
Series 2017	122.9	133.1
Series 2015	27.9	33.8
Series 2013	7.4	10.9
Series 2012	-	1.6
Total	<u>\$ 445.9</u>	<u>\$ 330.3</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)

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. As of June 30, 2023, the School District's overall legal debt margin was \$480.5 million, of which \$445.9 million has been issued, offset by a debt service fund balance of \$35.9 million, leaving the un-voted debt margin at \$70.5 million.

In October 2022 the District held a voter and Board of Education approved competitive sale to issue \$140 million of new GO Bonds. The result of the competitive sale yielded a true interest cost of 4.22% 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, 2027, through March 1, 2042, Coupons ranging from 4.75% to 6.0%, an average life of approximately 15.1 years, and a weighted average price of \$110.01.

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.

Both the Series 2021 and 2022 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.

As of June 30, 2023, the outstanding balance for the School District on Financed Purchase Obligations is \$15 million in principal and \$1.0 million in interest for a total of \$16 million.

(millions)

	Total Principal and Interest as of June 30,		\$ Increase/ (Decrease)	% Increase/ (Decrease)
	2023	2022		
Apple, Inc. - MacBooks	\$ 5.6	\$ 13.0	\$ (7.4)	(57.0%)
Bus and Infrastructure Leases	6.7	9.7	(2.9)	(30.4%)
Navitas Phase IV	3.7	4.1	(0.4)	(10.0%)
Custodial Equipment	0.0	0.1	(0.1)	100.0%
	<u>\$ 16.0</u>	<u>\$ 26.8</u>	<u>\$ (10.8)</u>	<u>(40.4%)</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

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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 \$217.5 million, an increase of \$161.1 million dollars. Additionally, the School District recorded deferred outflows related to the pension plan of \$83.0 million and deferred inflows related to pension plans of \$9.7 million. See Notes to Financial Statements for additional details.

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 2023, the School District recognized a \$1.4 million increase in OPEB liability consisting of increases in service cost of \$1.0 million, interest on total OPEB liability of \$0.8 million, and effects of assumption changes of \$0.6 million, offset by benefit payments of \$1.0 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 an increase in local property values and corresponding tax revenues. Our 2022 local assessed property valuation has increased an average of 5% over the past 10 years. The 2022 assessment figures are based on reassessments as of January 1, 2022.

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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Contacting the District's Financial Management Team

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.

North Kansas City School District No. 74

Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 64,180,775
Cash and cash equivalents—restricted	32,083,490
Investments	39,850,045
Investments—restricted	122,137,253
Receivables:	
Taxes	631,715
Other local, net of allowance for uncollectible of \$9,425	889,572
State	7,595,202
Federal	4,959,222
Inventory	780,629
Prepaid expenses	1,218,829
Escrowed cash with fiscal agents	17,362,666
Capital assets:	
Nondepreciable	108,443,068
Depreciable, net of accumulated depreciation	441,694,083
Total assets	<u>841,826,549</u>
Deferred Outflows of Resources	
Deferred amounts related to pension plans	82,987,885
Deferred amounts related to OPEB liability	2,927,394
Total deferred outflows of resources	<u>\$ 85,915,279</u>

	Governmental Activities
Liabilities	
Accounts payable	\$ 14,378,916
Payroll withholdings	20,734,945
Accrued wages	14,944,102
Unearned revenue	32,820
Accrued interest payable	6,164,960
Long-term liabilities:	
Due within one year	38,082,832
Due in more than one year	733,590,118
Total liabilities	<u>827,928,693</u>
Deferred Inflows of Resources	
Deferred amounts related to pension plans	9,699,369
Deferred amounts related to OPEB liability	3,317,919
Total deferred inflows of resources	<u>13,017,288</u>
Net Position	
Net investment in capital assets	142,299,740
Restricted net position	41,882,910
Unrestricted	(97,386,803)
Total net position	<u>\$ 86,795,847</u>

See notes to basic financial statements.

North Kansas City School District No. 74

**Statement of Activities
Year Ended June 30, 2023**

Functions/Programs:	Expenses	Program Revenue			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Total Governmental Activities
Governmental Activities					
Instruction	\$ 175,305,051	\$ 2,412,092	\$ 27,626,553	\$ 1,720,258	\$ (143,546,148)
Student services	14,347,776	-	-	-	(14,347,776)
Instructional staff support	21,455,692	-	-	-	(21,455,692)
Business support/central services	7,714,599	-	-	-	(7,714,599)
Board and executive admin	5,441,642	-	-	-	(5,441,642)
Building level administration	17,687,168	-	-	-	(17,687,168)
Operation/maintenance of plant	37,413,113	-	-	-	(37,413,113)
Transportation	24,512,036	586,906	10,157,701	-	(13,767,429)
Food services	13,757,289	4,980,892	9,181,653	-	405,256
Community services	7,383,885	3,578,989	1,227,090	-	(2,577,806)
Facilities	4,394,339	-	-	-	(4,394,339)
Interest and charges	13,938,885	-	-	-	(13,938,885)
Total governmental activities	\$ 343,351,475	\$ 11,558,879	\$ 48,192,997	\$ 1,720,258	(281,879,341)
General revenues:					
Ad Valorem property taxes					169,642,668
Sales tax (Proposition C)					27,429,379
Other local taxes					9,977,501
County taxes and fines collected					4,963,727
State aid—basic formula and classroom trust					74,191,381
Interest and investment earnings					8,140,040
Miscellaneous other					6,051,111
Subtotal—general revenues					300,395,807
Excess of revenues over expenses					18,516,466
Change in net position					18,516,466
Net position, beginning of year					68,279,381
Net position, end of year					\$ 86,795,847

See notes to basic financial statements.

North Kansas City School District No. 74

Balance Sheet—Governmental Funds
June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers) Fund
Assets		
Cash and cash equivalents	\$ 41,646,535	\$ 9,453,685
Cash and cash equivalents—restricted	-	-
Investments	39,850,045	-
Investments—restricted	-	-
Receivables:		
Taxes	267,502	223,802
Other local	303,292	-
State	5,278,173	2,314,764
Federal	3,995,025	294,431
Inventory	628,310	-
Prepaid expenses	416,882	-
Escrowed cash with fiscal agent	-	-
	<hr/>	<hr/>
Total assets	\$ 92,385,764	\$ 12,286,682
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 2,259,612	\$ 148,906
Payroll withholdings	20,734,945	-
Accrued wages	2,806,326	12,137,776
Unearned revenue	32,820	-
Total liabilities	25,833,703	12,286,682
Fund balances:		
Nonspendable	1,045,192	-
Restricted	10,591,185	-
Assigned	-	-
Unassigned	54,915,684	-
Total fund balances	66,552,061	-
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 92,385,764	\$ 12,286,682

See notes to basic financial statements.

Debt Service Fund	Capital Projects (Building) Fund	Totals
\$ 74,050	\$ 13,006,505	\$ 64,180,775
19,830,453	12,253,037	32,083,490
-	-	39,850,045
-	122,137,253	122,137,253
126,132	14,279	631,715
272,115	-	575,407
-	2,265	7,595,202
-	669,766	4,959,222
-	-	628,310
-	-	416,882
17,230,134	-	17,230,134
<u>\$ 37,532,884</u>	<u>\$ 148,083,105</u>	<u>\$ 290,288,435</u>

\$ -	\$ 11,970,398	\$ 14,378,916
-	-	20,734,945
-	-	14,944,102
-	-	32,820
-	11,970,398	50,090,783

-	-	1,045,192
37,532,884	124,334,082	172,458,151
-	11,778,625	11,778,625
-	-	54,915,684
<u>37,532,884</u>	<u>136,112,707</u>	<u>240,197,652</u>
<u>\$ 37,532,884</u>	<u>\$ 148,083,105</u>	<u>\$ 290,288,435</u>

North Kansas City School District No. 74

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
Year Ended June 30, 2023**

Total fund balances governmental funds	\$ 240,197,652
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$762,621,790 and the accumulated depreciation is \$226,879,302.	535,742,488
Intangible right-of-use assets related to lease agreement obligations are included in governmental activities capitalized and amortized over the life of the lease and are not reported in the funds. The cost is \$22,040,106 and the accumulated depreciation is \$7,645,443.	14,394,663
Certain assets are included in governmental activities in the statement of net position:	
Noncash donated inventory of food commodities	152,319
Advance use of short-term medical leave, net of allowance	314,165
Prepaid insurance premiums	801,947
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)	82,987,885
Deferred outflows for OPEB liability	2,927,394
Deferred inflows for pension liability (PSRS and PEERS)	(9,699,369)
Deferred inflows for OPEB liability	(3,317,919)
The assets and liabilities related to the financed purchases from both lease agreements and Certificates of Participation (COPs) are included in the governmental activities and are not reported in the governmental funds.	
Escrowed cash with fiscal agent for energy project	132,532
Issuance premiums, net of accumulated amortization	(266,120)
Financed purchases—certificates of participation obligation	(13,860,000)
Financed purchases agreement obligation	(15,003,342)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities are reported on the government-wide statement of net position. Bond premiums are reported in the governmental funds financial statements when the debt is issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements. Balances as of June 30, 2023:	
Accrued interest on long-term debt	(6,164,960)
Net OPEB obligation for retiree medical insurance	(23,354,082)
Compensated absences for vacation and comp time	(1,713,111)
Lease payable	(16,050,618)
Bond issuance premiums, net of accumulated amortization	(38,030,249)
Bonds payable obligations	(445,860,000)
Net pension obligation liability for PSRS and PEERS	(217,535,428)
Total net position of governmental activities	\$ 86,795,847

See notes to basic financial statements.

North Kansas City School District No. 74

Statement of Revenues, Expenditures and Change in Fund Balances—Governmental Funds
Year Ended June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers) Fund
Revenues:		
Local	\$ 102,175,901	\$ 87,462,647
County	1,863,191	2,026,597
State	37,233,014	58,197,497
Federal	18,917,866	8,036,001
Other	940,434	-
Total revenues	161,130,406	155,722,742
Expenditures:		
Current:		
Instruction	26,131,074	132,385,778
Student services	9,978,368	4,430,635
Instructional staff support	10,668,184	9,557,541
Business support and central services	6,511,086	1,203,578
Board and executive administration	3,945,163	1,301,705
Building level administration	7,106,127	10,753,793
Operation and maintenance of plant	30,087,900	-
Transportation	22,012,170	-
Food services	13,020,039	-
Adult and community services	5,641,877	1,774,300
Facilities acquisition and construction	-	-
Debt service:		
Principal	917,116	-
Interest and charges	270,884	-
Total expenditures	136,289,988	161,407,330
Excess (deficiency) of revenues over expenditures	24,840,418	(5,684,588)
Other financing sources (uses):		
Issuance of debt	-	-
Premium on issuance of debt	-	-
Sale of School District property	-	-
Issuance of financing leases	-	-
Transfers in	-	5,684,588
Transfers (out)	(17,652,647)	-
Total other financing sources (uses)	(17,652,647)	5,684,588
Net change in fund balances	7,187,771	-
Fund balances, beginning of year	59,364,290	-
Fund balances, end of year	\$ 66,552,061	\$ -

See notes to basic financial statements.

Debt Service Fund	Capital Projects (Building) Fund	Totals Governmental Funds
\$ 35,040,784	\$ 7,179,812	\$ 231,859,144
972,470	101,469	4,963,727
-	29,465	95,459,976
-	1,690,793	28,644,660
-	-	940,434
<u>36,013,254</u>	<u>9,001,539</u>	<u>361,867,941</u>
-	191,112	158,707,964
-	7,686	14,416,689
-	1,223,143	21,448,868
-	98,895	7,813,559
-	-	5,246,868
-	-	17,859,920
-	7,716,741	37,804,641
-	8,637	22,020,807
-	71,277	13,091,316
-	-	7,416,177
-	62,372,350	62,372,350
24,395,000	12,332,412	37,644,528
13,791,854	848,347	14,911,085
<u>38,186,854</u>	<u>84,870,600</u>	<u>420,754,772</u>
<u>(2,173,600)</u>	<u>(75,869,061)</u>	<u>(58,886,831)</u>
-	140,000,000	140,000,000
-	14,012,014	14,012,014
-	4,059,912	4,059,912
-	363,882	363,882
-	11,968,059	17,652,647
-	-	(17,652,647)
-	<u>170,403,867</u>	<u>158,435,808</u>
(2,173,600)	94,534,806	99,548,977
<u>39,706,484</u>	<u>41,577,901</u>	<u>140,648,675</u>
<u>\$ 37,532,884</u>	<u>\$ 136,112,707</u>	<u>\$ 240,197,652</u>

North Kansas City School District No. 74

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances—
Governmental Funds
Year Ended June 30, 2023**

Net change in fund balances—total governmental funds	\$	99,548,977
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, those assets are capitalized and cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay additions exceeded depreciation in current year.</p>		
Capital outlay additions	60,545,083	
Depreciation expense	(20,904,989)	
Net book value of disposed capital assets	<u>(7,499,398)</u>	32,140,696
Noncash donated inventory of food commodities are not recorded in the funds and are inventoried in the activities. This amount represents the change.		(23,283)
Some revenues in the statement of activities (net of allowance for uncollectible amounts) that do not provide current financial resources are not reported as revenues in the fund financial statements.		4,617
Insurance premiums payments covering policy periods after the fiscal year-end are presented as prepaid expenses in the statement of activities. However, these are considered expenditures in the governmental funds.		85,228
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the fund financial statements. These amounts presented represent the change in these liabilities for the current year.		
Retiree medical insurance net OPEB obligation		(781,763)
Accrued compensated absences		(23,974)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities. These amounts are the effect of these differences in the treatment of long-term debt and related items.		
Principal payments	26,025,000	
Accrued interest	(1,923,113)	
Amortization of premiums	3,132,940	
Financed purchase payments	10,344,830	
Financing lease payments	1,037,071	
Bond issuance	(140,000,000)	
Premiums on bond issuances	(14,012,014)	
Financing lease issuances	<u>(363,882)</u>	(115,759,168)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements.		
Pension expense (PSRS/PEERS)		<u>3,325,136</u>
Change in net position of governmental activities		<u><u>\$ 18,516,466</u></u>

See notes to basic financial statements.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies

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 1,711 non-certificated employees, 1,607 certificated, full-time teaching personnel and 159 administrative employees who provide services to 21,394 enrolled students, including 596 pre-K students, as of September 2022 and other community members. The School District currently operates twenty-two elementary schools (grades K-5), six middle schools (grades 6-8), four high schools (grades 9-12) and six other education centers.

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.

Basis of presentation: 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).

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, 2023, all of the School District's activities are classified as governmental type.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

Significant accounting policies:

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.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

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 60 days after the end of the current fiscal period. State Early Childhood Special Education grant revenue (reported within State Revenue) is recognized as revenue with a collection period of up to one year after fiscal year-end. 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.

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.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

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).

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.

Restricted cash and investments: The District holds restricted cash and investments for the purpose of bond and specific lease payments.

Receivables: Receivables result primarily from state and federal funds that were earned but not received as of yearend. The state funds are primarily early childhood special education from DESE. The federal funds are for the various federal grants. There is no allowance carried on these receivables.

Prepaid items: Payments made to vendors for services that will benefit a period beyond June 30, 2023, 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 acquisition 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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

All reported capital assets, except for land and construction in progress, 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.

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

Leases: The District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases when the initial measurement of the lease liability, based on terms of the lease, is \$100,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

Deferred outflows of resources: In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflow of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first deferred outflow item consists of unrecognized items not yet charged to pension expense related to the net pension liability and contributions paid by the City after the measurement date, but before the District's reporting period. The second deferred outflow item consist of unrecognized items not yet charged to OPEB expense.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

Deferred inflows of resources: In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflow of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected in the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The governmental funds report unavailable revenues from sales tax and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has two items that qualify for reporting in this category. The first deferred inflow item consists of unrecognized items not yet charged to pension expense related to the net pension liability. The second deferred inflow item consist of unrecognized items not yet charged to OPEB expense.

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. In the governmental funds, the bond premiums are recognized as other financing sources in the period when the bonds were issued. The amount of the debt issued is recorded as other financing sources. 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 2022-2023 school year contracts paid in July and August 2023 was included in accrued salaries and wages at June 30, 2023. The option to receive the July and August payment in June was not offered to the employee in the current year.

Accrued vacation and compensated absences: 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.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

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

Postemployment 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.

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 or discount 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.

Fund balance reporting: In the governmental fund financial statements, fund balances are reported in the following classifications, which are primarily based on the extent to which a government is bound to observe constraints imposed upon the use of the resources.

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) when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state and federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: Represents amounts designated for a special purpose by a government using its highest level of decision-making authority, which is the Board of Education. The Board would make the commitment and only the Board can remove such a commitment.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

Assigned fund balance: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the Board or a School District official delegated that authority. The Board delegates the authority to either the Assistant Superintendent—Operations or the Superintendent.

Unassigned fund balance: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

	General	Special Revenue (Teachers)	Debt Service	Capital Projects	Total
Nonspendable:					
Inventory	\$ 628,310	\$ -	\$ -	\$ -	\$ 628,310
Prepaid expense	416,882	-	-	-	416,882
Total nonspendable	1,045,192	-	-	-	1,045,192
Restricted:					
Student activity groups	1,749,997	-	-	-	1,749,997
Food service	8,386,573	-	-	-	8,386,573
NCAPs districts	454,615	-	-	-	454,615
Debt service	-	-	37,532,884	-	37,532,884
Bond projects	-	-	-	124,334,082	124,334,082
Total restricted	10,591,185	-	37,532,884	124,334,082	172,458,151
Assigned, capital projects	-	-	-	11,778,625	11,778,625
Unassigned	54,915,684	-	-	-	54,915,684
Total fund balances	\$ 66,552,061	\$ -	\$ 37,532,884	\$ 136,112,707	\$ 240,197,652

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

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. These amounts are reported as local revenues.

Other financing sources: The issuance of bonds in the year of issuance, capital lease at inception of lease, and sale of property.

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. These amounts are reported as local revenues.

Expenditures are classified by their use and recognized at the time they are incurred in according to the accrual basis of accounting.

Interfund activity: Exchange transactions between funds are reported as revenues 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 interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "advances to/from other funds" in the fund financial statements.

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.

Recently issued statements by the Governmental Accounting Standards Board:

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The statement will be effective for the School District at various times between upon issuance and with its year ending June 30, 2025.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The statement will be effective for the School District with its year ending June 30, 2025.

GASB Statement No. 101, *Compensated Absences*, will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the School District with its year ending June 30, 2025.

Management has not determent the impact, if any, these statements will have on the basic financial statements and related disclosures.

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.

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, 2023, all School District funds were covered with FDIC insurance or acceptable collateral.

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 Basic Financial Statements

Note 2. Compliance and Accountability (Continued)

The assessed valuation of the tangible property for calendar year 2022 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 December 31, 2022	Assessment Rate	Estimated Actual Valuation	% of Total Estimated Actual Valuation
Real property:				
Residential	\$ 1,702,231,252	19.00%	\$ 8,959,111,853	70.38%
Agricultural	2,423,913	12.00%	20,199,275	0.16%
Commercial	548,848,870	32.00%	1,715,152,719	13.47%
Total real property	<u>2,253,504,035</u>		<u>10,694,463,847</u>	84.01%
Personal property	678,618,549	33.33% ⁽¹⁾	2,036,059,253	15.99%
Total property	<u><u>\$ 2,932,122,584</u></u>		<u><u>\$ 12,730,523,100</u></u>	100.00%

⁽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 2022 for purposes of local taxation was as follows:

General (incidental) fund	\$ 2.4163
Special revenue (teachers) fund	2.0300
Debt service fund	1.1182
Capital projects fund	0.1300
	<u><u>\$ 5.6945</u></u>

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, 2023, the School District incurred no fund balance deficits in any individual fund.

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, 2023, no budgets had been exceeded.

North Kansas City School District No. 74

Notes to Basic Financial Statements

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.

Deposits and Investments:

Summary of carrying values: A summary of deposits and investments at June 30, 2023, is as follows:

Cash and repurchase agreements	\$ 84,011,229
Cash held by escrow agent	132,532
MOSIP money market	12,253,036
Money market mutual funds held by escrow agent	17,230,134
MOSIP Term series investments pool	28,155,000
U.S. Treasury Bills	39,850,045
U.S. Treasury Notes	83,995,379
U.S. Government Agency Notes	9,986,874
	<u>\$275,614,229</u>

Cash and investments are present in the financial statements at June 30, 2023, as follows:

Cash and cash equivalents	\$ 64,180,775
Cash and cash equivalents—restricted	32,083,490
Restricted with escrow agent	17,362,666
Investments	39,850,045
Investments—restricted	122,137,253
	<u>\$275,614,229</u>

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.

The carrying amounts or fair values and the maturities of the District's investments at June 30, 2023 are as follows:

Investment Type	Carrying Amount or Fair Value		
		Less than 1 Year	1 to 5 Years
MOSIP Money Market	\$ 12,253,036	\$ 12,253,036	\$ -
MOSIP Terms Series Investments Pool	28,155,000	28,155,000	-
U.S. Treasury Notes	83,995,379	37,814,757	46,180,622
U.S. Treasury Bills	39,850,045	39,850,045	-
U.S. Government Agencies	9,986,874	-	9,986,874
Repurchase Agreement	19,830,454	19,830,454	-
	<u>\$ 194,070,788</u>	<u>\$ 137,903,292</u>	<u>\$ 56,167,496</u>

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

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.

Custodial 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, 2023, 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, 2023. The School District also has deposits held by the Missouri Direct Deposit Program and the Missouri Securities Investment Program (MOSIP). These deposits are not classified by credit risk category.

Credit risk: The following table provides information on the credit ratings associated with the School District's investments in debt securities, excluding obligations of the U.S government or obligations explicitly guaranteed by the U.S. government, at June 30, 2023.

	S&P	Moody's	Fair Value
Missouri Direct Deposit Program—			
money market mutual funds	AAAm	Aaa-mf	\$ 17,230,134
MOSIP Liquid Series Investment Pool	AAAm	Unavailable	12,253,036
MOSIP Term Series Investment Pool	AAAf *	Unavailable	28,155,000
U.S. Government Agencies	AA+	Aaa	9,986,874
Repurchase agreements	Aam	Unavailable	19,830,454

* AAAf rating reflects Fitch ratings instead of Standard and Poor's

* AAA/rating reflects Fitch ratings instead of Standard and Poor's

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Fair value measurement and application: The School District categorized its fair value measurements within the fair value hierarchy established by general accepted accounting principles pursuant to GASB Statement No. 72. The School District has the following recurring fair value measurements as of June 30, 2023:

	Level 1	Level 2	Total
Money market mutual funds	\$ -	\$ 17,230,134	\$ 17,230,134
U.S. Treasury Bills	39,850,045	-	39,850,045
U.S. Treasury Notes	83,995,379	-	83,995,379
U.S. Government Agencies	-	9,986,874	9,986,874
	<u>\$ 123,845,424</u>	<u>\$ 27,217,008</u>	<u>\$ 151,062,432</u>

MOSIP Term Series Investment Pool and Commercial Paper are not measured at fair value under GASB Statement No. 72 and 79 but are measured at amortized cost.

Capital assets: The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance June 30, 2022	Increases	Reclass/ Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 11,453,216	\$ -	\$ -	\$ 11,453,216
Construction in progress	106,951,184	59,254,976	(69,216,308)	96,989,852
Total not being depreciated	<u>118,404,400</u>	<u>59,254,976</u>	<u>(69,216,308)</u>	<u>108,443,068</u>
Capital assets being depreciated:				
Land improvements	14,659,850	-	-	14,659,850
Buildings and improvements	497,219,993	-	69,216,308	566,436,301
Furniture and equipment	61,527,049	695,806	12,268,642	49,954,213
Vehicles	23,382,118	89,000	342,760	23,128,358
Right-to-use leased building	20,979,301	-	-	20,979,301
Right-to-use leased equipment	555,504	505,301	-	1,060,805
Total being depreciated:	<u>618,323,815</u>	<u>1,290,107</u>	<u>81,827,710</u>	<u>676,218,828</u>
Less accumulated depreciation	218,731,760	20,904,989	5,112,004	234,524,745
Net capital assets being depreciated	<u>399,592,055</u>	<u>(19,614,882)</u>	<u>76,715,706</u>	<u>441,694,083</u>
Total capital assets	<u>\$ 517,996,455</u>	<u>\$ 39,640,094</u>	<u>\$ 7,499,398</u>	<u>\$ 550,137,151</u>

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Depreciation expense for the year ended June 30, 2023 was charged by function as shown below.

Instruction	\$ 15,685,363
Instructional staff support	193,445
Board and executive admin	224,572
Operation of plant	333,363
Transportation	2,524,989
Food service	666,156
Community service	136
Facility acquisition	1,276,965
	<u>\$ 20,904,989</u>

Long-term liabilities: Long-term liability balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance June 30, 2022	Increases	Decreases	Ending Balance June 30, 2023	Due Within One Year
General obligation bonds payable	\$ 330,255,000	\$ 140,000,000	\$ (24,395,000)	\$ 445,860,000	\$ 25,660,000
Unamortized premium on bonds	27,111,182	14,012,014	(3,092,947)	38,030,249	3,179,321
Finance purchases ¹	25,348,172	-	(10,344,830)	15,003,342	4,691,287
Lease payable	16,723,807	363,882	(1,037,071)	16,050,618	1,104,120
Certificates of participation (COP)	15,490,000	-	(1,630,000)	13,860,000	1,695,000
Unamortized premium on COPs	306,113	-	(39,993)	266,120	39,993
Compensated absences	1,689,137	1,713,111	(1,689,137)	1,713,111	1,713,111
OPEB healthcare plan liability	21,926,673	1,427,409	-	23,354,082	-
Net pension plan liability	56,389,915	161,145,513	-	217,535,428	-
Total long-term liabilities	<u>\$ 495,239,999</u>	<u>\$ 318,661,929</u>	<u>\$ (42,228,978)</u>	<u>\$ 771,672,950</u>	<u>\$ 38,082,832</u>

¹ The finance purchase decreases differs from the government-wide reconciliation as the District has to pay the total future payments on the Apple agreement which was greater than the liability due to implicit interest expense of \$237,627.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Bonds payable at June 30, 2023, consisted of the following:

General obligation refunding bonds, issue of 2012, due in varying annual installments through March 1, 2025, interest at 2.0% to 5.0%	\$ 7,400,000
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%	27,920,000
General obligation refunding bonds, issue of 2016A, due in varying annual installments through March 1, 2028, interest at 2.0% to 5.0%	21,105,000
General obligation building bonds, issue of 2016B, due in varying annual installments through March 1, 2036, interest at 2.0% to 4.0%	101,765,000
General obligation building bonds, issue of 2020, due in varying annual installments through March 1, 2040, interest at 1.625% to 5.0%	90,170,000
General obligation building bonds, issue of 2021, due in varying annual installments through March 1, 2041, interest at 2.0% to 5.0%	57,500,000
General obligation building bonds, issue of 2022, due in varying annual installments through March 1, 2042, interest at 4.75% to 6.00%	140,000,000
Total bonds payable	<u><u>\$445,860,000</u></u>

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, 2023, was \$13,782,786.

Debt service requirements as of June 30, 2023, was as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 25,660,000	\$ 17,415,095	\$ 43,075,095
2025	23,875,000	16,276,094	40,151,094
2026	22,515,000	15,233,095	37,748,095
2027	23,090,000	14,225,494	37,315,494
2028	19,220,000	13,296,095	32,516,095
2029 to 2033	110,405,000	52,690,044	163,095,044
2034 to 2038	118,375,000	33,946,819	152,321,819
2039 to 2042	102,720,000	11,226,797	113,946,797
	<u><u>\$445,860,000</u></u>	<u><u>\$ 174,309,533</u></u>	<u><u>\$ 620,169,533</u></u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of a district. The following calculation reflects the addition of tax increment financing (TIP) assessed valuation, and abated Chapter 135 and Chapter 353 properties.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Assessed valuation as of 12/31/2022	\$ 2,932,122,584
Add: Abated TIF property	198,295,590
Add: Abated Chapter 135 property	44,624,224
Add: Abated Chapter 353 property	27,996,317
Combined assessed valuation	<u>\$ 3,203,038,715</u>
Constitutional debt limit (15% of assessed value)	\$ 480,455,807
General obligation bonds payable	(445,860,000)
Amount available in debt service fund	37,532,884
Total legal debt margin	<u>\$ 72,128,691</u>

Financed purchase 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 finance purchase transactions. The School District signed individual contract agreements with specific funding and repayment schedules for each purchase.

During 2022, the Board of Education approved a capital lease of computer hardware (Schedule No.6) as an addendum to the Master Lease Purchase Agreement to purchase 4,100 Apple iPads and 9,800 Apple MacBook Air 13-inch laptops. The lease agreement includes a discounted purchase price totaling \$14,472,747 of principal and \$234,336 of calculated interest using a stated rate of 2.10402%. A one-time required payment totaling \$9,140,000 was made on June 30, 2022 with calculated principal of \$9,076,595 and interest expense of \$63,405. Commencing June 30, 2023, the agreement requires two annual payments of \$2,783,542 due on June 30th of every year, which includes total interest of \$170,932 and principal of \$5,396,152.

Transportation—buses and infrastructure: On March 10, 2015, the Board of Education approved the Transportation Committee's recommendation and signed a master installment lease agreement with Mercedes-Benz Financial Services (MBPS) effective April 15, 2015 to acquire new buses and facility infrastructure through capital lease transactions. The School District signed individual contract agreements with specific funding and repayment schedules for each purchase. The three capital lease 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 contract with MBPS. 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 CNG infrastructure and building modifications for a term of 10 years through a lease purchase contract with MBPS. 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 MBPS effective June 25, 2020 to acquire new diesel buses through financed purchase transactions.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Effective February 5, 2021, the School District purchased 33 diesel school buses for a term of 8 years through a lease purchase contract with MBPS. 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.

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.C. (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 guaranteed energy and operational savings.

	Annual Energy Savings ⁽¹⁾	Annual Operational Savings ⁽¹⁾
Fiscal year ending June 30:		
2024	\$ 76,991	\$ 75,659
2025	80,070	77,929
2026	83,273	80,267
2027	86,604	82,675
2008	90,068	85,155
2029–2032	397,770	366,945
	<u>\$ 814,776</u>	<u>\$ 768,630</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.

Custodial equipment: 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.

Future minimum payments: The following is a combined schedule of future payments under all financed purchase agreements.

	Principal	Interest	Total Payment
Year ending June 30:			
2024	\$ 4,691,287	\$ 288,046	\$ 4,979,333
2025	4,725,748	245,022	4,970,770
2026	2,046,138	141,379	2,187,517
2027	772,234	94,038	866,272
2008	792,622	73,464	866,086
2029–2032	1,975,313	102,168	2,077,481
	<u>\$ 15,003,342</u>	<u>\$ 944,117</u>	<u>\$ 15,947,459</u>

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Lease payable:

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.K.) 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. The following is a schedule of the future escalation payments as per agreement.

Lease Term Period	Per Rentable Square Foot	Monthly Base Rent	Annual Base Rent
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

The borrowing rate for these liabilities was 1.719134%, which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2021. The School District recorded an intangible right to use lease in the capital assets totaling \$20,979,301 for the net present value of the total payments on the lease. This asset will be amortized over the lease term of twenty years since it is shorter than the useful life and the School District is not taking ownership of the building. There are no residual value guarantees in the lease provisions. The lease will end in April 2036.

For the year ended June 30, 2023, the School District recognized \$1,188,000 in lease expense.

Konica copier equipment: The School District entered into a lease in January 2022 for the use of office copier equipment within the administration building. The interest rate specified in the lease agreement was 4.825%, which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability. The School District recorded an intangible right to use lease in the capital assets totaling \$555,504 for the net present value of the total payments on the lease. This asset will be amortized over the lease term of 63 months since it is shorter than the useful life and the School District is not taking ownership of the copier equipment. There are no residual value guarantees in the lease provisions. The lease will end in August 2027.

For the year ended June 30, 2023, the School District recognized \$119,989 in lease expense.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

Enterprise vehicles: The School District entered into a master lease agreement in November 2022 for the use of vehicles by the District. The interest rates are set at the time the District leases a vehicle and range from 6.06% to 7.15%. 4.825%, which are used to discount the lease payments to recognize the intangible right to use this asset and the lease liability. The School District recorded an intangible right to use lease in the capital assets totaling \$363,882 for the net present value of the total payments on the lease. These assets will be amortized over their lease terms of 60 months since it is shorter than the useful life and the School District is not taking ownership of the vehicles at the end of the lease. There are no residual value guarantees in the lease provisions. The leases end at various times between October 2027 and May 2028.

For the year ended June 30, 2023, the School District recognized \$34,205 in lease expense.

Future minimum payments: Annual requirements to amortize the lease liability and related interest are as follows:

	Principal	Interest	Total
Year ending June 30:			
2024	\$ 1,104,120	\$ 297,593	\$ 1,401,713
2025	1,122,444	269,574	1,392,018
2026	1,168,642	243,176	1,411,818
2027	1,296,168	214,650	1,510,818
2028	1,191,882	186,679	1,378,561
2029 - 2033	6,194,549	622,851	6,817,400
2034 - 2036	3,972,813	100,386	4,073,199
	<u>\$ 16,050,618</u>	<u>\$ 1,934,909</u>	<u>\$ 17,985,527</u>

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

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

	Phage I, II and II Projects— Financed with Proceeds of the Series 2014, 2015 and 2015A Certificates				
	Lease Payments			Annual Guaranteed Energy Savings ⁽²⁾	Annual Guaranteed Operational Savings ⁽²⁾
	Principal	Interest	Total		
Year ending June 30:					
2024	\$ 1,695,000	\$ 367,650	\$ 2,062,650	\$ 344,289	\$ 1,647,166
2025	1,760,000	362,613	2,122,613	354,617	1,713,054
2026	1,840,000	310,234	2,150,234	365,256	1,781,576
2027	1,860,000	255,213	2,115,213	376,214	1,852,838
2028	1,865,000	197,700	2,062,700	387,500	1,926,952
2029-2031	4,840,000	220,259	5,060,259	853,226	5,008,513
	<u>\$ 13,860,000</u>	<u>\$ 1,713,669</u>	<u>\$ 15,573,669</u>	<u>\$ 2,681,102</u>	<u>\$ 13,930,099</u>

⁽²⁾ Excludes \$9,487,947 in future capital cost avoidance savings, which the parties to the energy contract have stipulated will be realized upon completion of Phase I, II and III.

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, 2023, 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.

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".

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 3. Detail Notes—Transaction Classes/Accounts

The following is a detail of the transfers:

	General Fund	Special Revenue Fund	Capital Projects Fund
7% x SAT x WADA	\$ (9,016,206)	\$ -	\$ 9,016,206
Transportation calculation cost	(2,880,575)	-	2,880,575
Food Service Equipment	(71,278)	-	71,278
“Zero” Teachers Fund	(5,684,588)	5,684,588	-
	<u>\$ (17,652,647)</u>	<u>\$ 5,684,588</u>	<u>\$ 11,968,059</u>

Short-term medical leave policy: This policy allows employees to continue to be paid up to thirty days for approved specified 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, 2023, the estimated amount owed to the School District was \$323,590 of which \$9,425, or 3%, was reserved for collectability. This is reported as other local receivables in the Statement of Net Position.

Note 4. Other Notes

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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 PSRS.

Benefits provided: PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. 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.psr-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 Basic Financial Statements

Note 4. Other Notes (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 2021, 2022, and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

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

The School District's contributions to PSRS and PEERS were \$19,818,056 and \$4,284,059, respectively, for the year ended June 30, 2023.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2023, the School District recorded a liability of \$192,628,116 for its proportionate share of PSRS' net pension liability and \$24,907,312 for its proportionate share of PEERS' net pension liability. In total the School District recorded net pension liabilities of \$217,535,428. The net pension liability for the plans in total was measured as of June 30, 2022, 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 \$19,022,640 and \$3,946,708, respectively, for the year ended June 30, 2022, relative to the total contributions of \$763,765,603 for PSRS and \$133,912,932 for PEERS from all participating employers. At June 30, 2022, the School District's proportionate share was 2.4906% for PSRS and 2.9472% for PEERS.

For the year ended June 30, 2023, the School District recognized pension expense of \$17,018,861 for PSRS and \$3,762,143 for PEERS, its proportionate share of the total pension expense. Pension expense is the change in the net pension liability from the previous reporting period to the current reporting period, less adjustments. This may be a negative expense (pension income).

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

At June 30, 2023, 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 of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of deferred outflows and inflows due to:						
Differences between expected and actual experience	\$ 34,508,182	\$ 2,835,486	\$ 3,973,870	\$ 26,425	\$ 38,482,052	\$ 2,861,911
Changes of assumptions	12,570,736	-	931,077	-	13,501,813	-
Net difference between projected and actual earnings on pension plan investments	-	5,554,560	-	619,865	-	6,174,425
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,245,039	571,393	656,866	91,640	6,901,905	663,033
Employer contributions subsequent to the measurement date	19,818,056	-	4,284,059	-	24,102,115	-
	<u>\$ 73,142,013</u>	<u>\$ 8,961,439</u>	<u>\$ 9,845,872</u>	<u>\$ 737,930</u>	<u>\$ 82,987,885</u>	<u>\$ 9,699,369</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2022, will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense (income) as follows:

	PSRS	PEERS	District Total
Year ending June 30:			
2024	\$ 7,709,817	\$ 2,271,072	\$ 9,980,889
2025	2,851,878	879,776	3,731,654
2026	(3,924,195)	(2,197,836)	(6,122,031)
2027	34,878,992	3,870,871	38,749,863
2028	2,846,026	-	2,846,026
	<u>\$ 44,362,518</u>	<u>\$ 4,823,883</u>	<u>\$ 49,186,401</u>

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 May 2021. All economic and demographic assumptions were reviewed, and certain assumptions were updated, where appropriate, based on the results of the studies and effective with the June 30, 2021 valuation. Significant actuarial assumptions 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' Annual Comprehensive Financial Report (ACFR). The next experience studies are scheduled for 2026.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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

Measurement date	June 30, 2022
Valuation date	June 30, 2022
Expected return on investments	7.30% net of investment expenses and including 2.00% inflation.
Inflation	2.00%
Total payroll growth	PSRS 2.25% per annum, consisting of 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity. PEERS 2.50% per annum, consisting of 2.00% 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.
Future salary increases	PSRS 2.625%-8.875%, depending on service and including 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity. PEERS 3.25%-9.75%, depending on service and including 2.00% 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.
Cost-of-living increases	PSRS and PEERS Given that the actual increase in the CPI-U index from June 2021 to June 2022 was 9.06%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2023 of 5.00%, in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 2.00%. Future COLAs assumed in the valuation are 2.00% as of January 1, 2024, and 1.35% each January 1, thereafter. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board's COLA policy, and the short-term expectations of COLA due to recent CPI activity. It is also based on the current policy of the Board to grant a COLA on each January 1 as previously discussed and disclosed in this note.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Cost-of-living increases	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.
Mortality assumption <i>Actives</i>	PSRS Experience-adjusted Pub-2010 Teachers Mortality Table for Employees projection using the MP- 2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females. PEERS Experience-adjusted Pub-2010 General (Below-Median Income) Mortality Table for Employees with generational improvement using the MP- 2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
<i>Nondisabled retirees</i>	PSRS Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected generationally using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females. Non-Disabled: Males–1.10, Females–1.04 Contingent Survivor: Males–1.18, Females–1.07
<i>Nondisabled retirees</i>	PEERS Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-20 IO General (Below-Median Income) Mortality Table for Healthy Retirees and the Pub- 2010 General (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected generationally using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females. Non-Disabled: Males–1.13, Females–0.94 Contingent Survivor: Males–1.01, Females–1.07

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Disabled retirees

PSRS

Experience-adjusted Pub-2010 Teacher Disability Mortality Table, projected generationally using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females.

PEERS

Experience-adjusted Pub-2010 General Disability Mortality Table projected generationally using the MP- 2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females.

Changes in actuarial assumptions and methods

An experience study was completed in May 2021 resulting in updates to the actuarial assumptions for the June 30, 2021 valuation. There were no further updates to the actuarial assumptions and methods for the June 30, 2022 valuation.

Fiduciary net position

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

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, 2022 are summarized below.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%
Hedged Assets	6.0%	2.39%
Non-U.S. Public Equity	16.0%	6.88%
U.S. Treasuries	15.0%	-0.02%
Private Credit	8.0%	5.61%
Private Equity	21.0%	10.90%
Private Real Estate	11.0%	7.47%
	100.0%	

Discount rate

The long-term expected rate of return used to measure the total pension liability was 7.3% as of June 30, 2022 and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return of 7.3% is consistent with the June 30, 2021 valuations and is based on the actuarial experience studies conducted during the 2021 fiscal year. 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 actuarially 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 7.30% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.30%) or 1.0% higher (8.30%) than the current rate.

		1% Decrease (6.30)%	Current Rate (7.30)%	1% Increase (8.30)%
PSRS	Proportionate share of the net pension liability/(asset)	\$ 366,004,552	\$ 192,628,116	\$ 49,014,826
PEERS	Proportionate share of the net pension liability/(asset)	49,951,061	24,907,312	4,004,585

As of June 30, 2023, the District reported a payable of \$10,579,191 for legally required contributions to PSRS and PEERS.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Postemployment 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, 2023 (valuation date), membership consisted of the following:

Active participants	2,634
Retired employees and surviving spouses	161
Spouses of current retired employees	29
	<hr/>
	2,824
	<hr/>

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 \$23,354,082 was measured as of June 30, 2023, and was determined by an actuarial valuation with a valuation date as of June 30, 2022.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2022 actuarial valuation measured as of June 30, 2023 was determined using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Discount rate	3.65% per annum based on the 20-year Bond GO index. (prior year rate was 3.54%)
Inflation rate	2.30% per annum
Salary increase rate	3.00% per annum (including inflation)
Healthy mortality	Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP- 2021
Actuarial cost method	Entry Age Normal
Medical/retiree premium inflation rate	Medical cost trend rate of 6.10% for 2023, 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 28.4% with less than 1 year of service, gradually decreasing to an ultimate rate of 1.3% 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.
Nonmedicare 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 Basic Financial Statements

Note 4. Other Notes (Continued)

Changes in total OPEB liability

	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2022	\$ 21,926,673
Changes for the year:	
Service cost	997,779
Interest on total OPEB liability	793,962
Effect of assumptions changes or inputs	636,617
Benefit payments	<u>(1,000,949)</u>
Balance as of June 30, 2023	<u>\$ 23,354,082</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 3.65%, 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 (2.65%) or 1.0% higher (4.65%) than the current rate:

	1% Decrease (2.65)%	Current Rate (3.65)%	1% Increase (4.65)%
Total OPEB liability	\$ 25,997,757	\$ 23,354,082	\$ 21,059,525

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	Current Rate	1% Increase
Total OPEB liability	\$ 20,431,333	\$ 23,354,082	\$ 26,863,791

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$1,728,712. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of deferred outflows and inflows due to:		
Differences between expected and actual experience	\$ 63,883	\$ 361,483
Changes of assumptions	2,863,511	2,956,436
	<u>\$ 2,927,394</u>	<u>\$ 3,317,919</u>

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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:	
2024	\$ (9,029)
2025	(9,029)
2026	(9,029)
2027	30,227
2028	9,495
Thereafter	(403,160)
	<u>\$ (390,525)</u>

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 School District does not make any contributions to this plan, only the employees.

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.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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 regulations, the School District may be required to reimburse the grantor government. As of June 30, 2023, 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.

Facilities use agreement: In September 2005, the School District entered into an agreement with the City of Gladstone, Missouri (the City). 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 2023, \$525,000 was paid to the City of which \$306,250 was recorded as prepaid expense as of June 30, 2023.

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, 2023 through fiscal year ending June 30, 2027, the maintenance fee was recalculated to \$200,000, which was an increase of \$25,000 per year. In January 2023, \$200,000 was paid to the City of which \$100,000 was recorded as prepaid expense as of June 30, 2023.

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

	Usage Fees	Maintenance Fees
For the year ended June 30:		
2024	\$ 525,000	\$ 200,000
2025	525,000	200,000
2026	525,000	200,000
	<u>\$ 1,575,000</u>	

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, 2022	\$ 1,566,074
Credits sold	(50,000)
Credits used	-
Balance June 30, 2023	<u>\$ 1,516,074</u>

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

Litigation: As of June 30, 2023, 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. Any amounts not insured would not be material and no liability amount has been recorded.

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 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.

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, North Platte R-1, 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 310 students during the 2022-2023 school year and the teachers' salary is recorded in the General Fund.

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.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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:

- 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;
- The redevelopment plan conforms to the comprehensive plan for the development of the municipality as a whole;
- 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;
- A plan has been developed for relocation assistance for businesses and residences;
- 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;
- 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 Basic Financial Statements

Note 4. Other Notes (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 tax year 2022 were reduced by \$12,371,443 as part of the abovementioned KCMO Tax Abatement programs. However, the School District received \$1,215,439 during the year ended June 30, 2023 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.

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% tax abatement.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

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% 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. 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 tax year 2022 were reduced by \$8,283,045 as part of the City of North Kansas City Tax Abatement programs. However, the School District received \$365,150 during the year ended June 30, 2023 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 tax year 2022 were reduced by \$3,907,516 as part of the City of Gladstone Tax Abatement program. The School District did not receive any funds during the year ended June 30, 2023 as PILOTs for the abated properties.

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 tax year 2022 were reduced by \$415,755 as part of the Village of Claycomo Tax Abatement program. The School District did not receive any funds during the year ended June 30, 2023 as PILOTs for the abated properties.

North Kansas City School District No. 74

Notes to Basic Financial Statements

Note 4. Other Notes (Continued)

In total, the School District's property tax revenues for tax year 2022 were reduced by \$24,977,759 and is comprised of the following:

Tax Abatement Program by Governmental Entity	Assessed Value Abated	Taxes Abated for 2022
City of Gladstone:		
Chapter 100	\$ 68,619,132	\$ 3,907,516
Total City of Gladstone	68,619,132	3,907,516
 City of Kansas City:		
Chapter 135	44,624,224	2,541,126
TIF	172,628,270	9,830,317
Total City of Kansas City	217,252,494	12,371,443
 City of North Kansas City:		
Chapter 100	90,908,896	5,176,807
Chapter 353	27,996,317	1,594,250
TIF	26,551,730	1,511,988
Total City of North Kansas City	145,456,943	8,283,045
 City of Claycomo:		
Chapter 100	7,301,000	415,755
Total City of Claycomo	7,301,000	415,755
 Total abatements	\$438,629,569	\$ 24,977,759

Required Supplementary Information (Unaudited)

North Kansas City School District No. 74

Required Supplementary Information
 Budgetary Comparison Schedule (Unaudited)
 General Fund
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over/ (Under) Budget
Revenues:				
Local	\$ 100,240,970	\$ 97,699,676	\$ 102,175,901	\$ 4,476,225
County	1,801,220	1,801,220	1,863,191	61,971
State	33,732,993	33,758,518	37,233,014	3,474,496
Federal	16,377,821	12,523,318	18,917,866	6,394,548
Other	1,398,000	1,398,000	940,434	(457,566)
Total revenues	153,551,004	147,180,732	161,130,406	13,949,674
Expenditures:				
Instruction	25,532,717	25,164,371	26,131,074	966,703
Student services	10,687,254	10,599,461	9,978,368	(621,093)
Instructional staff support	11,709,381	11,337,282	10,668,184	(669,098)
Business support and central services	7,585,440	7,489,047	6,511,086	(977,961)
Board and executive administration	3,421,032	4,054,532	3,945,163	(109,369)
Building level administration	7,329,443	7,436,061	7,106,127	(329,934)
Operation and maintenance of plant	32,384,784	34,849,775	30,087,900	(4,761,875)
Transportation	20,519,673	20,435,951	22,012,170	1,576,219
Food services	14,529,087	14,492,148	13,020,039	(1,472,109)
Adult and community services	7,036,276	7,041,468	5,641,877	(1,399,591)
Debt service:				
Principal	-	-	917,116	917,116
Interest	10,000	10,000	270,884	260,884
Total expenditures	140,745,087	142,910,096	136,289,988	(6,620,108)
Other financing sources (uses):				
Transfers out	(17,192,303)	(25,761,292)	(17,652,647)	8,108,645
Total other financing sources (uses)	(17,192,303)	(25,761,292)	(17,652,647)	8,108,645
Net change in fund balance	(4,386,386)	(21,490,656)	7,187,771	\$ 28,678,427
Fund balance, beginning	59,364,290	59,364,290	59,364,290	
Fund balance, ending	\$ 54,977,904	\$ 37,873,634	\$ 66,552,061	

See notes to the required supplementary information.

North Kansas City School District No. 74

**Required Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Special Revenue Fund
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Actual Over/ (Under) Budget
Revenues:				
Local	\$ 80,378,948	\$ 84,022,160	\$ 87,462,647	\$ 3,440,487
County	1,668,936	1,668,936	2,026,597	357,661
State	59,587,901	59,386,397	58,197,497	(1,188,900)
Federal	14,003,359	8,559,275	8,036,001	(523,274)
Total revenues	155,639,144	153,636,768	155,722,742	2,085,974
Expenditures:				
Instruction	137,616,401	137,475,821	132,385,778	(5,090,043)
Student services	4,710,394	4,705,608	4,430,635	(274,973)
Instructional staff support	10,722,726	10,651,175	9,557,541	(1,093,634)
Business support and central services	1,241,149	1,241,149	1,203,578	(37,571)
Board and executive administration	1,218,509	1,218,509	1,301,705	83,196
Building level administration	10,535,038	10,542,017	10,753,793	211,776
Operation of plant	50,000	30,000	-	(30,000)
Adult and community services	1,637,230	1,637,000	1,774,300	137,300
Total expenditures	167,731,447	167,501,279	161,407,330	(6,093,949)
Other financing sources (uses):				
Transfers in	12,092,303	13,864,511	5,684,588	(8,179,923)
Total other financing sources (uses)	12,092,303	13,864,511	5,684,588	(8,179,923)
Net change in fund balance	-	-	-	\$ -
Fund balance, beginning	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ -	

See 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, 2023

Budgetary accounting

- The School District follows these procedures in establishing the budgetary data reflected in the financial statements:
- In accordance with Chapter 67, RSMo, the School District adopts a budget for each major fund.
- 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.
- 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.
- Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 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 September. The adjusted budget from September 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.
- 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.
- Actual expenditures may not legally exceed the budgeted expenditures in any budgeted fund. For the fiscal year ended June 30, 2023, no budgets had been exceeded using the modified accrual basis of accounting.

North Kansas City School District No. 74

Required Supplementary Information

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2023**

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%
6/30/2021	2.4105%	53,363,113	124,551,750	42.84%	95.81%
6/30/2022	2.4906%	192,628,116	131,939,218	146.00%	86.04%

* 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%
6/30/2021	2.8106%	3,026,802	51,501,382	5.88%	98.36%
6/30/2022	2.9472%	24,907,312	57,496,042	43.32%	87.92%

* 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

Required Supplementary Information
 Schedule of Employer Contributions
 For the Year Ended June 30, 2023

Public School Retirement System (PSRS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 14,349,307	\$ 14,349,307	\$ -	\$ 100,074,855	14.34%
6/30/2014	14,804,562	14,804,562	-	103,094,163	14.36%
6/30/2015	14,936,534	14,936,534	-	103,881,210	14.38%
6/30/2016	15,501,055	15,501,055	-	107,677,795	14.40%
6/30/2017	15,992,950	15,992,950	-	111,038,911	14.40%
6/30/2018	16,434,928	16,434,928	-	114,141,431	14.40%
6/30/2019	16,936,255	16,936,255	-	117,640,567	14.40%
6/30/2020	17,536,934	17,536,934	-	121,780,071	14.40%
6/30/2021	17,950,552	17,950,552	-	124,551,750	14.41%
6/30/2022	19,022,640	19,022,640	-	131,939,218	14.42%

Public Education Employee Retirement System (PEERS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 2,680,124	\$ 2,680,124	\$ -	\$ 39,068,849	6.86%
6/30/2014	2,783,873	2,783,873	-	40,581,222	6.86%
6/30/2015	2,858,708	2,858,708	-	41,672,178	6.86%
6/30/2016	3,009,720	3,009,720	-	43,873,529	6.86%
6/30/2017	3,138,926	3,138,926	-	45,756,998	6.86%
6/30/2018	3,225,423	3,225,423	-	47,017,887	6.86%
6/30/2019	3,441,193	3,441,193	-	50,062,207	6.87%
6/30/2020	3,482,176	3,482,176	-	50,650,909	6.87%
6/30/2021	3,533,261	3,533,261	-	51,501,382	6.86%
6/30/2022	3,946,708	3,946,708	-	57,496,042	6.86%

North Kansas City School District No. 74

**Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023**

Postemployment Health Care Plan

	Fiscal year ending June 30					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 997,779	\$ 1,237,109	\$ 1,229,404	\$ 927,523	\$ 917,359	\$ 903,434
Interest on total OPEB liability	793,962	545,072	538,883	739,347	758,782	701,150
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or losses	-	81,361	-	(613,391)	-	-
Effect of assumptions changes or inputs	636,617	(3,458,216)	131,671	3,046,349	869,329	(661,694)
Benefit payments	(1,000,949)	(947,647)	(1,164,437)	(1,116,480)	(960,396)	(911,154)
Net change in total OPEB liability	1,427,409	(2,542,321)	735,521	2,986,348	1,585,074	31,736
Total OPEB liability balance—beginning	21,926,673	24,468,994	23,733,473	20,750,125	19,165,051	19,133,315
Total OPEB liability balance—ending	\$ 23,354,082	\$ 21,926,673	\$ 24,468,994	\$ 23,733,473	\$ 20,750,125	\$ 19,165,051
Covered employee payroll	\$ 163,175,710	\$ 155,003,710	\$ 145,755,566	\$ 136,527,105	\$ 132,325,054	\$ 128,119,933
Total OPEB liability as a % of covered payroll	14.31%	14.15%	16.79%	17.38%	15.68%	14.96%

Note: This schedule is presented to illustrate the requirement to show information for ten 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

**Required Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Debt Service Fund
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Actual Over/ (Under) Budget
Revenues:				
Local	\$ 31,999,336	\$ 32,980,245	\$ 35,040,784	\$ 2,060,539
County	777,156	777,156	972,470	195,314
Total revenues	<u>32,776,492</u>	<u>33,757,401</u>	<u>36,013,254</u>	<u>2,255,853</u>
Expenditures:				
Debt service—principal and interest	<u>35,649,382</u>	<u>38,202,784</u>	<u>38,186,854</u>	<u>(15,930)</u>
Total expenditures	<u>35,649,382</u>	<u>38,202,784</u>	<u>38,186,854</u>	<u>(15,930)</u>
Other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>(2,872,890)</u>	<u>(4,445,383)</u>	<u>(2,173,600)</u>	<u>\$ 2,271,783</u>
Fund balance, beginning	<u>39,706,484</u>	<u>39,706,484</u>	<u>39,706,484</u>	
Fund balance, ending	<u>\$ 36,833,594</u>	<u>\$ 35,261,101</u>	<u>\$ 37,532,884</u>	

North Kansas City School District No. 74

Budgetary Comparison Schedule (Unaudited)
Capital Projects Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over/ (Under) Budget
Revenues:				
Local	\$ 3,663,345	\$ 20,694,755	\$ 7,179,812	\$ (13,514,943)
County	92,688	92,688	101,469	8,781
State	5,000	5,000	29,465	24,465
Federal	4,098,372	5,197,283	1,690,793	(3,506,490)
Total revenues	7,859,405	25,989,726	9,001,539	(16,988,187)
Expenditures:				
Instruction	276,182	265,450	191,112	(74,338)
Student services	8,000	8,000	7,686	(314)
Instructional staff support	9,034,392	9,040,507	1,223,143	(7,817,364)
Business support and central services	278,828	266,577	98,895	(167,682)
Operation and maintenance of plant	11,178,928	11,138,928	7,716,741	(3,422,187)
Transportation	1,637,094	2,467,375	8,637	(2,458,738)
Food services	436,600	436,600	71,277	(365,323)
Adult and community services	1,000	1,000	-	(1,000)
Facilities acquisition and construction	162,584,344	59,649,870	62,372,350	2,722,480
Debt service—principal and interest	2,431,861	2,454,781	13,180,759	10,725,978
Total expenditures	187,867,229	85,729,088	84,870,600	(858,488)
Other financing sources (uses):				
Transfers in	5,100,000	11,896,781	11,968,059	71,278
Proceeds from issuance of debt	140,000,000	140,000,000	140,000,000	-
Premium on issuance of debt	926,421	109,974	14,012,014	13,902,040
Issuance of lease	-	-	363,882	363,882
Sale of District's assets	4,081,000	4,081,000	4,059,912	(21,088)
Total other financing sources (uses)	150,107,421	156,087,755	170,403,867	14,316,112
Net change in fund balance	(29,900,403)	96,348,393	94,534,806	\$ (1,813,587)
Fund balance, beginning	41,577,901	41,577,901	41,577,901	
Fund balance, ending	<u>\$ 11,677,498</u>	<u>\$ 137,926,294</u>	<u>\$ 136,112,707</u>	

North Kansas City School District No. 74

**Schedule of Bonded Indebtedness
June 30, 2023**

Bonded Indebtedness	Totals	Series 2012	Series 2014	Series 2016A	Series 2016B	Series 2020	Series 2021	Series 2022
Fiscal Year								
2023-24	\$ 25,660,000	\$ 3,630,000	\$ 6,210,000	\$ 4,750,000	\$ 6,020,000	\$ 2,250,000	\$ 2,800,000	\$ -
2024-25	23,875,000	3,770,000	5,800,000	4,985,000	6,320,000	-	3,000,000	-
2025-26	22,515,000	-	4,970,000	5,180,000	6,635,000	4,730,000	1,000,000	-
2026-27	23,090,000	-	1,185,000	5,435,000	6,970,000	4,870,000	2,680,000	1,950,000
2027-28	19,220,000	-	1,235,000	755,000	7,245,000	5,020,000	2,815,000	2,150,000
2028-29	21,325,000	-	1,285,000	-	7,535,000	5,175,000	2,930,000	4,400,000
2029-30	23,025,000	-	1,335,000	-	7,840,000	5,330,000	3,020,000	5,500,000
2030-31	24,300,000	-	1,390,000	-	8,150,000	5,495,000	3,115,000	6,150,000
2031-32	19,975,000	-	1,450,000	-	8,480,000	5,660,000	3,210,000	1,175,000
2032-33	21,780,000	-	1,505,000	-	8,735,000	5,835,000	3,305,000	2,400,000
2033-34	23,215,000	-	1,555,000	-	8,995,000	6,010,000	3,405,000	3,250,000
2034-35	24,355,000	-	-	-	9,275,000	6,195,000	3,510,000	5,375,000
2035-36	25,970,000	-	-	-	9,565,000	6,380,000	3,600,000	6,425,000
2036-37	21,145,000	-	-	-	-	6,575,000	3,670,000	10,900,000
2037-38	23,690,000	-	-	-	-	6,745,000	3,745,000	13,200,000
2038-39	24,700,000	-	-	-	-	6,880,000	3,820,000	14,000,000
2039-40	25,920,000	-	-	-	-	7,020,000	3,900,000	15,000,000
2040-41	27,475,000	-	-	-	-	-	3,975,000	23,500,000
2041-42	24,625,000	-	-	-	-	-	-	24,625,000
Total	\$445,860,000	\$ 7,400,000	\$27,920,000	\$21,105,000	\$ 101,765,000	\$ 90,170,000	\$57,500,000	\$ 140,000,000

(Continued)

North Kansas City School District No. 74

**Schedule of Bonded Indebtedness (Continued)
June 30, 2023**

Interest Obligation	Totals	Series 2012	Series 2014	Series 2016A	Series 2016B	Series 2020	Series 2021	Series 2022
Fiscal Year								
2023-24	\$ 17,415,095	\$ 296,000	\$ 1,269,419	\$ 720,400	\$ 3,630,025	\$ 2,505,513	\$ 1,698,300	\$ 7,295,438
2024-25	16,276,093	150,800	958,919	530,400	3,389,225	2,393,012	1,558,300	7,295,437
2025-26	15,233,095	-	668,919	331,000	3,136,425	2,393,013	1,408,300	7,295,438
2026-27	14,225,493	-	420,419	123,800	2,871,025	2,156,512	1,358,300	7,295,437
2027-28	13,296,095	-	373,019	15,100	2,592,225	1,913,013	1,224,300	7,178,438
2028-29	12,421,043	-	323,619	-	2,302,425	1,662,012	1,083,550	7,049,437
2029-30	11,398,994	-	272,219	-	2,001,025	1,403,262	937,050	6,785,438
2030-31	10,421,293	-	218,819	-	1,687,425	1,243,362	816,250	6,455,437
2031-32	9,493,894	-	163,219	-	1,442,925	1,078,512	722,800	6,086,438
2032-33	8,954,819	-	105,219	-	1,188,525	986,538	658,600	6,015,937
2033-34	8,307,927	-	54,425	-	904,638	884,426	592,500	5,871,938
2034-35	7,609,137	-	-	-	612,300	779,250	524,400	5,693,187
2035-36	6,831,412	-	-	-	310,862	655,350	454,200	5,411,000
2036-37	5,983,638	-	-	-	-	527,750	382,200	5,073,688
2037-38	5,214,705	-	-	-	-	404,468	308,800	4,501,437
2038-39	4,320,338	-	-	-	-	278,000	233,900	3,808,438
2039-40	3,371,337	-	-	-	-	140,400	157,500	3,073,437
2040-41	2,365,438	-	-	-	-	-	79,500	2,285,938
2041-42	1,169,687	-	-	-	-	-	-	1,169,687
Total	\$ 174,309,533	\$ 446,800	\$ 4,828,215	\$ 1,720,700	\$26,069,050	\$ 21,404,393	\$ 14,198,750	\$ 105,641,625

North Kansas City School District No. 74

**Schedule of Revenues Collected by Source
For the Year Ended June 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Totals
Local:					
Current taxes	\$ 67,095,480	\$ 56,369,485	\$ 31,045,975	\$ 3,609,851	\$ 158,120,791
Delinquent taxes	4,805,739	3,995,474	2,463,910	256,754	11,521,877
School District Trust Fund (Prop C)	4,114,407	23,314,972	-	-	27,429,379
Financial institutions tax	203,709	171,141	94,271	10,960	480,081
M&M surcharge tax	3,894,529	3,228,179	-	206,731	7,329,439
In lieu of tax	2,167,981	-	-	-	2,167,981
Transportation from individuals	434,972	-	-	-	434,972
Earnings on investments	3,224,500	383,396	1,436,628	3,095,516	8,140,040
Food services	1,792,985	-	-	-	1,792,985
Food services non-program	3,187,907	-	-	-	3,187,907
Student activities	1,882,053	-	-	-	1,882,053
Community services	3,320,528	-	-	-	3,320,528
Other	6,051,111	-	-	-	6,051,111
Total local	102,175,901	87,462,647	35,040,784	7,179,812	231,859,144
County:					
Fines, escheats	-	399,557	-	-	399,557
State assessed utilities	1,863,191	1,627,040	972,470	101,469	4,564,170
Total county	1,863,191	2,026,597	972,470	101,469	4,963,727
State:					
Basic formula	10,299,295	55,371,068	-	-	65,670,363
Transportation aid	10,157,701	-	-	-	10,157,701
Early childhood SPED	6,584,783	2,825,779	-	2,265	9,412,827
Classroom Trust Fund	8,521,018	-	-	-	8,521,018
Parents as Teachers	372,462	-	-	-	372,462
Career education	54,038	-	-	27,200	81,238
Food services	49,255	-	-	-	49,255
Adult education literacy	146,337	-	-	-	146,337
High Needs Fund	864,392	-	-	-	864,392
Other	183,733	650	-	-	184,383
Total state	37,233,014	58,197,497	-	29,465	95,459,976

(Continued)

North Kansas City School District No. 74

**Schedule of Revenues Collected by Source (Continued)
For the Year Ended June 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Totals
Federal:					
Medicaid	\$ 1,490,633	\$ -	\$ -	\$ -	\$ 1,490,633
Perkins career education	223,972	14,102	-	66,223	304,297
CARES ESSER	4,048,239	618,253	-	1,413,947	6,080,439
CARES CRF	8,605	-	-	-	8,605
Adult education literacy	235,154	-	-	-	235,154
Special education IDEA/ECSE	1,379,995	4,314,107	-	210,623	5,904,725
Food services	9,132,398	-	-	-	9,132,398
Title I.A—ESEA	1,876,644	2,528,073	-	-	4,404,717
Title II.A—ESEA	317,098	314,176	-	-	631,274
Title III—English language	74,502	93,109	-	-	167,611
Title IV.A—ESEA	97,135	153,661	-	-	250,796
Other	33,491	520	-	-	34,011
Total federal	18,917,866	8,036,001	-	1,690,793	28,644,660
Other:					
Tuition from other Districts	788,500	-	-	-	788,500
Transportation from other Districts	151,934	-	-	-	151,934
Total other	940,434	-	-	-	940,434
Other financing sources:					
Proceeds from issuance of debt	-	-	-	140,000,000	140,000,000
Premium on issuance of debt	-	-	-	14,012,014	14,012,014
Issuance of lease	-	-	-	363,882	363,882
Sale of District property	-	-	-	4,059,912	4,059,912
Total other financing sources	-	-	-	158,435,808	158,435,808
Total all sources	\$ 161,130,406	\$ 155,722,742	\$ 36,013,254	\$ 167,437,347	\$ 520,303,749

North Kansas City School District No. 74

**Schedule of Expenditures Paid by Object
For the Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals (Memo Only)
Salaries	\$ 56,651,428	\$ 119,878,749	\$ -	\$ -	\$ 176,530,177
Retirement	4,627,240	19,474,873	-	-	24,102,113
FICA/Medicare	4,092,023	1,709,692	-	-	5,801,715
Employee insurance	11,670,256	15,920,181	-	-	27,590,437
Tuition	1,038,306	1,191,306	-	-	2,229,612
Professional, audit & legal	2,019,408	3,232,529	-	-	5,251,937
Technical services	10,604,501	-	-	-	10,604,501
Property services	4,172,851	-	-	-	4,172,851
Contracted transportation	5,844,165	-	-	-	5,844,165
Travel	1,857,324	-	-	-	1,857,324
Insurance property/liability	2,100,644	-	-	-	2,100,644
Other purchased services	6,384,640	-	-	-	6,384,640
General supplies	11,735,640	-	-	-	11,735,640
Books and periodicals	485,309	-	-	-	485,309
Warehouse and food service	5,637,991	-	-	-	5,637,991
Utilities, energy service	5,768,179	-	-	-	5,768,179
Other supplies	412,083	-	-	-	412,083
Capital outlay	-	-	-	71,388,212	71,388,212
Debt and other charges	1,188,000	-	38,186,854	13,482,388	52,857,242
	<u>\$ 136,289,988</u>	<u>\$ 161,407,330</u>	<u>\$ 38,186,854</u>	<u>\$ 84,870,600</u>	<u>\$ 420,754,772</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

Statistical Section Contents

The statistical section of the district's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the district's overall financial health.

Contents	Page
Financial Trends	76-77
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	
Revenue Capacity	78-82
These schedules contain information to help the reader assess the district's most significant local revenue sources.	
Debt Capacity	83-91
These schedules present information to help the reader assess the affordability of the district's current level of outstanding debt and the district's ability to issue additional debt in the future.	
Demographic and Economic Information	92-95
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	
Operating Information	96-97
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Primary Government										
Net Investment in Capital Assets	\$ 59,542,837	\$ 56,288,193	\$ 82,050,787	\$ 48,418,940	\$ 95,954,532	\$ 116,637,236	\$ 132,287,945	\$ 114,379,349	\$ 131,813,919	\$ 142,299,740
Restricted	33,838,353	33,170,697	28,371,389	187,573,575	86,552,210	49,536,069	38,705,269	142,851,244	72,785,460	41,882,910
Unrestricted	29,065,304	(89,524,452)	(81,112,381)	(195,588,044)	(149,512,284)	(122,200,300)	(125,338,962)	(230,957,299)	(136,319,998)	(97,386,803)
Total Primary Government Net Position	\$ 122,446,494	\$ (65,562)	\$ 29,309,795	\$ 40,404,471	\$ 32,994,458	\$ 43,973,005	\$ 45,654,252	\$ 26,273,294	\$ 68,279,381	\$ 86,795,847

[1]

Source: District financial statements.

[1] The district adopted GASB 68 (Accounting and Financial Reporting for Pensions) in fiscal year 2015.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction	\$ 122,869,394	\$ 113,690,181	\$ 116,958,636	\$ 109,607,144	\$ 133,855,633	\$ 128,718,724	\$ 141,090,542	\$ 125,597,506	\$ 91,048,695	\$ 164,940,864
Support services:										
Student Services	7,490,297	6,990,622	7,599,583	8,493,089	8,506,258	13,645,711	11,161,339	12,512,985	12,113,321	14,347,776
Instructional Staff Support	17,041,228	19,399,290	19,794,028	20,778,483	24,359,114	20,228,126	22,499,011	26,080,740	19,511,740	21,455,692
Board/Executive and Technical Administration	3,358,982	3,367,601	2,965,144	3,128,871	3,677,922	5,109,677	3,973,022	3,999,479	6,674,887	5,441,642
Building Administration	12,662,194	12,238,709	12,964,705	14,656,768	14,672,673	15,955,626	16,630,011	16,999,612	14,542,948	17,687,168
General Administration and Central Services	7,370,570	6,834,366	7,332,183	7,801,393	7,392,753	8,010,666	8,699,210	9,188,909	7,875,102	7,638,299
Operation of Plant	20,682,343	19,503,559	19,880,607	22,639,250	24,944,791	27,118,637	30,598,518	30,344,930	26,396,133	36,471,699
Transportation	11,055,295	10,671,194	11,107,279	11,026,261	17,908,810	17,893,881	18,090,714	17,200,586	20,562,380	24,512,036
Food Services	9,450,485	9,729,918	10,182,246	10,946,068	10,671,186	12,582,679	11,915,638	11,563,839	11,513,299	13,757,289
Community Services	5,029,564	4,956,147	5,281,485	5,870,107	5,837,384	4,186,908	4,421,804	6,318,790	5,734,679	7,383,885
Early Childhood Program	-	-	-	-	-	1,903,805	1,938,758	-	-	-
Facilities	4,190,941	4,315,046	3,969,685	28,561,578	7,720,109	7,957,850	13,588,864	66,583,603	51,504,171	4,394,339
Debt service:										
Interest and Fiscal Charges	9,622,662	7,828,881	7,465,966	12,324,982	10,726,495	9,875,716	8,861,094	10,547,498	26,585,005	25,320,786
Total Primary Government Expenses	\$ 230,823,955	\$ 219,525,514	\$ 225,501,547	\$ 255,833,994	\$ 270,273,128	\$ 273,188,006	\$ 293,468,525	\$ 336,938,477	\$ 294,062,360	\$ 343,351,475
Program Revenues										
Government Activities:										
Charges for services										
Instruction	2,452,951	2,400,934	2,690,092	2,601,325	2,899,748	2,353,919	1,894,008	963,686	1,836,117	2,412,092
Support services:										
Student Services	-	-	-	-	-	-	-	-	-	-
Instructional Staff Support	-	-	-	-	-	-	-	-	-	-
Board/Executive and Technical Administration	-	-	-	-	-	-	-	-	-	-
Building Administration	-	-	-	-	-	-	-	-	-	-
General Administration and Central Services	-	-	-	-	-	-	-	-	-	-
Operation of Plant	-	-	-	-	-	-	-	-	-	-
Transportation	488,190	472,842	487,769	537,884	561,478	576,606	376,389	297,418	523,914	586,906
Food Services	4,215,288	4,279,486	4,351,524	4,500,202	4,442,455	4,387,619	3,599,205	269,216	1,229,482	4,980,892
Community Services	3,243,280	3,651,837	4,107,287	4,438,804	4,494,640	4,446,142	3,855,550	3,024,988	4,585,979	3,578,989
Early Childhood Program	-	-	-	-	-	248,306	233,385	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Debt service:										
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	20,123,827	20,923,346	21,370,234	21,164,117	22,579,349	23,161,135	27,170,594	42,128,998	42,563,532	48,192,997
Capital Grants and Contributions	66,903	99,746	89,263	73,123	9,392	42,771	94,686	86,705	9,253,598	1,720,258
Total Primary Government Program Revenue	30,590,439	31,828,191	33,096,169	33,315,455	34,987,062	35,216,498	37,223,817	46,771,011	59,992,622	61,472,134
Total Primary Government Net Expense	(200,233,516)	(187,697,323)	(192,405,378)	(222,518,539)	(235,286,066)	(237,971,508)	(256,244,708)	(290,167,466)	(234,069,738)	(281,879,341)

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues:										
Taxes:										
Property taxes, levied for general purposes	45,642,864	124,121,001	128,964,415	133,128,394	137,258,214	139,027,825	146,904,489	151,573,212	155,533,296	169,642,668
Property taxes, levied for instruction	40,899,310									
Property taxes, levied for debt service	18,623,640									
Property taxes, levied for capital projects	2,373,390									
Sales Tax (Proposition C)	17,047,663	18,084,468	18,478,485	19,423,705	19,976,988	20,426,072	20,942,702	22,300,566	25,893,733	27,429,379
Other local taxes	10,738,362	8,456,545	8,032,096	8,310,353	9,154,550	8,629,526	9,472,018	9,122,466	10,347,040	9,977,501
County taxes and fines	315,046	3,929,026	4,205,585	4,226,107	4,376,305	4,556,948	4,532,384	4,551,822	4,704,886	4,963,727
State Aid - Basic Formula and Classroom Trust	53,364,032	56,670,004	60,533,013	64,688,661	63,659,689	69,579,507	71,723,407	74,295,776	73,897,585	74,191,381
Interest and Investment Earnings	1,308,272	1,367,118	1,515,271	2,100,845	3,822,949	4,218,673	2,381,790	1,186,591	1,853,498	8,140,040
Miscellaneous Other	661,672	1,236,390	1,018,368	1,563,055	1,473,531	2,406,775	1,957,945	4,568,641	3,772,773	6,051,111
Total general revenues	190,974,251	213,864,552	222,747,233	233,441,120	239,722,226	248,845,326	257,914,735	267,599,074	276,002,811	300,395,807
Special Items: Gain (Loss) on Sale of Capital Assets	10,131	(329,543)	(966,568)	172,165	94,642	104,729	11,220	3,187,434	1,590,929	-
Special Items: Restatement	-	-	-	-	-	-	-	-	(1,517,915)	-
Change in Net Position - Primary Government	(9,249,134)	25,837,686	29,375,287	11,094,746	4,530,802	10,978,547	1,681,247	(19,380,958)	42,006,087	18,516,466

Source: District financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	1,163,756	1,228,635	827,425	1,017,366	1,188,833	987,163	1,181,110	1,049,374	1,037,736	1,045,192
Restricted	-	3,783,061	4,817,490	5,439,977	6,586,151	5,674,524	5,550,081	5,495,831	9,452,902	10,591,185
Assigned	3,099,856	-	-	-	-	-	-	-	-	-
Unassigned	29,115,044	30,689,481	34,356,408	38,823,322	42,160,814	41,822,860	44,529,891	58,285,702	48,873,652	54,915,684
Total General Fund	33,378,656	35,701,177	40,001,323	45,280,665	49,935,798	48,484,547	51,261,082	64,830,907	59,364,290	66,552,061
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	55,319,138	35,729,713	30,946,026	191,838,773	89,943,383	52,554,055	41,504,196	141,103,360	66,921,777	161,866,966
Assigned	-	16,243,560	15,229,363	15,971,854	11,845,234	12,542,124	10,646,993	15,799,774	14,362,608	11,778,625
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	55,319,138	51,973,273	46,175,389	207,810,627	101,788,617	65,096,179	52,151,189	156,903,134	81,284,385	173,645,591
Total Fund Balance	88,697,794	87,674,450	86,176,712	253,091,292	151,724,415	113,580,726	103,412,271	221,734,041	140,648,675	240,197,652

Source: District financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

GOVERNMENTAL FUND REVENUES
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues											
Property Taxes	\$ 109,235,187	\$ 109,235,187	\$ 107,539,204	\$ 124,121,001	\$ 128,964,415	\$ 133,128,394	\$ 137,258,214	\$ 139,027,825	\$ 146,904,489	\$ 155,533,297	\$ 169,642,668
Other Local Sources	35,233,788	35,234,468	55,937,679	45,149,186	47,409,853	49,756,999	48,310,076	51,575,477	45,611,851	48,652,412	62,216,476
County Sources	3,469,222	3,229,058	3,929,026	4,205,585	4,226,107	4,376,305	4,556,949	4,532,384	4,551,822	4,704,886	4,963,727
State Sources	57,299,392	59,416,045	63,208,335	66,965,379	70,875,224	70,866,763	77,337,634	80,020,000	83,633,709	86,646,652	95,459,976
Federal Sources	13,953,542	14,206,258	14,516,535	14,537,877	14,299,291	15,500,566	15,445,996	18,901,389	32,754,493	39,118,423	28,644,660
Other Sources	178,426	243,674	561,964	864,374	981,685	1,080,261	1,152,955	1,081,477	913,721	1,339,763	940,434
Total Revenues	<u>\$ 219,369,557</u>	<u>\$ 221,564,690</u>	<u>\$ 245,692,743</u>	<u>\$ 255,843,402</u>	<u>\$ 266,756,575</u>	<u>\$ 274,709,288</u>	<u>\$ 284,061,824</u>	<u>\$ 295,138,552</u>	<u>\$ 314,370,085</u>	<u>\$ 335,995,433</u>	<u>\$ 361,867,941</u>

Source: District financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXPENDITURES										
Instruction	116,566,764	118,091,053	96,078,025	98,414,683	102,286,358	98,929,213	99,320,765	99,833,380	105,576,374	127,205,116
Special Education Instruction	-	-	26,891,823	28,111,617	28,871,952	32,901,519	37,498,725	40,884,603	45,988,359	31,502,848
Support services:										
Student Services	7,490,297	7,514,982	7,956,492	8,184,524	8,359,729	13,493,091	10,513,282	11,839,109	12,933,803	14,416,689
Instructional Staff Support	16,221,904	18,798,997	19,196,797	19,675,783	23,518,246	19,542,974	20,629,253	23,965,150	36,014,000	21,448,868
Board/Executive and Technical Administration	6,259,927	6,114,706	3,419,813	3,547,813	3,383,692	4,813,747	3,386,764	3,502,122	4,094,329	5,246,868
Building Administration	3,414,417	3,316,879	13,589,297	14,120,038	14,420,197	15,692,657	15,513,387	15,838,502	16,386,769	17,859,920
General Administration and Central Services	12,662,193	13,156,340	6,505,282	6,519,829	6,569,829	7,097,874	7,269,356	7,887,909	7,748,482	7,813,559
Operation of Plant	20,883,718	20,851,455	20,460,199	22,169,500	24,893,593	27,202,747	28,584,380	28,492,488	31,187,627	37,804,641
Transportation	10,395,509	10,967,920	10,939,086	13,245,176	15,550,558	15,492,785	14,749,075	15,852,450	22,728,981	22,020,807
Food Services	10,404,714	9,778,555	10,052,497	10,270,571	10,291,633	11,823,603	10,814,802	9,911,579	12,355,671	13,091,316
Adult and Community Services	5,024,457	5,344,310	5,544,060	5,678,847	5,733,094	4,082,072	3,975,925	5,856,826	6,467,569	7,416,177
Early Childhood Program	-	-	-	-	-	-	1,938,758	-	-	-
Capital Outlay										
Capital Outlay	1,952,000	9,310,871	11,717,597	13,263,116	66,079,901	34,746,104	21,031,828	69,898,047	80,148,681	62,372,350
Debt service:										
Principal Retirement	49,375,000	43,090,000	16,415,000	17,840,000	57,195,000	25,120,000	20,060,000	22,959,987	24,445,000	37,644,528
Interest and Fiscal Charges	13,063,979	10,843,650	8,625,829	11,801,003	14,130,289	11,371,856	10,031,927	10,824,817	12,596,083	14,911,085
TOTAL EXPENDITURES	273,714,879	277,179,718	257,391,797	272,842,500	381,284,071	322,310,242	305,318,227	367,546,969	418,671,728	420,754,772
Debt Service as a % of non-capital expenditures	22.98%	20.13%	10.19%	11.42%	21.77%	12.69%	9.86%	11.35%	10.94%	14.66%

Source: District financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCE
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess of revenues over/(under) expenditures	\$ (52,150,189)	\$ (31,486,975)	\$ (1,548,395)	\$ (6,085,925)	\$ (106,574,783)	\$ (38,248,418)	\$ (10,179,675)	\$ (53,176,884)	\$ (82,676,295)	\$ (58,886,831)
Other Financing Sources (Uses)										
Transfers in	3,304,405	10,315,431	4,277,803	8,741,253	6,338,357	10,726,589	15,218,321	14,654,640	17,244,827	17,652,647
Transfers out	(3,304,405)	(10,315,431)	(4,277,803)	(8,741,253)	(6,338,357)	(10,726,589)	(15,218,321)	(14,654,640)	(17,244,827)	(17,652,647)
Proceeds from G.O. bonds	20,000,000	-	-	114,000,000	-	-	-	155,000,000	-	140,000,000
Payment to refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on issuance of bonds	7,362,086	1,779,194	-	16,156,264	-	-	-	13,311,220	-	14,012,014
Proceeds from sale of capital assets	10,131	374,437	50,657	1,799,241	5,207,906	104,729	11,220	3,187,434	1,590,929	4,059,912
Proceeds from issuance of financing leases	-	-	-	-	-	-	-	-	-	363,882
Proceeds from refunding bonds	34,000,000	28,310,000	-	41,045,000	-	-	-	-	-	-
Total other financing sources (uses)	61,372,217	30,463,631	50,657	173,000,505	5,207,906	104,729	11,220	171,498,654	1,590,929	158,435,808
Net change in fund balance	9,222,028	(1,023,344)	(1,497,738)	166,914,580	(101,366,877)	(38,143,689)	(10,168,455)	118,321,770	(81,085,366)	99,548,977
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Adjusted net change in fund balance	9,222,028	(1,023,344)	(1,497,738)	166,914,580	(101,366,877)	(38,143,689)	(10,168,455)	118,321,770	(81,085,366)	99,548,977

Source: District financial statements

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

HISTORY OF ASSESSED VALUATIONS AND CORRESPONDING DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (Unaudited)

As of December 31	Assessed Valuation	% Change in Assessed Valuation	Fiscal Year Ended June 30	Bond Principal Outstanding	Interest on Bonds Outstanding	Total Debt	Bond Principal as % of Assessed Valuation
2022	\$ 2,955,134,361	5.4%	2023	\$ 445,860,000	\$ 105,641,625	\$ 551,501,625	15.1%
2021	2,803,443,830	13.8%	2022	330,255,000	79,897,287	410,152,287	11.8%
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%

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**HISTORY OF TAX LEVIES
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	General (Incidental) Fund	Special Revenue (Teacher's) Fund	Capital Projects (Building) Fund	Debt Service Fund	Total Levy
2023	\$ 2.4163	\$ 2.0300	\$ 0.1300	\$ 1.1182	\$ 5.6945
2022	2.3263	1.9200	0.1300	1.2900	5.6663
2021	2.6229	2.1600	0.1300	1.2900	6.2029
2020	2.5423	2.2400	0.1300	1.2900	6.4235
2019	2.7635	2.2400	0.1300	1.2900	6.4235
2018	2.7680	2.2400	0.1300	1.2900	6.4280
2017	2.7684	2.2400	0.1300	1.2900	6.4333
2016	2.7733	2.2400	0.1300	1.2900	6.5167
2015	2.8567	2.2400	0.1300	1.2900	5.8898
2014	2.4998	2.2400	0.1300	1.0200	5.8898

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**TAX COLLECTION RECORD
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	Total Levy	Total Taxes Levied	Taxes Collected (Current and Delinquent)		Railroad and Utility Taxes Collected
			Amount	Percent	
2023	\$ 5.6945	\$ 168,280,126	\$ 169,642,665	100.81%	\$ 4,564,170
2022	5.6663	158,851,538	155,533,296	97.91%	4,419,128
2021	6.2029	152,799,458	151,573,212	99.20%	4,322,916
2020	6.4235	154,563,975	146,904,487	95.04%	4,232,393
2019	6.4235	143,822,530	139,027,826	96.67%	4,194,450
2018	6.4280	138,173,909	137,258,214	99.34%	3,963,458
2017	6.4333	134,009,083	133,128,394	99.34%	3,845,214
2016	6.5167	107,096,858	128,964,416	120.42%	3,784,693
2015	5.8898	110,227,993	124,121,001	112.60%	3,567,253
2014	5.8898	109,555,002	107,539,203	98.16%	2,914,010

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Assessed Value	Residential Property	Personal Property	Agricultural Property	Commercial Property	Actual Value				Total Actual Value	Total Direct Rate (1)
						Residential Real Property	Personal Property	Agricultural Property	Commercial Property		
2014	1,818,344,563	1,084,214,422	379,566,839	3,360,323	351,202,979	5,706,391,695	1,139,840,357	28,002,692	1,097,509,310	7,971,744,054	6.5167
2015	1,912,528,731	1,095,360,132	467,281,680	3,055,033	346,831,886	5,765,053,327	1,403,248,289	25,458,608	1,083,849,644	8,277,609,868	6.4333
2016	2,009,984,252	1,143,717,682	495,378,951	2,991,667	367,895,952	6,019,566,748	1,487,624,477	24,930,558	1,149,674,850	8,681,796,633	6.4333
2017	2,090,536,554	1,168,645,662	551,150,790	2,736,476	368,003,626	6,150,766,643	1,655,107,477	22,803,967	1,150,011,332	8,978,689,419	6.4284
2018	2,156,755,158	1,246,430,972	549,367,364	2,592,376	358,364,446	6,560,163,011	1,649,751,843	21,603,133	1,119,888,894	9,351,406,881	6.4280
2019	2,236,994,740	1,271,017,692	600,325,415	2,513,126	363,138,507	6,689,566,800	1,802,779,024	20,942,717	1,134,807,836	9,648,096,377	6.4235
2020	2,406,226,746	1,440,322,382	529,547,842	2,563,946	433,792,576	7,580,644,116	1,590,233,760	21,366,217	1,355,601,801	10,547,845,894	6.2023
2021	2,463,355,172	1,464,264,682	547,795,525	2,385,866	448,909,099	7,706,656,222	1,645,031,607	19,882,217	1,402,840,936	10,774,410,982	6.2029
2022	2,803,443,830	1,678,417,622	574,875,430	2,493,623	547,657,155	8,833,776,958	1,726,352,642	20,780,192	1,711,428,609	12,292,338,401	5.6663
2023	2,955,134,361	1,702,231,252	696,884,074	2,423,913	553,595,122	8,959,111,853	2,092,744,967	20,199,275	1,729,984,756	12,802,040,851	5.6945

(1) Per \$100 assessed valuation

Source: Clay County Clerk's Office and Platte County Clerk's Office

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	District Direct Rates				Overlapping Rates														
	Operating	Capital	Debt	Total	State of Missouri	General	Road and Bridge	Developmental Disabilities	Mental Health	Senior Citizens	Health Department	Library	Metropolitan KCJC	Surtax (1)	Kansas City	Gladstone (2)	North Kansas City	Claycomo	Pleasant Valley
2014	\$ 4.7398	\$ 0.1300	\$ 1.0200	\$ 5.8898	\$ 0.0300	\$ 0.1200	\$ 0.0800	\$ 0.1191	\$ 0.0934	\$ 0.0499	\$ 0.1000	\$ 0.3200	\$ 0.2369	\$ 1.5900	\$ 1.5932	\$ 0.9290	\$ 1.1659	\$ 0.3300	\$ 0.7210
2015	5.0967	0.1300	1.2900	6.5167	0.0300	0.1000	0.0800	0.1162	0.1032	0.0499	0.1000	0.3200	0.2374	1.5900	1.5997	0.9290	1.1659	0.3300	0.7210
2016	5.0133	0.1300	1.2900	6.4333	0.0300	0.0839	0.0800	0.1144	0.0969	0.0491	0.0985	0.3146	0.2343	1.5900	1.5806	0.9230	1.1659	0.3300	0.7160
2017	5.0084	0.1300	1.2900	6.4284	0.0300	0.0766	0.0800	0.1182	0.0985	0.0491	0.0985	0.3153	0.2339	1.5900	1.5906	0.9290	1.1757	0.3166	0.7160
2018	5.0080	0.1300	1.2900	6.4280	0.0300	0.0853	0.0800	0.1181	0.0984	0.0490	0.0984	0.3963	0.2297	1.5900	1.6006	0.9290	1.1757	0.3300	0.7160
2019	5.0035	0.1300	1.2900	6.4235	0.0300	0.0853	0.0800	0.1180	0.0984	0.0491	0.0984	0.3963	0.2305	1.5900	1.6783	0.9290	1.1785	0.3300	0.7160
2020	4.7823	0.1300	1.2900	6.2023	0.0300	0.0532	0.0766	0.1130	0.0942	0.0470	0.0942	0.3633	0.2047	1.5900	1.5960	0.8650	1.0377	0.3300	0.6765
2021	4.7829	0.1300	1.2900	6.2029	0.0300	0.0500	0.0766	0.1130	0.0942	0.0470	0.0942	0.3696	0.2128	1.5900	1.7529	0.8670	1.0416	0.3300	0.6765
2022	4.2463	0.1300	1.2900	5.6663	0.0300	0.0338	0.0697	0.1028	0.0857	0.0427	0.0857	0.3468	0.2028	1.5900	1.6981	0.7580	0.9491	0.3256	0.6017
2023	4.4463	0.1300	1.1182	5.6945	0.0300	0.0250	0.0697	0.1028	0.0857	0.0427	0.0857	0.3240	0.2028	1.5900	1.6918	0.7510	0.9491	0.3258	0.6024

Source: Clay County Clerk's Office

(1) Applies to commercial property only.

(2) Residential rate.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

PRINCIPAL PROPERTY TAXPAYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	Calendar Year 2021			Calendar Year 2012		
	Taxable Assessed Value	Rank	Percentage of Assessed Value	Taxable Assessed Value	Rank	Percentage of Assessed Value
Ford Motor Company	\$ 62,062,764	1	2.21%	25,408,206	3	1.40%
W W Grainger	12,340,042	2	0.44%	10,167,687	7	0.56%
Cerner Corporation	32,731,198	3	1.17%	18,589,566	4	1.02%
Google Fiber Missouri LLC	14,188,604	4	0.51%			
Star Development Corporation	11,161,070	5	0.40%			
Ingredion	10,387,473	6	0.37%			
Laclede Gas Company	11,426,020	7	0.41%	8,309,058	9	0.46%
FedEx Ground Package System Inc.	12,732,616	8	0.45%			
Haven Creek LP	5,953,520	9	0.21%			
Cordillera Ranch Apartments LLC	5,837,386	10	0.21%			
Ameristar Casino				45,258,398	1	2.49%
Promus Co. Inc. (Harrah's Casino)				30,879,327	2	1.70%
Northtown Devco				17,753,360	5	0.98%
Hunt Midwest				10,921,430	6	0.60%
Cedar Fair (Worlds of Fun)				9,409,691	8	0.52%
Cobalt Industrial REIT				4,121,150	10	0.23%
Total	\$ 178,820,693		6.38%	\$ 180,817,873		9.96%

Source: Clay County Assessor's Office (based on most recent information available)

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30:	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 107,096,858	\$ 104,043,744	97.15%	\$ 2,910,346	\$ 106,954,090	99.87%
2015	124,633,760	121,210,655	97.25%	2,972,716	124,183,371	99.64%
2016	129,308,317	125,991,701	97.44%	2,693,477	128,685,178	99.52%
2017	134,388,052	130,434,917	97.06%	3,015,941	133,450,858	99.30%
2018	138,636,222	134,242,272	96.83%	3,192,566	137,434,838	99.13%
2019	143,693,357	135,835,260	94.53%	2,995,359	138,830,619	96.62%
2020	149,241,401	143,909,128	96.43%	3,615,816	147,524,944	98.85%
2021	152,799,458	147,957,396	96.83%	2,910,346	150,867,742	98.74%
2022	158,851,538	151,779,812	95.55%	8,593,818	160,373,630	100.96%
2023	168,280,126	161,048,847	95.70%	-	161,048,847	95.70%

Source: County Collector remittances

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Net G.O. School Building And Refunding Bonds	Unamortized Premium on Bonds	Capital Lease Obligations	Certificates of Participation	Unamortized Premium on COPs	Total Primary Government	Percentage of Personal Income (a)	Net G.O. Debt per Capita (a)	Net Ratio of G.O. Debt to Estimated Actual Property Value (b)
2014	\$ 210,530,000	\$ 17,471,000	\$ 3,008,410	\$ -	\$ -	\$ 231,009,410	2.27%	\$ 991	2.90%
2015	195,750,000	15,781,592	5,944,651	14,345,000	181,988	232,003,231	2.15%	986	2.80%
2016	179,335,000	14,204,358	21,365,037	23,985,000	546,070	239,435,465	2.17%	1,003	2.76%
2017	317,615,000	28,061,440	22,768,793	22,910,000	506,077	391,861,310	3.45%	1,614	4.36%
2018	261,800,000	24,193,840	24,757,219	21,530,000	466,084	332,747,143	2.81%	1,348	3.56%
2019	238,150,000	21,667,286	21,006,622	20,060,000	426,091	301,309,999	2.44%	1,203	3.12%
2020	219,580,000	19,346,849	21,991,865	18,570,000	386,098	279,874,812	2.14%	1,104	2.65%
2021	353,125,000	29,946,081	26,715,536	17,065,000	346,106	427,197,723	2.98%	1,672	3.96%
2022	330,255,000	27,111,182	25,348,172	15,490,000	306,113	398,510,467	N/A	1,550	3.24%
2023	445,860,000	38,030,249	15,003,342	13,860,000	266,120	513,019,711	N/A	N/A	4.01%

(a) See Demographic and Economic Statistics Table for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(b) See Assessed Value and Actual Value of Taxable Property Statistics Table for estimated actual property value.

Source: District records

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2023
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Clay County	21,015,645	53.08%	11,155,636
City of Kansas City	1,664,643,730	96.85%	1,612,220,857
City of North Kansas City	-	9.34%	-
City of Gladstone	200,000	16.55%	33,101
City of Pleasant Valley	1,104,427	1.46%	16,083
City of Claycomo	-	0.97%	-
Subtotal, Overlapping Debt			<u>1,623,425,677</u>
District Direct Debt			<u>398,510,467</u>
Total Direct and Overlapping Debt			<u><u>2,021,936,144</u></u>

Note:

Allocations are based upon Real Estate Assessed Values within the District.

Sources:

Outstanding debt amounts obtained from the respective cities.

Assessed values for real estate within the district obtained from the Clay County Assessor's Office.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST EIGHT FISCAL YEARS

(Unaudited)

Total student enrollment as of the last Wednesday in September (excluding pre-K students):

2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
20,798	20,419	20,255	20,434	20,096	19,712	19,604	19,380

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Population	Total Personal Income (in thousands)	Median Household Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate		
							Clay County	State of Missouri	United States
	[1]	[2]	[1]	[2]	[1]	[3]	[4]	[4]	[4]
2014	233,142	10,167,307	61,184	43,610	36.5	19,201	5.4%	6.3%	6.1%
2015	235,344	10,778,407	62,099	45,799	36.6	19,253	4.6%	5.3%	5.3%
2016	238,837	11,010,642	63,702	46,101	36.8	19,391	3.9%	4.8%	4.9%
2017	242,780	11,370,639	65,675	46,835	36.8	19,609	3.2%	3.7%	4.3%
2018	246,798	11,822,237	68,367	47,902	37.1	19,604	2.8%	3.3%	4.0%
2019	250,522	12,344,886	70,510	46,277	37.1	20,097	2.7%	3.2%	3.6%
2020	253,463	13,083,633	72,047	51,619	37.2	20,435	7.9%	8.4%	11.0%
2021	255,518	14,339,156	75,596	56,118	n/a	19,619	6.7%	5.0%	5.9%
2022	257,033	n/a	n/a	n/a	n/a	19,785	2.3%	2.3%	3.6%
2023	n/a	n/a	n/a	n/a	n/a	20,309	2.8%	2.6%	3.6%

Sources:

- [1] Clay County numbers obtained from the United States Census Bureau (<https://www.census.gov/quickfacts/claycountymissouri>)
- [2] Clay County numbers obtained from the St. Louis Fed (fred.stlouisfed.org)
- [3] District records
- [4] Bureau of Labor Statistics (bls.gov)

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**PRINCIPAL EMPLOYERS (CLAY COUNTY)
CURRENT CALENDAR YEAR AND NINE YEARS AGO
(Unaudited)**

Employer	Calendar Year 2023			Calendar Year 2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Ford Motor Company	7,200	1	5.2%	4,900	1	4.0%
North Kansas City Hospital	3,551	2	2.6%	3,200	3	2.6%
North Kansas City School District	3,469	3	2.5%	2,964	4	2.4%
Cerner Corporation	2,972	4	2.2%	4,800	2	3.9%
Liberty School District	1,973	5	1.4%	1,289	10	1.1%
Liberty Hospital	1,775	6	1.3%	1,356	8	1.1%
Hallmark Cards, Inc.	1,150	7	0.8%			0.0%
Elms Resort & Spa	1,105	8	0.8%			0.0%
FedEx Ground Hub & Local Terminal	960	9	0.7%			0.0%
Union Pacific Railroad	920	10	0.7%	1,500	7	1.2%
Ameristar Casino			0.0%	2,316	5	1.9%
Worlds of Fun			0.0%	2,100	6	1.7%
Harrah's North Kansas City			0.0%	1,295	9	1.1%
	<u>25,075</u>		<u>18.3%</u>	<u>25,720</u>		<u>21.2%</u>

Source: Clay County Economic Development Council

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

	Full-Time Equivalent Employees as of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Elementary Schools	562.57	567.80	636.30	584.30	603.80	598.09	597.84	607.24	624.24	626.24
Middle Schools	241.10	243.00	247.50	245.50	248.50	251.60	254.80	254.97	253.97	257.79
High Schools	296.23	299.73	296.93	309.93	307.43	313.93	304.96	305.80	326.37	323.54
Special Programs:										
Gifted	27.50	28.69	28.55	28.35	29.91	30.73	30.65	31.45	30.56	29.56
Early Childhood Special Education	51.00	50.60	51.80	66.00	65.50	68.30	73.30	67.00	73.00	76.00
Special Education	378.93	386.93	398.39	405.39	403.42	417.79	412.29	413.32	408.52	414.46
Other Special Programs	130.71	127.79	136.86	124.86	121.11	120.79	121.86	118.86	97.00	108.50
Career Education	20.25	25.25	28.25	28.25	28.25	31.50	26.00	28.00	19.63	19.63
Adult Education										
Total Instruction	1,708.29	1,729.79	1,824.58	1,792.58	1,807.92	1,832.72	1,821.69	1,826.63	1,833.27	1,855.72
Support Services:										
Guidance and Counseling	55.50	57.50	61.50	58.50	60.50	61.00	61.00	60.00	59.80	58.80
Social Workers	12.00	12.00	13.00	12.00	14.00	17.00	17.00	17.00	20.00	21.00
Health Services	41.00	46.00	47.00	46.00	48.00	48.00	50.00	50.00	46.00	48.00
Improvement of Instruction	66.00	82.50	55.50	51.50	55.50	56.50	60.50	65.00	72.50	71.50
Library Services	50.61	49.61	49.71	48.61	48.61	53.11	50.61	49.61	50.61	48.61
General Administration	93.50	85.00	92.86	87.29	92.71	90.86	84.86	84.86	96.71	93.34
Building Administration	210.43	221.51	222.94	226.62	225.48	232.48	231.48	235.62	236.62	242.05
Business, Central Services	12.00	11.00	11.00	13.00	14.00	14.00	12.00	14.00	14.00	14.00
Operation of Plant	193.40	189.60	195.60	196.20	196.00	209.60	209.40	213.20	218.00	221.00
Security	15.00	15.00	15.00	16.00	17.00	17.00	38.00	39.00	51.00	47.00
Pupil Transportation	153.25	153.75	158.00	161.25	162.50	166.25	173.00	164.50	161.00	168.25
Food Service	133.56	135.81	129.13	132.44	134.81	136.75	134.50	124.88	125.06	130.63
Community Services	101.29	103.99	105.32	102.88	97.56	98.50	107.44	100.00	116.02	120.18
Total Support Services	1,137.54	1,163.27	1,156.55	1,152.27	1,166.67	1,201.05	1,229.78	1,217.66	1,267.32	1,284.36
Overall Total	2,845.84	2,893.06	2,981.13	2,944.85	2,974.59	3,033.76	3,051.47	3,044.29	3,100.59	3,140.08

SOURCE: District records

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHOOL BUILDING INFORMATION
(unaudited)**

DESE School Code	Building Description	Year Built	Square Footage	Building Capacity	FY 23 Enrollment	Capacity Used (%)
<i>Elementary Schools:</i>						
4020	Rising Hill	2018	58,066	613	384	62.64%
4040	Bell Prairie	2009	83,791	803	737	91.78%
4060	Briarcliff	1956	48,924	477	315	66.04%
4080	Chapel Hill	1960	65,650	624	606	97.12%
4100	Chouteau	1955	39,537	468	364	77.78%
4110	Northview	2018	70,907	767	659	85.92%
4120	Clardy	1960	58,943	556	495	89.03%
4160	Crestview	1953	54,148	597	437	73.20%
4180	Davidson	2022	71,158	636	563	88.52%
4200	Fox Hill	1990	75,164	727	594	81.71%
4280	Gashland	1946	21,818	275	232	84.36%
4320	Gracemor	1960	87,635	958	675	70.46%
4340	Lakewood	1956	30,580	286	190	66.43%
4380	Linden West	1956	62,368	653	498	76.26%
4400	Maplewood	2022	58,130	646	319	49.38%
4420	Meadowbrook	1956	57,122	648	508	78.40%
4440	Nashua	1952	38,703	468	330	70.51%
4500	Oakwood Manor	1958	35,176	388	216	55.67%
4540	Ravenwood	1966	54,278	464	324	69.83%
4560	Topping	1967	38,123	455	319	70.11%
4570	West Englewood	1969	46,804	656	409	62.35%
4580	Winnwood	1952	53,260	416	245	58.89%
<i>Middle Schools and Sixth Grade Centers:</i>						
3000	Antioch	1960	108,411	1,242	869	69.97%
3100	Eastgate	1957	115,877	930	608	65.38%
3150	Maple Park	1961	118,677	1,127	644	57.14%
3160	Gateway	1997	104,918	1,070	926	86.54%
3180	New Mark	1971	119,782	1,268	1,005	79.26%
3200	Northgate	1955	113,256	1,054	691	65.56%
<i>High Schools:</i>						
1050	North Kansas City High School	1925	246,604	1,850	1,666	90.05%
1075	Oak Park High School	1964	240,220	1,907	1,770	92.82%
1080	Staley High School	2008	367,014	2,697	1,903	70.56%
1090	Winnetonka High School	1969	262,018	1,787	1,297	72.58%

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**SCHOOL BUILDING INFORMATION
(unaudited)**

DESE School Code	Building Description	Year Built	Square Footage	Building Capacity	FY 23 Enrollment	Capacity Used (%)
Other Buildings:						
7500	Early Childhood	2020	120,000	1,032	596	57.75%
N/A	Central Office	1957	19,480	N/A	N/A	N/A
N/A	R.B. Doolin Center	1970	16,761	N/A	N/A	N/A
N/A	Warehouse	1976	21,330	N/A	N/A	N/A
N/A	Annex	2005	10,231	N/A	N/A	N/A
N/A	Maintenance	1957	12,234	N/A	N/A	N/A
N/A	Transportation	1970	13,678	N/A	N/A	N/A
N/A	CTEC	2002	12,572	N/A	N/A	N/A
N/A	Joseph Jacobs III Ed. Center	1954	29,000	N/A	N/A	N/A
N/A	Golden Oaks	1969	23,408	N/A	N/A	N/A
N/A	Pleasant Valley	1955	19,444	N/A	N/A	N/A

SOURCE: District records