

NEW ISSUE
BANK QUALIFIED
Book-Entry Only

S&P Rating: A

See the section captioned "RATING" herein.

In the opinion of Gilmore & Bell, P.C., as Special Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Interest Portion of Basic Rent paid by the District under the Lease (as described in this Official Statement) and distributed to the Owners of the Series 2026 Certificates (including any original issue discount properly allocable to an Owner thereof) is (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The District's obligation to pay Basic Rent under the Lease is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. Special Counsel notes that Interest Portions of Basic Rent paid by the District and distributed to the Owners of the Series 2026 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See the section captioned "TAX MATTERS" herein.



\$1,510,000*
CERTIFICATES OF PARTICIPATION
(EXCELSIOR SPRINGS SCHOOL DISTRICT #40, LESSEE)
SERIES 2026

Dated: Date of Delivery

Due: April 1, as shown on inside cover page

The Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026 (the "Series 2026 Certificates") evidence proportionate ownership interests in the right to receive Basic Rent Payments (defined herein) to be paid by Excelsior Springs School District #40 (the "District"), under an annually-renewable Lease Purchase Agreement dated as of July 1, 2026 (the "Lease"), entered into between UMB Bank, N.A., Kansas City, Missouri, as trustee and lessor (the "Trustee"), and the District, as lessee. The Series 2026 Certificates are being executed and delivered pursuant to a Declaration of Trust dated as of July 1, 2026 (the "Declaration of Trust"), executed by the Trustee to provide funds to pay the costs of (1) refinancing prior projects of the District that included the acquisition and installation of certain energy conservation equipment, field turf, personal property and improvements at District facilities (the "Refunding") and (2) executing and delivering the Series 2026 Certificates. The personal property and equipment relating to the Prior Projects constitutes the Leased Equipment (as defined herein) and serves as security for payment of the Series 2026 Certificates under the Lease. See also the section herein captioned "PLAN OF FINANCING – The Refunding and Leased Equipment."

The Interest Portion of the Basic Rent represented by the Series 2026 Certificates will be payable semiannually on April 1 and October 1, beginning on October 1, 2026*. The Principal Portion of the Basic Rent represented by the Series 2026 Certificates is payable annually on April 1, beginning on April 1, 2027*, as shown on the inside cover page hereof. See also the section herein captioned "THE SERIES 2026 CERTIFICATES" herein.

The Series 2026 Certificates are subject to prepayment prior to maturity as described herein. See the section herein captioned "THE SERIES 2026 CERTIFICATES – Prepayment."

The Series 2026 Certificates evidence the ownership of proportionate interests in, and rights to receive Basic Rent Payments to be paid by the District under the Lease. The District's obligation to pay Basic Rent Payments and the other obligations of the District under the Lease are subject to and dependent upon annual appropriations being made by the Board of Education of the District for such purpose. See the section herein captioned "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 CERTIFICATES."

An investment in the Series 2026 Certificates involves certain risks. Prospective purchasers should be able to evaluate the risks and merits of an investment in the Series 2026 Certificates before considering a purchase of the Series 2026 Certificates. See the section herein captioned "RISK FACTORS."

The Series 2026 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the District in any Fiscal Year (as defined herein) subsequent to a Fiscal Year as to which the District has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due during the immediately following Renewal Term, the Lease will terminate at the end of the Original Term or the then current Renewal Term. Upon termination of the Lease, the Series 2026 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Leased Equipment and any moneys available therefor may be less than the outstanding Principal Portion and Interest Portion of the Basic Rent represented by the Series 2026 Certificates. The obligation of the District to pay Basic Rent Payments and, thus, the Series 2026 Certificates, will constitute a current expense of the District and will not be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the District beyond any then current Fiscal Year for which an appropriation has been made. The District is not obligated to levy any taxes in order to raise revenues to pay Basic Rent Payments.

See inside cover for maturities, principal amounts, interest rates, prices and CUSIP numbers.

The Series 2026 Certificates are offered when, as, and if delivered and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the District, and certain other conditions. Certain legal matters relating to this Official Statement will also be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri, as disclosure counsel to the District. It is expected that the Series 2026 Certificates will be available for delivery through The Depository Trust Company in New York, New York, on or about __, 2026.



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

* Preliminary; subject to change.

\$1,510,000*
CERTIFICATES OF PARTICIPATION
(EXCELSIOR SPRINGS SCHOOL DISTRICT #40, LESSEE)
SERIES 2026

MATURITY SCHEDULE*

Base CUSIP: 183495

Serial Certificates*

| Maturity Date (April 1) | Principal Amount* | Interest Rate | Price | CUSIP⁽¹⁾ |
|------------------------------------|------------------------------|--------------------------|--------------|----------------------------|
| 2027 | \$30,000 | | | |
| 2028 | 50,000 | | | |
| 2029 | 50,000 | | | |
| 2030 | 55,000 | | | |
| 2031 | 55,000 | | | |
| 2032 | 60,000 | | | |
| 2033 | 60,000 | | | |

Term Certificates*

| Maturity Date (April 1) | Principal Amount* | Interest Rate | Price | CUSIP⁽¹⁾ |
|------------------------------------|------------------------------|--------------------------|--------------|----------------------------|
| 2041 | \$620,000 | | | |
| --- | | | | |
| 2029 | 530,000 | | | |

⁽¹⁾ CUSIP Numbers have been assigned to this issue by CUSIP Global Services managed on behalf of the American Bankers Association by FactSet Research Systems Inc., and are included solely for the convenience of the Owners of the Series 2026 Certificates. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

*Preliminary, subject to change.

EXCELSIOR SPRINGS SCHOOL DISTRICT #40

300 W. Broadway
Excelsior Springs, Missouri 64024
(816) 630-9200

Board of Education

Charles (Tray) Harkins III, President & Member
Jill Evert, Vice President & Member
Brett Jones, Member
Kalyn Goode, Member
Kenny Manley, Member
Darren McKown, Member
Traci White, Member

Lisa Shelton, Secretary of the Board

Administration

Dr. Mark Bullimore, Superintendent
Dr. Christen Everett, Assistant Superintendent (Student Services)
Dr. Scott Guilkey, Assistant Superintendent (Operations)
Dr. Melissa Miller, Assistant Superintendent (Academic Services)

UNDERWRITER

Raymond James & Associates, Inc.
Leawood, Kansas

SPECIAL COUNSEL AND DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

TRUSTEE

UMB Bank, N.A.
Kansas City, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Series 2026 Certificates other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026 Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the District and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Series 2026 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2026 Certificates have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Series 2026 Certificates are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the District’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, INCLUDING THOSE DESCRIBED UNDER “RISK FACTORS” HEREIN, WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE DISTRICT ON THE DATE HEREOF, AND THE DISTRICT ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN **APPENDIX D**.

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ISSUE SUMMARY

This Issue Summary is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

| | |
|--------------------------|---|
| District: | Excelsior Springs School District #40 (the “ District ”). |
| Issue: | \$1,510,000* Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026, evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the District, as lessee, pursuant to an annually-renewable Lease Purchase Agreement dated as of July 1, 2026 (the “ Lease ”) with UMB Bank, N.A., as lessor and trustee. |
| Dated Date: | Dated the date of issuance and delivery of the Series 2026 Certificates. |
| Interest Payment Dates: | April 1 and October 1, commencing October 1, 2026*. |
| Principal Due: | On April 1 of each year, as shown on the inside cover hereof. |
| Prepayment: | The Series 2026 Certificates are subject to prepayment prior to their stated maturity dates under certain circumstances, as described under the section captioned “ THE SERIES 2026 CERTIFICATES – Prepayment ” in this Official Statement. |
| Authorization: | The delivery of the Lease and the Series 2026 Certificates are authorized by a resolution approved by the Board of Education of the District on June 23, 2026, pursuant to and in full compliance with the Constitution and statutes of the State of Missouri. |
| Security: | The Series 2026 Certificates are payable solely from the Basic Rent Payments to be paid by the District under the Lease and, to the extent received by the Trustee, net proceeds of certain insurance policies, condemnation awards and proceeds from the sale or lease of the Trustee’s interest in the Leased Equipment. The obligation of the District to make Basic Rent Payments under the Lease is limited to certain moneys of the District which its Board of Education appropriates annually from its Capital Projects Fund. See the caption “ SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 CERTIFICATES ” in this Official Statement. |
| Credit Rating: | S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC (“ S&P ”), has assigned the Series 2026 Certificates the rating shown on the cover page hereof based on S&P’s evaluation of the creditworthiness of the District. See the section captioned “ RATING ” in this Official Statement. |
| Purpose: | The proceeds received from the sale of the Series 2026 Certificates will be used by the District to pay costs of (a) refinancing prior projects of the District that included the acquisition and installation of certain energy conservation equipment, field turf, personal property and improvements at District facilities (as more fully described under the caption “ PLAN OF FINANCING - The Refunding and Leased Equipment ” herein), and (b) executing and delivering the Series 2026 Certificates. |
| Special Counsel Opinion: | Gilmore & Bell, P.C., as Special Counsel to the District, will provide an opinion that under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the Interest Portion of Basic Rent Payments paid by the District and distributed to the Owners (defined herein) of the Series 2026 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and State of Missouri income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. The District’s obligation to pay Basic Rent Payments under the Lease is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. |
| Trustee: | UMB Bank, N.A., Kansas City, Missouri |
| Book-Entry Form: | The Series 2026 Certificates will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“ DTC ”), New York, New York. DTC will act as securities depository of the Series 2026 Certificates. |

* Preliminary; subject to change.

OFFICIAL STATEMENT

\$1,510,000*
CERTIFICATES OF PARTICIPATION
(EXCELSIOR SPRINGS SCHOOL DISTRICT #40, LESSEE)
SERIES 2026

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information in connection with the execution and delivery of Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026, in the aggregate principal amount of \$1,510,000* (the “**Series 2026 Certificates**”). The Series 2026 Certificates represent undivided proportionate interests in Basic Rent Payments (defined herein) to be paid by Excelsior Springs School District #40 (the “**District**”) pursuant to an annually-renewable Lease Purchase Agreement dated as of July 1, 2026 (the “**Lease**”), between UMB Bank, N.A., Kansas City, Missouri, as trustee and lessor (the “**Trustee**”), and the District, as lessee.

The District

The District is a school district and political subdivision organized and existing under the laws of the State of Missouri. For more information about the District, see the section captioned “**GENERAL INFORMATION CONCERNING THE DISTRICT**” in *Appendix A* hereto.

Plan of Financing

The Series 2026 Certificates will be executed and delivered by the Trustee pursuant to a Declaration of Trust dated as of July 1, 2026 (the “**Declaration of Trust**”), executed by the Trustee. The District will use proceeds from the sale of the Series 2026 Certificates to pay costs of (a) refinancing the Prior Projects (as defined herein) of the District and in connection therewith, paying the purchase option price under each of the Prior Leases (defined herein) and acquiring the Leased Equipment (defined herein) (the “**Refunding**,” as more fully described under the caption “**PLAN OF FINANCING – The Refunding and Leased Equipment**” herein), and (b) executing and delivering the Series 2026 Certificates.

In order to provide funds to pay the costs of certain energy conservation measures including LED lighting, telecommunications and plumbing (the “**2020 Project**”), the District entered into a Master Tax-Exempt Lease/Purchase Agreement dated as of June 25, 2020 (the “**2020 Lease**”) with U.S. Bancorp Government Leasing and Finance, Inc. (“**US Bancorp**”), pursuant to which US Bancorp, as lessor, agreed to lease to the District, as lessee, certain materials, equipment and other personal property acquired and installed in connection with the 2020 Project (collectively, the “**2020 Leased Equipment**”). In order to provide funds to pay the costs of artificial turf, bleachers and other miscellaneous upgrades installed at the Excelsior Springs High School baseball field (the “**2021 Project**,” and together with the 2020 Project, the “**Prior Projects**”), the District entered into a Tax-Exempt Lease Purchase Agreement dated as of June 28, 2021 (the “**2021 Lease**,” and together with the 2020 Lease, the “**Prior Leases**”) with First State Community Bank (“**FSCB**”), pursuant to which FSCB, as

*Preliminary, subject to change.

lessor, agreed to lease to the District, as lessee, certain materials, equipment and other personal property acquired and installed in connection with the 2021 Project (collectively, the “**2021 Leased Equipment,**” and together with the 2020 Leased Equipment, the “**Leased Equipment**”).

Under the Lease, the Trustee will lease the Leased Equipment to the District, with the option to purchase the Trustee’s interest in the Leased Equipment. The Lease provides, among other things, for an original term commencing the date of the execution and delivery of the Series 2026 Certificates, and expiring and terminating on the last day of the District’s current Fiscal Year (June 30, 2027) (the “**Original Term**”), subject to annual renewal by the Board of Education of the District, for one-year renewal terms co-extensive with the District’s Fiscal Year (beginning July 1 and ending June 30) (each a “**Renewal Term**”), with a final Renewal Term commencing July 1, 2045* and terminating April 2, 2046* (after the final Basic Rent Payment is paid on April 1, 2046*). Each Renewal Term is subject to annual appropriation by the Board of Education of the District.

Under the Lease, the Trustee and the District agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. **The Leased Equipment does not include any interests in real property. The Trustee will retain a security interest in the Leased Equipment as security for the Owners of the Series 2026 Certificates, but will not have a lien on the real estate or buildings in which the Leased Equipment will be installed.**

Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Owners of the Series 2026 Certificates, and any additional certificates of participation authorized to be delivered under the Declaration of Trust (“**Additional Certificates**”).

Limited Obligations

Under the Lease, the District has agreed to pay rental payments (the “**Basic Rent**” or “**Basic Rent Payments**”) consisting of a principal portion (the “**Principal Portion**”) and an interest portion (the “**Interest Portion**”), but only if and to the extent that the Board of Education of the District annually appropriates sufficient money to pay the Basic Rent coming due during the Original Term and each succeeding Renewal Term. The Series 2026 Certificates represent undivided, proportionate interests in the Basic Rent Payments.

The District intends to satisfy its obligations to make Basic Rent Payments during each Fiscal Year from available money in the District’s Capital Projects Fund and any other funds of the District that are legally available to pay Basic Rent during such Fiscal Year. Moneys in the Capital Projects Fund are derived from (i) any tax levy imposed for by the District for the Capital Projects Fund, (ii) grant moneys which are restricted in use and which may or may not be used to make lease payments, and (iii) transfers from the District’s Incidental (General) Fund, the permitted amount of such transfers is limited by State of Missouri law. See the caption “**FINANCIAL INFORMATION CONCERNING THE DISTRICT - Certain Permitted Fund Transfers**” in *Appendix A* to this Official Statement. **However, no tax revenues, funds or other moneys of the District have been pledged to the payment of Basic Rent represented by the Series 2026 Certificates, and there can be no assurance that the District will appropriate funds for payment of the Basic Rent distributable to the Owners of the Series 2026 Certificates.**

Neither the Series 2026 Certificates nor the Lease will constitute a debt or liability of the District or of the State of Missouri or any political subdivision thereof, nor will they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease shall not obligate the District to levy any form of taxation for the payment of Basic Rent Payments payable thereunder or to make any appropriation for such payments in any Fiscal Year subsequent to a Fiscal Year for which the Lease has been renewed and is in effect.

None of the Series 2026 Certificates, the Lease or any payments required under the Lease will (a) constitute a mandatory payment obligation of the District in any Fiscal Year beyond the Fiscal Year during which the District is a lessee under the Lease or (b) give rise to a general obligation or other indebtedness of the District. The District is not legally obligated to budget or appropriate money for any Fiscal Year beyond the

current Fiscal Year or any subsequent Fiscal Year in which the Lease is in effect, and there can be no assurance that the District will appropriate funds to make Basic Rent or renew the Lease after the Original Term or any Renewal Term. The District may terminate its obligations under the Lease on an annual basis. The District has the option to purchase the Trustee's interest in the Leased Equipment at the times and upon the conditions described under the caption **"DEFINITIONS AND SUMMARIES OF THE DECLARATION OF TRUST AND THE LEASE – SUMMARY OF THE LEASE – Purchase Option"** in *Appendix C* hereto.

Risk Factors

Payment of the Principal Portions and Interest Portions of Basic Rent represented by the Series 2026 Certificates is subject to certain risks. See the caption **"RISK FACTORS"** in this Official Statement.

Parity Obligations

The Declaration of Trust provides for the future delivery of Additional Certificates which, if delivered, would be secured on a parity basis with the Series 2026 Certificates and any other Additional Certificates then Outstanding under the Declaration of Trust. The Series 2026 Certificates and any Additional Certificates are collectively referred to herein as the **"Certificates."** See **"ADDITIONAL CERTIFICATES"** in this Official Statement and **"DEFINITIONS AND SUMMARIES OF THE DECLARATION OF TRUST AND THE LEASE - SUMMARY OF THE DECLARATION OF TRUST - Additional Certificates"** in *Appendix C* hereto.

Continuing Disclosure Information

The District will enter into a Continuing Disclosure Undertaking dated as of the date of issuance of the Series 2026 Certificates (the **"Continuing Disclosure Undertaking"**), to provide certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events relating to the Series 2026 Certificates. The financial information, operating data and notice of events will be filed in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the section herein captioned **"CONTINUING DISCLOSURE"** and the form of Continuing Disclosure Undertaking included as *Appendix D* hereto.

Financial Statements

The audited financial statements of the District for Fiscal Year ended June 30, 2025, are included in *Appendix B* hereto. These financial statements have been audited by Westbrook & Co., P.C., Richmond, Missouri, independent certified public accountants, to the extent and for the period indicated in their report which is also included in *Appendix B* hereto.

Other Outstanding Obligations Payable

In addition to the annually-renewable Lease, the District is also obligated, on an annually renewable basis, to make certain lease payments under other outstanding lease purchase financings described under the section captioned **"DEBT STRUCTURE OF THE DISTRICT – Other Long-Term Obligations of the District"** in *Appendix A* to this Official Statement. The Basic Rent Payments to be paid by the District to the Trustee under the Lease and the lease payments to be paid by the District under its other outstanding lease purchase obligations, are subject to annual appropriation, and are anticipated to be paid solely from available money in the District's Capital Projects Fund and not from moneys in the District's Debt Service Fund, which may be used solely to make payments on the District's outstanding general obligation bonds. The District is obligated to pay from ad valorem taxes deposited in the Debt Service Fund the principal and interest requirements on the District's outstanding general obligation bonds as set forth under the section captioned **"DEBT STRUCTURE OF THE DISTRICT – General Obligation Debt Service Requirements"** in *Appendix A* to this Official Statement.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined under the caption “**DEFINITIONS AND SUMMARIES OF THE DECLARATION OF TRUST AND THE LEASE**” set forth in *Appendix C* hereto. Brief descriptions of the Series 2026 Certificates, the Lease and the Declaration of Trust and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease and the Declaration of Trust are qualified in their entirety by reference to such documents, copies of which may be requested from the Trustee, or will be provided by the Underwriter (defined herein) to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Series 2026 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Lease and the Declaration of Trust.

PLAN OF FINANCING

The Refunding and Leased Equipment

The proceeds of the Series 2026 Certificates will be used to pay the costs of (a) the Refunding and (b) executing and delivering the Series 2026 Certificates. Pursuant to each of the Prior Leases, the District will exercise its purchase option. Proceeds of the Series 2026 Certificates, after payment of costs of issuing the Series 2026 Certificates, will be transferred to: (a) US Bancorp in the sum of \$703,511.14* to exercise its purchase option under the 2020 Lease on July 21, 2026 and (b) FSCB in the sum of \$849,960.19* to exercise its purchase option under the 2021 Lease on July 21, 2026.

The Leased Equipment is comprised *exclusively* of personal property and equipment and includes energy conservation measures including LED lighting, telecommunications and plumbing, and artificial turf, bleachers and other miscellaneous upgrades installed at the Excelsior Springs High School baseball field, which were acquired and installed in connection with the Prior Projects, and are being refinanced with the proceeds of the Series 2026 Certificates. **Under the Lease, the Trustee and the District agree that the Leased Equipment is and will remain personal property, notwithstanding that it may be in any way affixed to real property. The Leased Equipment does not include any interests in real property.**

The Leased Equipment may have a useful life that is less than the final maturity of the Series 2026 Certificates. Accordingly, over time, the value of the Leased Equipment will likely be substantially less than the estimated value shown above. See the section captioned “**RISK FACTORS – Dilution of Security for the Series 2026 Certificates and Limited Value of the Equipment**” herein.

(Remainder of this page intentionally left blank)

* Preliminary; subject to change.

Estimated Sources and Uses of Funds

The sources and application of funds in connection with the delivery of the Series 2026 Certificates are estimated as follows:

Sources of Funds:

| | |
|--|-----------------|
| Principal Amount of the Series 2026 Certificates | \$1,510,000.00* |
| Original Issue Premium | _____ |
| Total | \$ _____ |

Uses of Funds:

| | |
|--|----------|
| Refinancing the Prior Projects | \$ _____ |
| Costs of Issuance (including Underwriter’s discount) | _____ |
| Total | \$ _____ |

* Preliminary; subject to change.

Schedule of Basic Rent Payments

The following schedule shows the annual Basic Rent Payments to be paid by the District to the Trustee under the Lease during each Fiscal Year which will be distributed by the Trustee to the Owners of the Series 2026 Certificates. Basic Rent Payments are subject to annual appropriation by the Board of Education of the District from available moneys in the District’s Capital Projects Fund.

| Fiscal Year | Basic Rent Payments | | | |
|-------------|--------------------------|------------------------------|----------------------------|--------------|
| | Ending <u>June 30</u> | Principal <u>Portion*</u> | Interest <u>Portion</u> | <u>Total</u> |
| 2027 | | \$30,000 | | |
| 2028 | | 50,000 | | |
| 2029 | | 50,000 | | |
| 2030 | | 55,000 | | |
| 2031 | | 55,000 | | |
| 2032 | | 60,000 | | |
| 2033 | | 60,000 | | |
| 2034 | | 65,000 | | |
| 2035 | | 70,000 | | |
| 2036 | | 70,000 | | |
| 2037 | | 75,000 | | |
| 2038 | | 80,000 | | |
| 2039 | | 85,000 | | |
| 2040 | | 85,000 | | |
| 2041 | | 90,000 | | |
| 2042 | | 95,000 | | |
| 2043 | | 100,000 | | |
| 2044 | | 105,000 | | |

* Preliminary, subject to change.

| Basic Rent Payments | | | |
|----------------------------------|--------------------------------------|------------------------------------|---------------------|
| Fiscal Year | | | |
| Ending <u>June 30</u> | Principal <u>Portion</u>* | Interest <u>Portion</u> | <u>Total</u> |
| 2045 | 110,000 | | |
| 2046 | 120,000 | | |
| TOTAL | \$1,510,000 | | |

THE SERIES 2026 CERTIFICATES

General Provisions

The Series 2026 Certificates are dated the date of their original delivery and will mature on April 1 in the amounts and in the years stated on the inside cover page of this Official Statement unless prepaid prior thereto upon the terms and conditions described under the section herein captioned “**Prepayment**” (assuming no Event of Nonappropriation occurs).

Payment of Basic Rent Payments and Prepayment Price

The Series 2026 Certificates will be delivered in the denomination of \$5,000 each or any integral multiple thereof in book-entry form. Purchases of the Series 2026 Certificates will be made in book-entry only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2026 Certificates will not receive certificates representing their interests in the Series 2026 Certificates purchased. Each Series 2026 Certificate represents a proportionate interest in the Principal Portions and Interest Portions of the Basic Rent Payments to be paid by the District to the Trustee under the Lease for the benefit of the Certificate Owners. Principal Portions of Basic Rent Payments for the Series 2026 Certificates will be payable on April 1 of each year, beginning April 1, 2027*. Interest Portions of Basic Rent Payments for the Series 2026 Certificates will be payable semiannually on April 1 and October 1 of each year, beginning on October 1, 2026*, to and including the date of maturity or prepayment, whichever is earlier. Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Series 2026 Certificates.

While the Series 2026 Certificates remain in book-entry form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in the section captioned “**BOOK-ENTRY ONLY SYSTEM**” herein. In the event that DTC ceases to act as securities depository for the Series 2026 Certificates, payment may be made as described below. Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Series 2026 Certificates.

Principal Portions and Interest Portions of Basic Rent represented by the Series 2026 Certificates will be payable by check or draft of the Trustee mailed to the Owners of the Series 2026 Certificates at the address of each Series 2026 Certificate Owner shown on the registration books maintained by the Trustee as of the close of business on the on the fifteenth day of the month next preceding each Basic Rent Payment Date (the “**Record Date**”), or by electronic transfer to such Owner upon written notice given by such Owner not less than 15 days prior to the Record Date containing the electronic transfer instructions including the bank (which will be in the continental United States), ABA routing number and account name and number to which such Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable.

* Preliminary, subject to change.

Transfer and Exchange

While the Series 2026 Certificates remain in book-entry form, transfers of ownership by Beneficial Owners may be made as described under the section “**BOOK-ENTRY ONLY SYSTEM**” herein. In the event that DTC ceases to act as securities depository for the Series 2026 Certificates, transfers may be affected as described below.

Books for the registration and transfer of the Certificates are to be kept by the Trustee, as registrar. Upon surrender for transfer of any Certificate at the designated payment office of the Trustee and satisfaction of the conditions and restrictions of such transfer, the Trustee is to execute and deliver in the name of the transferee a new Certificate of the same series and maturity or maturities, interest rate and tenor as the Certificates surrendered. Certificates may be exchanged at the designated payment office of the Trustee for an equal aggregate principal amount of Certificates of the same series and maturity or maturities, interest rate and tenor as the Certificate surrendered. All Certificates presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing.

The Trustee is not required to transfer or exchange any Certificate after such Certificate has been called for prepayment.

The person in whose name any Certificate is registered is deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either the Principal Portion or the Interest Portion of the Basic Rent Payments represented by any Certificate will be made only to or upon the written order of the registered owner thereof or his legal representative.

The Certificates are payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debt. Certificates may be transferred at the designated payment office of the Trustee. Certificates may be exchanged for Certificates of the same maturity of other authorized denominations in accordance with the terms of the Declaration of Trust. For every such exchange or transfer of Certificates, the Trustee will make a charge to the Certificate Owner sufficient to reimburse it for any tax, fee or other governmental charges required to be paid with respect to such exchange or transfer.

Prepayment

Optional Prepayment of Series 2026 Certificates. The Series 2026 Certificates maturing on April 1, 2041* and thereafter, shall be subject to optional prepayment, as a whole or in part, on April 1, 2033*, or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2026 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the District upon the exercise of its option to purchase the Trustee’s interest in the Leased Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

(Remainder of this page intentionally left blank)

* Preliminary; subject to change.

Mandatory Prepayment of Series 2026 Certificates. The Series 2026 Certificates maturing on April 1 in the years 2041* and 2046* (the “**Series 2026 Term Certificates**”), are subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2026 Term Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the following principal amounts:

| <u>April 1, 2041* Series 2026 Term Certificates</u> | | <u>April 1, 2046 Series 2026 Term Certificates</u> | |
|---|------------------|--|------------------|
| Prepayment | | Prepayment | |
| Date | Principal | Date | Principal |
| <u>April 1</u> | <u>Amount</u> | <u>April 1</u> | <u>Amount</u> |
| 2034 | \$65,000 | 2042 | \$ 95,000 |
| 2035 | 70,000 | 2043 | 100,000 |
| 2036 | 70,000 | 2044 | 105,000 |
| 2037 | 75,000 | 2045 | 110,000 |
| 2038 | 80,000 | 2046 ⁺ | 120,000 |
| 2039 | 85,000 | | |
| 2040 | 85,000 | | |
| 2041 ⁺ | 90,000 | | |

⁺Final Maturity

Extraordinary Optional Prepayment. The Series 2026 Certificates will be subject to optional prepayment, in whole only, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the District or any entity controlled by or otherwise affiliated with the District) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the Constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable, and the District purchases the Trustee’s interest in the Leased Equipment pursuant to the Lease. See the section captioned “**SUMMARY OF THE LEASE - Damage, Destruction and Condemnation**” in *Appendix C* hereto.

Partial Prepayment of Certificates. If less than all of the Outstanding Series 2026 Certificates of a series are called for prepayment, (i) Series 2026 Certificates shall be prepaid in such order of stated payment dates as is determined by the District, and (ii) within a stated payment date the Trustee shall select the Series 2026 Certificates or any given portion thereof to be prepaid in such equitable manner as the Trustee determines in principal amounts of \$5,000 or integral multiples thereof. Upon surrender of any Series 2026 Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Series 2026 Certificate or Series 2026 Certificates of the same series and stated payment date, equal in aggregate principal amount to the unprepaid portion of the Series 2026 Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not less than 20 days nor more than 60 days prior to the Prepayment Date, to the District and the Owner of each Series 2026 Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state the Prepayment Date, the place of prepayment, the Prepayment Price and, if less than all, the numbers of the Series 2026 Certificates to be prepaid. Such notice will also state that the Interest Portion of the Basic Rent Payments represented by the Series 2026 Certificates designated for prepayment will cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Series 2026 Certificates.

* Preliminary; subject to change.

So long as the book-entry only system is used for the Series 2026 Certificates, the Trustee will give any notice of prepayment or any other notices required to be given to owners only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Series 2026 Certificates so called for prepayment. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of prepayment or other communications to DTC that affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See the section captioned “**BOOK-ENTRY ONLY SYSTEM**” herein.

The Trustee is also directed to comply with any mandatory or voluntary standards then in effect for processing prepayments of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Series 2026 Certificate to be prepaid.

Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and funds sufficient for payment of the Prepayment Price of such Series 2026 Certificates being held by the Trustee, on the Prepayment Date designated in such notice, the Series 2026 Certificates so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent Payments represented by the Series 2026 Certificates so called for prepayment will cease to accrue, said Series 2026 Certificates will cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Series 2026 Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price.

BOOK-ENTRY ONLY SYSTEM

General. The Series 2026 Certificates are available in book-entry only form. Purchasers of the Series 2026 Certificates will not receive certificates representing their interests in the Series 2026 Certificates. Ownership interests in the Series 2026 Certificates will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company “**DTC**”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The District takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Series 2026 Certificates. The Series 2026 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Series 2026 Certificates and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct

Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Ownership Interests. Purchases of Series 2026 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Certificate (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Certificates, except in the event that use of the book-entry system for the Series 2026 Certificates is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2026 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Certificate documents. For example, Beneficial Owners of Series 2026 Certificates may wish to ascertain that the nominee holding the Series 2026 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2026 Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2026 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments. Payment of the Principal Portion of the Basic Rent Payments represented by the Series 2026 Certificates or the prepayment price of and the Interest Portion of the Basic Rent Payments represented by the Series 2026 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time Payment of the principal portion of the Basic Rent Payments represented by the Series 2026 Certificates or the prepayment price of and the interest portion of the Basic Rent Payments represented by the Series 2026 Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as depository with respect to the Series 2026 Certificates at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, Series 2026 Certificates will be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026 Certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Series 2026 Certificates from DTC (or such successor securities depository), Series 2026 Certificates may be delivered to Beneficial Owners in the manner described herein under the section captioned "**Transfer and Exchange.**"

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 CERTIFICATES

Limited Obligations

The Series 2026 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the District in any Fiscal Year subsequent to a Fiscal Year as to which the District has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. **In the event the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year.** Upon termination of the Lease, the Series 2026 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or leasing of the Trustee's interest in the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the District to pay Basic Rent Payments and, thus, the Series 2026 Certificates, is limited to payment from Available Revenues (see the section captioned "**Available Revenues**" herein), will constitute a current expense of the District and will not be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, and will not constitute a pledge of the general tax revenues, funds or moneys of the District beyond any then current Fiscal Year during which the Lease is in effect. The District is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments. The District agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then current Fiscal Year, but failure to give such notice will not extend the term beyond such Fiscal Year. The Lease also provides that Basic Rent Payments will be made directly to the Trustee.

To secure the payment of all of the District's obligations under the Lease, the Trustee has retained a security interest in the Leased Equipment, which is comprised solely of personal property, equipment and related materials previously acquired and installed in connection with the Prior Projects and being refinanced with the proceeds of the Series 2026 Certificates. Such security interest does not extend to the real estate on, or the buildings in which, the Leased Equipment is located. See the sections captioned "**PLAN OF FINANCING – The Refunding and Leased Equipment**" herein.

Neither the Series 2026 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Series 2026 Certificates or the Lease.

Available Revenues

The District is obligated only to pay Basic Rent and other periodic payments under the Lease as may be lawfully made from all Available Revenues of the District. "**Available Revenues**" means, for any Fiscal Year, any balances of the District from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the District for such Fiscal Year plus any unencumbered balances of the District from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

The District intends to pay Basic Rent Payments from moneys on deposit in its Capital Projects Fund. Moneys in the District's Capital Projects Fund are derived from (i) any tax levy imposed by the District for the Capital Projects Fund, (ii) grant moneys which are restricted in use and which may or may not be used to make lease payments, and (iii) transfers from the District's Incidental (General) Fund, the permitted amount of such transfers are limited by Missouri law. See the section caption "**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Certain Permitted Fund Transfers**" in *Appendix A* hereto. However, no tax or any other funds or revenues of the District are, or can be, pledged to the payment of the Series 2026 Certificates. The Lease does not require or limit the District to use proceeds of any tax to pay Basic Rent.

The Lease provides that the District's obligation to make the Basic Rent Payments is absolute and unconditional, subject to and dependent upon annual appropriations being made by the District for such purpose, and that after such appropriation each Basic Rent Payment is payable without any right of set-off or counterclaim. The District has covenanted that it will do all things lawfully within its power to obtain and maintain funds from which Basic Rent Payments may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds will be made in accordance with the District's normal procedures for such decisions by the then current Board of Education of the District.

See the sections herein captioned "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 CERTIFICATES – Limited Obligations,**" "**– Nonappropriation**" and "**RISK FACTORS – Dilution of Security for the Series 2026 Certificates and Limited Value of the Leased Equipment.**"

Nonappropriation

The Lease Term will continue into each succeeding Fiscal Year, at the option of the District, only if there is an appropriation made by the District from which to pay Basic Rent Payments and all other amounts payable by the District under the Lease.

Upon the occurrence of an Event of Nonappropriation, the District's obligation to make Basic Rent Payments and other payments under the Lease will terminate as of the end of the last Fiscal Year for which the District has appropriated moneys to make Basic Rent Payments. If an Event of Nonappropriation occurs, or

upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Leased Equipment, in which event the District will take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the District's interest in and to the Leased Equipment. The Trustee may then terminate the Lease and lease the Leased Equipment or sell its interest therein. Upon the occurrence of an Event of Default or upon the occurrence of an Event of Nonappropriation, the Trustee may declare all Rent payable by the District under the Lease to the end of the then-current Original Term or Renewal Term to be due. See the sections captioned "**SUMMARY OF THE LEASE – Events of Default**" and "**– Remedies on Default**" in *Appendix C*.

Due to the nature of the Leased Equipment, no assurance can be given that the Trustee could sell or lease its interest in the Leased Equipment for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent Payments then due with respect to the Series 2026 Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any sale or leasing of the Trustee's interest in the Leased Equipment will be available to provide for the payment of the Series 2026 Certificates on a timely basis.

THERE CAN BE NO ASSURANCE THAT THE DISTRICT WILL APPROPRIATE FUNDS FOR BASIC RENT PAYMENTS OR RENEW THE LEASE AFTER THE ORIGINAL TERM OR ANY RENEWAL TERM. NEITHER THE SERIES 2026 CERTIFICATES NOR THE LEASE SHALL CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE IS IN EFFECT. THE DISTRICT IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

ADDITIONAL CERTIFICATES

The Trustee may, at any time upon compliance with certain terms and conditions set forth in the Declaration of Trust, deliver Additional Certificates for any purpose specified in the Declaration of Trust. Any Additional Certificates will be equally and ratably secured by the Declaration of Trust on a parity with the Certificates. Concurrently with the delivery of any such Additional Certificates, the Trustee and the District shall deliver an amendment to the Lease obligating the District to make Base Rental Payments in amounts and at times sufficient to provide for the timely payment of principal of and interest on such Additional Certificates. See the section captioned "**SUMMARY OF THE DECLARATION OF TRUST – Additional Certificates**" in *Appendix C* hereto.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, will be the Trustee under the Declaration of Trust and a party to the Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Declaration of Trust or the Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2026 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Declaration of

Trust or the Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Series 2026 Certificates, the Declaration of Trust or the Lease, all such liability, if any, being expressly waived by the Owners of the Series 2026 Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Series 2026 Certificates. Insofar as the District is concerned, the Trustee and the Owner of any Series 2026 Certificate and any person claiming by, through or under the Trustee or the Owner of any Series 2026 Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Series 2026 Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Declaration of Trust or an Event of Nonappropriation under the Lease, the Trustee will have a first lien with right of payment prior to payment on account of any principal or interest with respect to the Series 2026 Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS

An investment in the Series 2026 Certificates involves a degree of risk, including but not limited to the risk factors described below. Each prospective investor in the Series 2026 Certificates is encouraged to read this Official Statement in its entirety, and to give particular attention to the factors described below which, among others, could affect the payment of the Series 2026 Certificates, and which could also affect the market price of the Series 2026 Certificates to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Limited Obligations

The Series 2026 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the District in any Fiscal Year subsequent to a Fiscal Year as to which the District has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Series 2026 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Trustee's interest of the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the District to pay Basic Rent Payments under the Lease distributable to the Owners of the Series 2026 Certificates is limited to payment from Available Revenues, shall constitute a current expense of the District and shall not be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, and shall not constitute a pledge of the general tax revenues, funds, properties or moneys of the District beyond any then current Fiscal Year during which the Lease is in effect. The District is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The District's obligations under the Lease to make Basic Rent Payments may be terminated on an annual basis by the District without any penalty, and there is no assurance that the District will budget funds for such purpose. Accordingly, the likelihood that there will be sufficient funds to pay the Basic Rent distributable to Owners of the Series 2026 Certificates is dependent upon certain factors which are beyond the control of the Certificate Owners, including (a) the continuing need of the District for the Leased Equipment and for the buildings onto which components of the Leased Equipment are installed, (b) the ability of the District to generate sufficient funds from property taxes and other sources to pay obligations associated with the Lease and other obligations of the District, (c) the ability of the Trustee to sell its interest in the Leased Equipment, in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default, and (d) new

legislation or judicial interpretations which result in limitations or roll-backs in tax rates, taxable assessed values of property or State or federal aid distributable to the District.

Results of a Nonappropriation

An “**Event of Nonappropriation**” occurs if the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated Supplemental Rent to come due during the immediately following Fiscal Year under the Lease. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of the then current Original Term or Renewal Term. See the sections captioned “**SUMMARY OF THE LEASE – Events of Default,**” and “**–Remedies on Default**” in *Appendix C* for a discussion of the results of an Event of Nonappropriation.

Upon the occurrence of an Event of Default under the Lease, which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, enter the buildings in which the Leased Equipment is located and retake possession of the Equipment (which does not include the Lighting Improvements) or require the District at the District’s expense to promptly return any or all of such Leased Equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease its interest in the Leased Equipment upon such terms as the Trustee deems prudent. Exercise of the remedies available to the Trustee may interfere with the District’s ability to use the buildings in which the Leased Equipment is located as educational facilities. **The enforceability of the Lease and the Declaration of Trust is subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.**

It is unlikely that any sale of the Leased Equipment by the Trustee would produce an amount sufficient to pay the principal amount of the Series 2026 Certificates then Outstanding plus accrued interest thereon. There can be no assurance the proceeds of any such sale of the Leased Equipment would be applied to the payment of the Series 2026 Certificates, as the same may be subject to the competing claims of other creditors of the District in the event of bankruptcy or reorganization. See the section captioned “**SUMMARY OF THE LEASE - Remedies on Default**” in *Appendix C* hereto.

Limited Source of Money for Rent Payments Under Lease

The obligation of the District to pay Basic Rent Payments under the Lease is limited to certain moneys of the District which its Board of Education must appropriate annually from its Capital Projects Fund. Moneys in the Capital Projects Fund available to make payments under the Lease are derived from (i) any tax levy imposed by the District within such Capital Projects Fund or (ii) transfers of money from the District’s Incidental (General) Fund to the Capital Projects Fund for certain purposes, including: (1) the amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year; (2) the amount necessary to satisfy obligations of the Capital Projects Fund for state-approved area vocational-technical schools; (3) current year obligations for lease-purchase obligations entered into prior to January 1, 1997; (4) the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and (5) to satisfy current year capital project expenditures, an amount not to exceed the greater of (a) \$162,326 or (b) seven percent (7%) of the State Adequacy Target (as defined in *Appendix A* hereto).

Currently, the District intends to satisfy its obligations to pay Basic Rent Payments due under the Lease each year through revenues generated from a tax levy imposed by the District for its Capital Projects Fund. If

needed, the District may also transfer moneys from the District's Incidental Fund to its Capital Projects Fund described under provision (5) of the paragraph above to provide additional funds to pay Basic Rent Payments due under the Lease. For the Fiscal Year ended June 30, 2025, the District levied a property tax for its Capital Projects Fund in the amount of \$0.4800 per \$100 of assessed valuation, which generated approximately \$1,578,708 in property tax revenues collected by the District for the Capital Projects Fund during Fiscal Year ended June 30, 2025. See the section captioned "**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Certain Permitted Fund Transfers**" in *Appendix A* hereto.

Delays in Exercising Remedies

A termination of the Lease will require the District to uninstall the Leased Equipment and deliver it to the location specified by the Trustee, and the Trustee will then have the right to sell or lease its interest in the Leased Equipment, all in accordance with the provisions of the Lease and the Declaration of Trust. However, the enforceability of the Lease and the Declaration of Trust is subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

Further, the Leased Equipment will be used by the District for the performance of its essential governmental functions. Due to the essential governmental use of the Leased Equipment, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and the Interest Portions of Basic Rent Payments represented by the Series 2026 Certificates. Any delays in the ability of the Trustee to obtain possession of the Leased Equipment will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments represented by the Series 2026 Certificates.

Destruction of the Leased Equipment

The Lease requires the Leased Equipment to be insured as described under the section captioned "**SUMMARY OF THE LEASE – Insurance**" in *Appendix C* hereto. If all or any portion of the Leased Equipment is damaged or destroyed, the District is nevertheless required to continue to make Basic Rent Payments under the Lease, subject to the exercise of its option to extend the term of the Lease for each next succeeding Fiscal Year, and to apply the Net Proceeds from insurance and certain other sources to repair, restore, modify, improve or replace the affected portion of the Leased Equipment. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement, the District will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds.

There can be no assurance that the District will elect to extend the term of the Lease for the next Renewal Term succeeding such damage or destruction. See the sections captioned "**SUMMARY OF THE LEASE — Damage and Destruction**" and "**– Condemnation or Deficiency of Title**" in *Appendix C* hereto.

Secondary Market Prices and Liquidity

The Underwriter will not be obligated to repurchase any of the Series 2026 Certificates and no representation is made concerning the existence of any secondary market for the Series 2026 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2026 Certificates and no assurance is given that the initial offering price for the Series 2026 Certificates will continue for any period of time.

Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance or tax collection patterns of issuers. Particularly, prices of outstanding municipal securities should be expected to decline if prevailing

market interest rates rise. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's or the issuer's circumstances and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

No Reserve Fund or Credit Enhancement

No reserve fund will be funded and no financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to ensure payment of the Series 2026 Certificates. Accordingly, any potential purchaser of the Series 2026 Certificates should consider the financial ability of the District to pay the Basic Rent Payments under the Lease that will be distributable to the Owners of the Series 2026 Certificates.

Rating

S&P has assigned the Series 2026 Certificates the rating set forth on the cover page of this Official Statement as further described under the section captioned "**RATING**" in this Official Statement. Such rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in their judgment, circumstances warrant. Any such downward revisions or withdrawal of the rating may have an adverse effect on the market price of the Series 2026 Certificates.

Effects on the Tax Exemption of the Certificates Upon a Termination of the Lease

Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the District ("**Special Counsel**"), expresses no opinion as to the treatment for federal income tax purposes of any moneys received by a Registered Owner of the Series 2026 Certificates other than payments by the District made pursuant to the Lease, upon an Event of Nonappropriation or an Event of Default. There is no assurance that such moneys received by the Registered Owners of the Series 2026 Certificates in such event will be excludable from gross income for federal income tax purposes.

Special Counsel expresses no opinion with respect to the applicability of the registration requirements of the Securities Act of 1933, to any Series 2026 Certificate in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. If the Lease is terminated by reason of either such event, there is no assurance that the Series 2026 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Taxability

The Series 2026 Certificates are not subject to prepayment nor are the interest rates on the Series 2026 Certificates subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Portion of Basic Rent Payments paid or to be paid on any Series 2026 Certificate is or was includible in the gross income of the Certificate Owner for federal income tax purposes. Likewise, the Declaration of Trust does not require the prepayment of the Series 2026 Certificates or the adjustment of interest rates on the Series 2026 Certificates if the interest thereon loses its exemption from income taxes imposed by the State of Missouri. Under such circumstances, Certificate Owners would continue to hold their Series 2026 Certificates, receiving the Principal Portion and Interest Portion of Basic Rent Payments as and when due, but would be required to include the Interest Portion of Basic Rent Payments in gross income for federal and Missouri income tax purposes.

Risk of Audit

The Internal Revenue Service (the “**Service**”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Series 2026 Certificates are advised that, if an audit of the Series 2026 Certificates were commenced, the Service, in accordance with its current published procedures, is likely to treat the District as the taxpayer, and the Owners of the Series 2026 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2026 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

[Loss of Premium from Prepayment

Any person who purchases the Series 2026 Certificates at a price in excess of their principal amount or who holds such Series 2026 Certificates trading at a price in excess of par should consider the fact that the Series 2026 Certificates are subject to redemption prior to maturity at the redemption prices described herein in the event such Series 2026 Certificates are redeemed prior to maturity. See the section captioned “**THE SERIES 2026 CERTIFICATES – Prepayment**” in this Official Statement.]

Amendment of the Declaration of Trust and the Lease

Certain amendments to the Declaration of Trust and the Lease may be made without consent of the owners of the Certificates then outstanding, including supplements providing for the delivery of Additional Certificates, which would be payable and secured on a parity with other outstanding Certificates under the Declaration of Trust. Such amendments may adversely affect the security of the owners of the Certificates. See the section captioned “**SUMMARY OF THE LEASE – Amendments**” in *Appendix C* hereto.

Dilution of Security for the Series 2026 Certificates and Limited Value of the Leased Equipment

The value of the Leased Equipment that is subject to the Lease has and will continue to significantly diminish over time. The Leased Equipment may have a useful life that is less than the final maturity of the Series 2026 Certificates.

In the event of a casualty loss, the proceeds of any insurance claim may be insufficient to fund the District’s purchase of the Leased Equipment pursuant to the Lease. If the District determines that the replacement, repair, restoration, modification or improvement of the Leased Equipment is not economically feasible or in the best interest of the District, that determination could increase the likelihood of an Event of Nonappropriation.

The Declaration of Trust permits the delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2026 Certificates. See the section captioned “**ADDITIONAL CERTIFICATES**” herein. The delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2026 Certificates may dilute the security for the Series 2026 Certificates by increasing payment obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2026 Certificates.

Limitations on Remedies

In addition to the limitations on remedies contained in the Declaration of Trust and the Lease, the rights and remedies provided in the Declaration of Trust and the Lease may be limited by and are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of Missouri.

Pensions

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (1) The Public School Retirement System of Missouri and (2) The Public Education Employee Retirement System of Missouri. See the section captioned “**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans**” in *Appendix A* of this Official Statement. The District also provides other postemployment benefits as part of the total compensation offered to attract and retain the services of qualified employees. Future required contribution increases beyond the current fiscal year may require the District to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the District’s operations or limit the District’s ability to generate additional revenues in the future.

State Aid

For the Fiscal Year ended June 30, 2025, approximately 33.08% of the District’s revenue was derived from moneys provided by the State of Missouri as State Aid (as defined in *Appendix A* to this Official Statement). See the sections captioned “**FINANCIAL INFORMATION CONCERNING THE DISTRICT - Sources of Revenue,**” and “**– State Revenue**” in *Appendix A* of this Official Statement. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments.

Enrollment

Significant portions of the revenue the District receives are directly affected by the District’s enrollment. A significant decrease in enrollment could reduce the amount of future revenue the District receives, which may adversely affect the District’s financial position and results of operations. No assurance can be given that economic, social, legislative and other factors beyond the control of the District will not negatively impact student enrollment and revenues dependent thereon. Increased competition from other educational facilities, including virtual facilities and charter schools, which may offer comparable programs at lower prices, could adversely affect the ability of the District to maintain enrollment, or could adversely affect the ability of the District to attract faculty and other staff. Under the Missouri Course Access and Virtual School Program, eligible students may enroll in virtual courses, and the school district will have to pay for that course if certain criteria are met. Charter schools are allowed in certain limited areas of Missouri provided certain criteria are met; there are or may be pending in the General Assembly of Missouri legislative proposals that, if enacted, could expand the prevalence of charter schools. It cannot be predicted whether or in what form any proposed legislation might be enacted or whether, if enacted, it would negatively impact the District’s enrollment, financial position or operations. For information about the historical enrollment of the District, see the section captioned “**GENERAL INFORMATION CONCERNING THE DISTRICT – History of Enrollment**” in *Appendix A* of this Official Statement.

Defeasance Risks

When all Certificates are deemed paid as provided in the Declaration of Trust (in *Appendix C*, see “**SUMMARY OF THE DECLARATION OF TRUST – Discharge of Declaration of Trust**”), the Declaration of Trust will be released and terminated, and the Leased Equipment encumbered by the Lease as security for the Certificates will be released. Any Certificate shall be deemed paid when (1) payment of the Principal Portion of Basic Rent Payments evidenced by such Certificate and premium, if any, thereon and the Interest Portion of Basic Rent Payments payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Declaration of Trust either (a) has been made in accordance with the terms of such Certificate (determined assuming the District has appropriated funds to pay all Basic Rent Payments through the final Renewal Term of the Lease or through the Prepayment Date), or (b) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (i) cash sufficient to make such payment and/or (ii) Government Obligations, maturing as to principal and interest

in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and (2) all necessary and proper fees, compensation and expenses of the Trustee pertaining to such Certificate have been paid or the payment thereof provided for to the satisfaction of the Trustee. Government Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in one of the two highest rating categories by the rating agencies. There is no legal requirement in the Declaration of Trust or the Lease that Government Obligations consisting of such United States obligations be or remain rated in one of the two highest rating categories by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

Cybersecurity Risks

The District relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the District's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the District and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the District may incur significant costs to remediate possible injury to the affected persons, and the District may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the District's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Senior Property Tax Credit Program

The Missouri General Assembly enacted legislation in 2023 (subsequently amended in 2024) that authorizes counties to grant property tax credits to each "eligible taxpayer" equal to the difference between the real property tax liability on the eligible taxpayer's homestead in the current year minus the real property tax liability on the homestead either (1) in the year the county initially authorizes the credit or (2) when the person becomes an "eligible taxpayer" (as codified in Section 137.1050 RSMo, the "**Senior Property Tax Credit Program**"). "Eligible taxpayer" means a Missouri resident who (1) is at least 62 years old, (2) owns real property used as the taxpayer's primary residence and (3) is liable for the payment of property taxes on that property. Implementation of the Senior Property Tax Credit Program requires either adoption of an ordinance by a county or an initiative petition and voter approval process. Property tax bills within counties that participate in the Senior Property Tax Credit Program will reflect the tax credit on property tax bills for eligible taxpayers, thereby reducing the amount of property taxes that the eligible taxpayer would otherwise pay. The Clay County Commission passed an ordinance in November 2023 implementing the Senior Property Tax Credit Program in Clay County. The Ray County Commission passed an ordinance in November 2023 implementing the Senior Property Tax Credit Program in Ray County.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Undertaking to be entered into by the District in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**"), the District has agreed to provide to the Municipal Securities Rulemaking Board (the "**MSRB**"), via the EMMA system, not later than **December 31st** after the end of each fiscal year, commencing with the Fiscal Year ended June 30, 2026, (1) the audited financial

statements of the District for that Fiscal Year and (2) certain operating data of the District. The financial statements of the District are audited by the District's independent certified public accountants. The District has also agreed to provide prompt notice of the occurrence of certain enumerated events with respect to the Series 2026 Certificates. See "**FORM OF CONTINUING DISCLOSURE UNDERTAKING**" attached as *Appendix D* hereto.

The District has previously entered into similar undertakings under the Rule. The District believes it has complied in all material respects with its prior undertakings under the Rule during the past five years.

RATING

S&P has assigned the Series 2026 Certificates the rating of "A" as reflected on the cover page of this Official Statement based on S&P's evaluation of the creditworthiness of the District. Such rating reflects only the view of S&P at the time the rating is given, and neither the District nor the Underwriter make any representation as to the appropriateness of the rating, or that the rating will not be changed, suspended or withdrawn.

The District has furnished S&P with certain information and materials relating to the Series 2026 Certificates and the District that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. Neither the Underwriter nor the District has undertaken any responsibility to bring to the attention of the holders of the Series 2026 Certificates any proposed revision or withdrawal of the rating of the Series 2026 Certificates or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Series 2026 Certificates. Pursuant to the Continuing Disclosure Undertaking, the District is required to bring to the attention of the holders of the Series 2026 Certificates any change of the ratings of the Series 2026 Certificates but has not undertaken any responsibility to oppose any such change. See the "**FORM OF CONTINUING DISCLOSURE UNDERTAKING**" attached as *Appendix D* to this Official Statement.

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the District or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Series 2026 Certificates, or the constitutionality or validity of the Series 2026 Certificates or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the collection of revenues of which may be appropriated by the District to pay Basic Rent Payments under the Lease distributable to the Owners of the Series 2026 Certificates, or which might otherwise affect the District's ability to meet its obligations to pay the Series 2026 Certificates.

Approval of Legality

Legal matters incident to the authorization, issuance and sale of the Series 2026 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the District. Certain matters relating to this Official Statement will also be passed upon by Special Counsel.

The legal opinions to be delivered concurrently with the delivery of the Series 2026 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2026 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2026 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2026 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2026 Certificates.

Opinion of Special Counsel

In the opinion of Special Counsel, under the law existing as of the issue date of the Series 2026 Certificates:

Federal and Missouri Tax Exemption. The Interest Portion of Basic Rent paid by the District and distributed to the Owners of the Series 2026 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Portion of Basic Rent Payments received with respect to the Series 2026 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The District's obligation to pay Basic Rent Payments under the Lease is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Special Counsel's opinions are provided as of the date of the initial delivery of the Series 2026 Certificates, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2026 Certificates in order that the Interest Portion of Basic Rent be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent represented by the Series 2026 Certificates in gross income for

federal and Missouri income tax purposes retroactive to the date of initial delivery of the Series 2026 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026 Certificates but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated prepayment price at maturity of a Series 2026 Certificate over its issue price. The stated prepayment price at maturity of a Series 2026 Certificate is the sum of all payments on the Series 2026 Certificate other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Certificate is generally the first price at which a substantial amount of the Series 2026 Certificates of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2026 Certificate during any accrual period generally equals (1) the issue price of that Series 2026 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026 Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2026 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2026 Certificate over its stated prepayment price at maturity. The stated prepayment price at maturity of a Series 2026 Certificate is the sum of all payments on the Series 2026 Certificate other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Certificate is generally the first price at which a substantial amount of the Series 2026 Certificates of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2026 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2026 Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2026 Certificate prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium, if any.

Sale, Exchange or Retirement of Series 2026 Certificates. Upon the sale, exchange or retirement (including prepayment) of a Series 2026 Certificate, an owner of the Series 2026 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2026 Certificate (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2026 Certificate. To the extent a Series 2026 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2026 Certificates, and to the proceeds paid on the sale of the Series 2026 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2026 Certificates should be aware that ownership of the Series 2026 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2026 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Counsel notes that the Interest Portion of Basic Rent paid by the District and distributed to the Owners of the Series 2026 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

MISCELLANEOUS

Underwriting

Raymond James & Associates, Inc., Leawood, Kansas (the “**Underwriter**”), has agreed to purchase the Series 2026 Certificates at a price of \$ _____ (which is equal to the aggregate original principal amount of the Series 2026 Certificates, plus a [net] original issue premium of \$ _____, less an underwriting discount of \$ _____). The Underwriter is purchasing the Series 2026 Certificates for resale in the normal course of the Underwriter’s business activities. The Underwriter reserves the right to offer any of the Series 2026 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

Certain Relationships

Gilmore & Bell, P.C., as Special Counsel to the District, has represented the Underwriter in transactions unrelated to the issuance of the Series 2026 Certificates, but is not representing the Underwriter in connection with the issuance of the Series 2026 Certificates.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the District, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2026 Certificates, the Declaration of Trust and the Lease do not purport to be complete and are qualified in their entirety by reference thereto.

The form of this Official Statement, and its distribution and use by the Underwriter of the Series 2026 Certificates has been approved by the District. Neither the District nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the District or the District’s ability to make payments required of it; and further, neither the District nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Series 2026 Certificates other than those either expressly or by fair implication imposed on the District by the Lease or the Declaration of Trust.

EXCELSIOR SPRINGS SCHOOL DISTRICT #40

By _____
President of the Board of Education

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APPENDIX A

GENERAL, ECONOMIC AND FINANCIAL INFORMATION OF THE DISTRICT

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THE DISTRICT

General Description

The District encompasses approximately 90 square miles and is located in the northwest portion of Missouri in Clay County and Ray County (highlighted in the maps to the right). The District's schools are primarily located in the City of Excelsior Springs (the "City"), which is approximately 30 miles northeast of Kansas City, Missouri.



Clay County



Ray County

Organization and Board of Education

The District is a reorganized school district formed pursuant to Chapter 162 of the Revised Statutes of Missouri, as amended ("RSMo") and operates under the oversight of the Missouri Department of Elementary and Secondary Education ("DESE"). The District is governed by a seven-member Board of Education (the "Board"). The members of the Board are elected by the voters of the District for three-year staggered terms. All Board members are elected at-large and serve without compensation. The Board is responsible for all policy decisions. The President of the Board is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The current members and officers of the Board are:

| <u>Name</u> | <u>Office</u> | <u>First Term Began</u> | <u>Current Term Expires</u> |
|------------------|-------------------------|-------------------------|-----------------------------|
| Tray Harkins III | President & Member | 2013 | 2028 |
| Jill Evert | Vice President & Member | 2023 | 2029 |
| Brett Jones | Member | 2025 | 2027 |
| Kalyn Goode | Member | 2019 | 2028 |
| Kenny Manley | Member | 2020 | 2029 |
| Darren McKown | Member | 2020 | 2029 |
| Traci White | Member | 2024 | 2027 |

District employee Lisa Shelton serves as Secretary to the Board. Dr. Mark Bullimore serves as Treasurer to the Board.

Administration

The Board appoints the Superintendent of schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Dr. Mark Bullimore began his role as Superintendent in July 2025. Previously, Dr. Bullimore served as Deputy Superintendent, Director of Communications, Director of Career and Technical Education, Middle School Principal and Assistant High School Principal, spanning over 21 years in the District.

Dr. Bullimore received his bachelor's degree in Secondary Education from Northwest Missouri State University, his Masters in Education degree from William Woods University, and his Doctorate in Educational Leadership from the University of Missouri.

Additional members of the administrative staff are appointed by the Board upon recommendation by the Superintendent.

Professional Staff, Teachers and Employees

The District has a total of 347 employees, including 18 administrative personnel, 194 teachers and 135 non-certificated employees. On average, teachers employed by the District have 13.2 years of teaching experience, compared to a statewide average of 13.2 years, and 57.2% of the District's teachers hold advanced degrees compared to a statewide average of 60.8%. For the 2024-2025 school year, the average salary for all teaching staff was \$60,410, compared to a statewide average salary for teaching staff of \$59,777.

Educational Facilities

The District currently operates seven schools, as described below. The replacement cost of all of the physical facilities of the District as most recently determined for insurance purposes is approximately \$141,066,059.

| <u>Name of School</u> | <u>Grades Served</u> |
|--------------------------------------|----------------------|
| Early Childhood Center | PK |
| Cornerstone Elementary | K-5 |
| Elkhorn Elementary | K-5 |
| Lewis Elementary | K-5 |
| Excelsior Springs Middle School | 6-8 |
| Excelsior Springs High School | 9-12 |
| Excelsior Springs Area Career Center | 11-12 |

History of Enrollment

Listed below are the District's fall enrollment figures for the following school years.

| <u>Year</u> | <u>Enrollment</u> |
|-------------|-------------------|
| 2025-2026 | 2,637 |
| 2024-2025 | 2,561 |
| 2023-2024 | 2,669 |
| 2022-2023 | 2,887 |
| 2021-2022 | 2,803 |

Source: District.

Other District Statistics

The following table shows additional information about the District compiled by DESE for the following fiscal years.

| | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Avg. Daily Attendance (ADA) | 2,449 | 2,349 | 2,349 | 2,351 | 2,411 |
| Current Expenditures per Pupil | \$10,746 | \$12,072 | \$12,615 | \$13,662 | \$13,806 |
| Students per Teacher | 13 | 13 | 13 | 12 | 12 |
| Students per Classroom Teacher | 16 | 17 | 18 | 18 | 16 |

Source: DESE

District Accreditation

DESE administers the Missouri School Improvement Program (“MSIP”), the state’s school accountability system for reviewing and accrediting public school districts in Missouri. Since MSIP was established in 1990, five review cycles have been completed, each cycle lasting from five to six years. The sixth cycle, referred to as MSIP 6, began in the 2021-2022 school year.

The District is accredited. The MSIP classification is not a bond or debt rating but is solely an evaluation made by DESE.

National School Lunch Program

Certain District students are eligible to receive free or reduced-price lunches (“FRL”) under The National School Lunch Program, which include students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program) or that qualify based on household income. The following table shows information about the District’s students’ participation in the program.

| <u>School</u> | <u>January 2026 Full-Time Enrollment FRL Count</u> | <u>January 2026 Full-Time Enrollment</u> | <u>January 2026 Percentage of FRL Participation</u> |
|--------------------------------------|--|--|---|
| Excelsior Springs High School | 226.90 | 693.56 | 32.70% |
| Excelsior Springs Area Career Center | 88.00 | 98.00 | 89.80 |
| Excelsior Springs Middle School | 213.00 | 521.17 | 40.90 |
| Elkhorn Elementary | 102.30 | 223.48 | 45.80 |
| Lewis Elementary | 198.00 | 328.97 | 60.20 |
| Cornerstone Elementary | 161.50 | 449.10 | 36.00 |

Source: DESE.

ECONOMIC INFORMATION CONCERNING THE DISTRICT

Some of the economic information in this section of *Appendix A* is historic in nature and may predate the COVID-19 pandemic. It is not possible to predict whether any of the trends shown herein will continue in the future.

Population

The following table shows population figures for the District, the City, Clay County, Ray County and the State of Missouri from the last three decennial censuses and the latest available estimate.

| | <u>2000</u> | <u>2010</u> | <u>2020</u> | <u>2024</u> |
|-------------------|-------------|-------------|-------------|-------------|
| District | 17,004 | 17,189 | 16,546 | 16,756 |
| City | 10,838 | 11,084 | 10,553 | 10,484 |
| Clay County | 184,006 | 221,939 | 253,335 | 258,122 |
| Ray County | 23,354 | 23,494 | 23,158 | 23,145 |
| State of Missouri | 5,595,211 | 5,988,927 | 5,988,927 | 6,191,814 |

Source: U.S. Census Bureau; Missouri Census Data Center, American Community Survey, 5-Year Estimate (2020-2024).

The following table shows population distribution by age for the District, the City, Clay County, Ray County and the State of Missouri from the latest available estimate.

Estimated Population Distribution by Age

| <u>Age</u> | <u>District</u> | <u>City</u> | <u>Clay County</u> | <u>Ray County</u> | <u>State of Missouri</u> |
|-------------------|-----------------|---------------|--------------------|-------------------|--------------------------|
| Under 5 years | 820 | 578 | 15,339 | 1,270 | 356,811 |
| 5-19 years | 3,571 | 2,179 | 50,988 | 4,421 | 1,186,390 |
| 20-24 years | 927 | 691 | 14,635 | 1,272 | 405,498 |
| 25-44 years | 4,422 | 3,032 | 73,800 | 5,352 | 1,609,113 |
| 45-64 years | 4,178 | 2,363 | 63,930 | 6,362 | 1,526,259 |
| 65 years and over | <u>2,838</u> | <u>1,641</u> | <u>39,430</u> | <u>4,468</u> | <u>1,107,743</u> |
| Total | <u>16,756</u> | <u>10,484</u> | <u>258,122</u> | <u>23,145</u> | <u>6,191,814</u> |
| Median age | 37.9 | 35.9 | 37.9 | 41.9 | 39.0 |

Source: Missouri Census Data Center, American Community Survey, 5-Year Estimate (2020-2024).

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Commerce, Industry and Employment

Major Employers. Employment opportunities for residents of the District are available both within the District and throughout the Kansas City metropolitan area. Listed below are the top ten major employers located in the Kansas City metropolitan area:

| <u>Employer</u> | <u>Type of Business</u> | <u>Approximate No. of Employees</u> |
|--|---------------------------------|-------------------------------------|
| Federal Government | Government | 28,373 |
| The University of Kansas Health System | Health care | 17,394 |
| Saint Luke's Health System | Health care | 12,822 |
| HCA Midwest Health | Health care | 9,981 |
| Ford Kansas City Assembly Plant | Manufacturing | 9,044 |
| Children's Mercy Hospital | Health care | 7,817 |
| Honeywell Federal Mfg & Tech | Engineering, manufacturing | 6,897 |
| Cerner Corporation (Oracle Cerner) | Health care information systems | 6,400 |
| Amazon | Retail, distribution | 6,000 |
| Olathe Public Schools | Education | 5,406 |

Source: *Kansas City Business Journal Book of Lists* (October 2025 and January 2026).

Employment Figures. The following table sets forth employment figures (not seasonally adjusted) for the District, Clay County, Ray County, the State of Missouri and the United States:

| | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026*</u> |
|--------------------------|-------------|-------------|-------------|-------------|--------------|
| Clay County | | | | | |
| Total Labor Force | 137,148 | 140,828 | 143,066 | 145,382 | 145,398 |
| Unemployed | 3,608 | 3,934 | 4,601 | 5,566 | 5,037 |
| Unemployment Rate | 2.6% | 2.8% | 3.2% | 3.8% | 3.4% |
| Ray County | | | | | |
| Total Labor Force | 11,261 | 11,398 | 11,563 | 11,741 | 11,632 |
| Unemployed | 376 | 365 | 416 | 498 | 430 |
| Unemployment Rate | 3.3% | 3.2% | 3.6% | 4.2% | 3.6% |
| State of Missouri | | | | | |
| Total Labor Force | 3,042,699 | 3,095,018 | 3,131,182 | 3,175,085 | 3,161,987 |
| Unemployed | 79,757 | 95,951 | 114,296 | 128,532 | 129,056 |
| Unemployment Rate | 2.6% | 3.1% | 3.7% | 4.0% | 4.0% |
| United States | | | | | |
| Total Labor Force | 164,287,000 | 167,116,000 | 168,106,000 | 170,807,000 | 169,867,000 |
| Unemployed | 5,996,000 | 6,080,000 | 6,761,000 | 7,314,000 | 7,524,750 |
| Unemployment Rate | 3.6% | 3.6% | 4.0% | 4.3% | 4.4% |

Source: Missouri Economic Research and Information Center, Missouri Department of Economic Development.

* Through April, 2026.

Medical and Health Facilities

Excelsior Springs Hospital, located in the City, is a full-service 25-bed community hospital that provides numerous services including 24-hour emergency services, a skilled nursing facility, residential care, outpatient specialty clinics and rehabilitation services.

Liberty Hospital, located approximately 12 miles southwest of the District, is a major health care provider in the metropolitan Kansas City area and for residents of Clay County and other areas of northwest Missouri. The hospital has a total of 245 beds and more than 330 physicians on staff representing all medical

and surgical sub-specialties. The hospital has increased its service and bed capacity since it opened in 1974. Additionally, there are many general practitioners and specialists who provide medical care in the metropolitan Kansas City area.

Higher Education

William Jewell College, located approximately 14 miles southwest of the District in Liberty, is a liberal arts school with an enrollment of approximately 1,000 students. This private and independent institution is accredited by The Higher Learning Commission.

Transportation and Media

The City located on U.S. Highway 69, approximately 30 miles northeast of downtown Kansas City, Missouri in the Kansas City metropolitan area. Many of the residents live in the District and work in the Kansas City metropolitan area.

The District's location in the metropolitan Kansas City area provides residents with a wide variety of transportation carriers, including water, air and rail transport. Kansas City ranks as one of the largest rail centers in the United States, with numerous trunk lines accommodating passenger trains (including Amtrak) and freight trains daily. The Missouri River provides water transportation with cargo moving through the area's port facilities. There are private and contract carriers, twelve common carriers operating barges on the Missouri River.

The City is approximately 30 miles east of Kansas City International Airport, where jet service is available to every part of the United States with flight times to either U.S. coast of approximately three hours. Excelsior Springs Airport is a public airport with a 2,000-foot lighted asphalt runway. Midwest National Air Center Airport is a public airport owned by Clay County, Missouri and has two lighted asphalt runways, each approximately 5,500 feet.

Municipal Services, Utilities and Public Safety

Electric service in the District is provided by Ameren Missouri. Natural Gas is supplied by Spire Missouri. The City provides water and sewer services.

Recreational Facilities

There are many recreational and entertainment facilities in the Excelsior Springs area and throughout the Kansas City metropolitan area. The City is home to more than twelve public parks that collectively include a dog park, fishing lake, playground equipment, picnic tables, baseball/softball fields, soccer fields, basketball courts and walking trails. An 18-hole public golf course is also located in the City. The Excelsior Springs Community Center, a 50,000 square foot facility, includes an aquatics center, weightlifting area, indoor track and racquetball courts.

Income and Home Values

The following table presents per capita personal income⁽¹⁾ for Clay County, Ray County and the State of Missouri for the years 2022 through 2024, the latest date for which such information is available:

| <u>Year</u> | <u>Clay County Per Capita Personal Income</u> | <u>Ray County Per Capita Personal Income</u> | <u>State of Missouri Per Capita Personal Income</u> |
|-------------|---|--|---|
| 2024 | \$62,130 | \$53,809 | \$64,920 |
| 2023 | 59,761 | 51,852 | 62,435 |
| 2022 | 56,764 | 49,062 | 58,525 |

Source: U.S. Department of Commerce - Bureau of Economic Analysis.

(1) Per Capita Personal Income is the annual total personal income of residents divided by resident population as of July 1. “**Personal Income**” is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. “**Net Earnings**” is earnings by place of work — the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income — less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

The following table presents the estimated median household income for the District, the City, Clay County, Ray County and the State of Missouri:

| | <u>Median Household Income</u> |
|-------------------|--------------------------------|
| District | \$78,631 |
| City | 72,609 |
| Clay County | 88,468 |
| Ray County | 74,573 |
| State of Missouri | 70,702 |

Source: Missouri Census Data Center, American Community Survey, 5-Year Estimate (2020-2024).

The following table presents the number and median value of owner-occupied housing units in the District, the City, Clay County, Ray County and the State of Missouri:

| | <u>Number of Owner- Occupied Units</u> | <u>Median Home Value</u> |
|-------------------|--|------------------------------|
| District | 4,643 | \$201,300 |
| City | 2,600 | 186,800 |
| Clay County | 70,999 | 275,600 |
| Ray County | 7,043 | 198,800 |
| State of Missouri | 1,708,413 | 230,300 |

Source: Missouri Census Data Center, American Community Survey, 5-Year Estimate (2020-2024).

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District after issuance of the Series 2026 Certificates (unless otherwise noted). This information should be reviewed in conjunction with the other information contained in this section and the financial statements of the District in *Appendix B* to this Official Statement.

| | |
|---|-----------------|
| 2025 Assessed Valuation ⁽¹⁾ | \$349,467,301 |
| 2025 Estimated Actual Valuation ⁽²⁾ | \$1,566,641,655 |
| Outstanding General Obligation Bonds (“ Direct Debt ”) ⁽³⁾ | \$26,405,000 |
| Lease Debt ⁽⁴⁾ | \$35,315,000 |
| Total Direct Debt and Lease Debt | \$61,720,000 |
| Estimated Population (2024) | 16,756 |
| | |
| Per Capita Direct Debt | \$1,576 |
| Ratio of Direct Debt to Assessed Valuation | 7.56% |
| Ratio of Direct Debt to Estimated Actual Valuation | 1.69% |
| Per Capita Direct Debt and Lease Debt | \$3,683 |
| Ratio of Direct Debt and Lease Debt to Assessed Valuation | 17.66% |
| Ratio of Direct Debt and Lease Debt to Estimated Actual Valuation | 3.94% |
| | |
| Overlapping and Underlying General Obligation and Lease Debt (“ Indirect Debt ”) | \$0 |
| Total Direct Debt, Lease Debt and Indirect Debt | \$61,720,000 |
| Per Capita Direct Debt, Lease Debt and Indirect Debt | \$3,683 |
| Ratio of Direct Debt, Lease Debt and Indirect Debt to Assessed Valuation | 17.66% |
| Ratio of Direct Debt, Lease Debt and Indirect Debt to Estimated Valuation | 3.94% |

-
- (1) Includes real and personal property valuations as provided by the Clay County and Ray County Clerks, excluding assessed valuation attributable to state assessed railroad and utility property and assessed valuation attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District. For further details, see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”
- (2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”
- (3) See “**DEBT STRUCTURE OF THE DISTRICT – Current Long-Term General Obligation Indebtedness.**”
- (4) Only includes the Series 2023 Certificates and the Series 2026 Certificates. Principal amount is preliminary and subject to change. See also “**DEBT STRUCTURE OF THE DISTRICT – Other Long-Term Obligations of the District – Series 2023 Certificates of Participation.**”
-

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Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District as of the date of this Official Statement.

| <u>Category of Indebtedness</u> | <u>Date of Indebtedness</u> | <u>Amount Outstanding</u> |
|---------------------------------|-----------------------------|---------------------------|
| Refunding, Series 2015 | February 27, 2015 | \$1,190,000 |
| Refunding, Series 2017 | February 15, 2017 | 900,000 |
| School Building, Series 2020 | August 12, 2020 | 23,500,000 |
| Refunding, Series 2021 | December 2, 2021 | 815,000 |
| Total | | \$26,405,000 |

History of General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District as of the date of this Official Statement.

| <u>As of June 30</u> | <u>Total Outstanding Debt</u> | <u>Debt Service Fund Available for Principal Payments</u> | <u>Net Outstanding Debt</u> | <u>Net Debt as % of Assessed Valuation⁽¹⁾</u> |
|----------------------|-------------------------------|---|-----------------------------|--|
| 2025 | \$28,555,000 | \$2,675,215 | \$25,879,785 | 8.22% |
| 2024 | 30,590,000 | 3,381,692 | 27,208,308 | 8.59 |
| 2023 | 32,280,000 | 3,882,736 | 28,397,264 | 9.98 |
| 2022 | 34,505,000 | 3,564,916 | 30,940,084 | 11.56 |
| 2021 | 37,020,000 | 3,477,754 | 33,542,246 | 13.81 |

Source: Annual Secretary of the Board Reports for fiscal years ended June 30, 2021 through 2025.

⁽¹⁾ The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Assessed valuation excludes state assessed railroad and utility property and the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District. If state assessed railroad and utility property and the incremental increase in the assessed value of property within TIF Redevelopment Areas were taken into account, the net debt as a percentage of assessed valuation would be lower than the percentages shown. For more information, see “**DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity.**”

The District has never defaulted on the payment of any of its debt obligations.

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Legal Debt Capacity

Under Article VI, Section 26(b) of the Constitution of Missouri, the District may incur indebtedness for authorized school purposes not to exceed 15% of the valuation of taxable tangible property in the District according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the District voting on the proposition at any municipal, primary or general election in even-numbered years or two-thirds voter approval on any other election date. The current legal debt limitation and debt margin of the District are as follows.

Legal Debt Limitation and Debt Margin

| | |
|--|---------------------|
| Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2025 assessed valuation ¹) | \$52,420,095 |
| Less: General Obligation Bonds Outstanding | <u>(26,405,000)</u> |
| Legal Debt Margin under Article VI, Section 26(b) | <u>\$26,015,095</u> |

¹ Excludes assessed valuation attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District and assessed valuation attributable to state assessed railroad and utility property located within the District. See discussion below.

The District’s legal debt limit and debt margin would be higher if (i) the amount in the Debt Service Fund available to pay principal of the bonds, and (ii) the valuation of state assessed railroad and utility property that is physically located within the boundaries of the District and the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District were taken into account. Neither amount was included in the calculations of debt limit or debt margin.

Because of the manner in which tax collections are distributed to school districts from assessments of state assessed railroad and utility property (see “**FINANCIAL INFORMATION CONCERNING THE DISTRICT – County Revenue**”), the cumbersome task of determining the valuation of such property physically located within a school district is not normally undertaken unless, without the value of such property included in the calculation, the school district would exceed its legal debt limit.

General Obligation Bonds Debt Service Requirements

The following schedule shows the yearly principal and interest requirements for all outstanding general obligation bonds of the District.

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|------------------------|---------------------|
| 2026 | \$2,150,000 | \$1,342,900.00 | \$3,492,900.00 |
| 2027 | 2,325,000 | 1,270,300.00 | 3,595,300.00 |
| 2028 | 1,280,000 | 1,192,400.00 | 2,472,400.00 |
| 2029 | 1,400,000 | 1,140,000.00 | 2,540,000.00 |
| 2030 | 1,500,000 | 1,070,000.00 | 2,570,000.00 |
| 2031 | 1,650,000 | 995,000.00 | 2,645,000.00 |
| 2032 | 1,750,000 | 912,500.00 | 2,662,500.00 |
| 2033 | 1,900,000 | 825,000.00 | 2,725,000.00 |
| 2034 | 1,750,000 | 730,000.00 | 2,480,000.00 |
| 2035 | 1,850,000 | 642,500.00 | 2,492,500.00 |
| 2036 | 1,950,000 | 550,000.00 | 2,500,000.00 |
| 2037 | 2,000,000 | 452,500.00 | 2,452,500.00 |
| 2038 | 2,250,000 | 352,500.00 | 2,602,500.00 |

| Fiscal Year | | | |
|----------------------|---------------------|------------------------|------------------------|
| Ended June 30 | Principal | Interest | Total |
| 2039 | 2,300,000 | 240,000.00 | 2,540,000.00 |
| 2040 | 2,500,000 | 125,000.00 | 2,625,000.00 |
| Total | \$28,555,000 | \$11,840,600.00 | \$40,395,600.00 |
| Less FY 2026 | (2,150,000) | (1,342,900.00) | (3,492,900.00) |
| Current | \$26,405,000 | \$10,497,700.00 | \$36,902,700.00 |

The principal and interest requirements on the District’s general obligation bonds are payable from amounts in the District’s Debt Service Fund generated by a levy on all taxable tangible property in the District. The Debt Service Fund levy may be set, without limitation as to rate or amount, at the level required to make payments on the general obligation bonds. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT.”

Other Long-Term Obligations of the District

Series 2023 Certificates of Participation. Pursuant to a Trust Indenture dated as of May 15, 2023, between the UMB Bank, N.A., as trustee thereunder (the “Series 2023 Trustee”) and the District, the Series 2023 Trustee, at the direction of the District, issued Certificates of Participation, Series 2023, in the aggregate principal amount of \$34,380,000 (the “Series 2023 Certificates”) for the purpose of acquiring, constructing, improving, repairing, renovating, furnishing and equipping school facilities, including constructing a new elementary school. The Series 2023 Certificates represent the proportionate interests of the owners thereof right to receive rent payments to be made by the District, subject to annual appropriation, pursuant to a Lease Agreement dated as of May 15, 2023, entered into between the Series 2023 Trustee, as lessor and trustee, and the District, as lessee. As of the date of this Official Statement, Series 2023 Certificates in the aggregate principal amount of \$33,805,000 remain outstanding.

Below is a schedule of the annual rental payments for the outstanding Series 2023 Certificates and the Series 2026 Certificates.

| Fiscal Year | Series 2023 Certificates | | Series 2026 Certificates | | Total |
|--------------------|---------------------------------|--------------------------|---------------------------------|---------------------------|------------------------|
| | Ended June 30 | Principal Portion | Interest Portion | Principal Portion* | |
| | | | | | Rental Payments |
| 2026 | \$ 180,000 | \$1,547,056.26 | \$ 0 | | |
| 2027 | 230,000 | 1,538,056.26 | 30,000 | | |
| 2028 | 285,000 | 1,526,556.26 | 50,000 | | |
| 2029 | 345,000 | 1,512,306.26 | 50,000 | | |
| 2030 | 410,000 | 1,495,056.26 | 55,000 | | |
| 2031 | 480,000 | 1,474,556.26 | 55,000 | | |
| 2032 | 555,000 | 1,450,556.26 | 60,000 | | |
| 2033 | 630,000 | 1,422,806.26 | 60,000 | | |
| 2034 | 710,000 | 1,391,306.26 | 65,000 | | |
| 2035 | 800,000 | 1,355,806.26 | 70,000 | | |
| 2036 | 890,000 | 1,315,806.26 | 70,000 | | |
| 2037 | 990,000 | 1,271,306.26 | 75,000 | | |
| 2038 | 1,095,000 | 1,221,806.26 | 80,000 | | |
| 2039 | 1,210,000 | 1,167,056.26 | 85,000 | | |
| 2040 | 1,330,000 | 1,106,556.26 | 85,000 | | |
| 2041 | 1,445,000 | 1,051,693.76 | 90,000 | | |
| 2042 | 2,615,000 | 990,281.26 | 95,000 | | |
| 2043 | 2,790,000 | 879,143.76 | 100,000 | | |
| 2044 | 2,980,000 | 757,081.26 | 105,000 | | |
| 2045 | 3,175,000 | 626,706.26 | 110,000 | | |

| Fiscal Year Ended | <u>Series 2023 Certificates</u> | | <u>Series 2026 Certificates</u> | | Total Rental Payments |
|------------------------------|--|--------------------------------|--|--------------------------------|----------------------------------|
| | <u>Principal Portion</u> | <u>Interest Portion</u> | <u>Principal Portion*</u> | <u>Interest Portion</u> | |
| June 30 | | | | | |
| 2046 | 3,385,000 | 487,800.00 | 120,000 | | |
| 2047 | 3,610,000 | 335,475.00 | 0 | | |
| 2048 | 3,845,000 | 173,025.00 | 0 | | |
| Total | \$33,985,000 | \$26,097,800.20 | \$1,510,000 | | |
| Less FY 2026 | (180,000) | (1,547,056.26) | (0) | | |
| Current | \$33,805,000 | \$24,550,743.94 | \$1,510,000 | | |

* Preliminary; subject to change.

The Series 2023 Certificates and Series 2026 Certificates (collectively, the “**Certificates**”) are payable solely from certain moneys deposited in the Capital Projects Fund from a levy specific to the Capital Projects Fund. The Certificates are not payable from moneys in the District’s Debt Service Fund which are available solely to make payments on the District’s general obligation bonds.

Energy Conservation Lease. In June 2020, the District entered into an energy services contract to finance energy conservation improvements. The lease has an interest rate of 1.99% and is for 10 years with annual payments of \$144,884. A portion of the proceeds of the Series 2026 Certificates will be used to prepay the remaining principal amounts owed on July 21, 2026.

Real Property Lease. In June 2021, the District entered into a lease purchase agreement to finance the installation of multi-purpose field turf and stadium improvements. The lease has an interest rate of 2.13% and is for 10 years with annual payments of \$175,757. A portion of the proceeds of the Series 2026 Certificates will be used to prepay the remaining principal amounts owed on July 21, 2026.

Copier Lease. In February 2024, the District entered into a lease purchase agreement to finance the costs of copy machines. The lease is for 5 years and has a monthly payment of \$4,860.

For additional information, see Notes L and M to the financial statements included in *Appendix B* to this Official Statement.

Future Borrowing Plans

The District does not have any plans to finance additional improvements or facilities at this time.

Overlapping or Underlying General Obligation Indebtedness

To the knowledge of the District, there are no political subdivisions with boundaries overlapping the District that have outstanding general obligation debt. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which may be unknown to the District at this time.

FINANCIAL INFORMATION CONCERNING THE DISTRICT

Accounting, Budgeting and Auditing Procedures

The District presents its governmental activities in fund financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in conformity with the requirements of Missouri law and DESE. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from modified cash transactions.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Transactions have been recorded in the following funds for the accounting of all District funds:

- **General (Incidental) Fund:** The General Fund is the primary operating fund of the District. It is used to account for general activities of the District, including expenditures for non-certificated employees, pupil transportation costs, plant operation, fringe benefits, student body activities, community services, food service and any expenditures not required or permitted to be accounted for in other funds.
- **Special Revenue (Teachers') Fund:** The Special Revenue Fund accounts for expenditures for certificated employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of teacher salaries and certain employee benefits.
- **Debt Service Fund:** The Debt Service Fund accounts for the accumulation of resources for the payment of, principal, interest and paying agent charges on, long-term general obligation debt.
- **Capital Projects Fund:** The Capital Projects Fund accounts for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes and other receipts designated for construction of major capital assets and all other capital outlay.

The Treasurer of the District is responsible for handling all moneys of the District and administering the above funds. All moneys received by the District from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected or received and only upon checks drawn by the Treasurer pursuant to orders of the Board or upon orders for payment issued by the Treasurer pursuant to orders of the Board.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the Superintendent and is presented to the Board prior to July 1 for approval. The District's fiscal year is July 1 through June 30. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy per \$100 of assessed valuation required to raise each amount shown on the budget as coming from District property taxes.

The financial records of the District are audited annually by an independent public accountant according to the modified cash basis of accounting. The most recent annual audit has been performed by Westbrook & Co., P.C., Richmond, Missouri. The audited financial statements of the District for the fiscal year ended June 30, 2025, together with the independent auditor's report thereon, are included in this Official Statement at *Appendix B*. A summary of significant accounting policies of the District is contained in the notes accompanying the financial statements in *Appendix B*. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office.

Sources of Revenue

The District finances its operations through the local property tax levy, state sales tax, State Aid (as defined below), federal grant programs and miscellaneous sources, including without limitation State Aid for transportation, a state sales tax on cigarettes and a pro rata share of interest income from the counties in which each school district operates. Debt service on general obligation bonds is paid from amounts in the District's Debt Service Fund. The primary source of money in the Debt Service Fund is local property taxes derived from

a debt service levy. As discussed below, the Debt Service Fund may, however, also contain money derived from transfers from the Incidental Fund, from State Aid in the Classroom Trust Fund, and from certain other taxes or payments-in-lieu-of-taxes that may be placed in the Debt Service Fund at the discretion of the Board. See **“Certain Permitted Fund Transfers – Transfers from the Incidental Fund to the Debt Service Fund and/or the Capital Projects Fund.”**

State and federal revenue, as well as **“Proposition C”** sales tax revenue (included in the **“Local Revenue”** category below), are received on a continuous monthly basis throughout the fiscal year. Local taxes, however, are received primarily in January, over six months into a school district’s fiscal year. Districts that receive a smaller percentage of revenue from state and federal aid and depend more on local revenues will typically carry a larger fund balance than other districts that may be receiving a larger percent of its revenue from state and federal aid amounts rather than local taxes.

For the 2024-2025 fiscal year, the District’s sources of revenue were as follows:

| <u>Source</u> | <u>Amount</u> | <u>%</u> |
|-----------------------------------|---------------------|----------------|
| Local Revenue | | |
| Property Taxes | \$16,601,367 | 38.10% |
| Proposition “C” Sales Tax | 3,737,793 | 8.58 |
| Other | 3,591,670 | 8.24 |
| County Revenue: | | |
| Railroad & Utility Property Taxes | 1,171,372 | 2.69 |
| Fines, Forfeitures & Other | 48,127 | 0.11 |
| State Revenue | 14,415,313 | 33.08 |
| Federal Revenue | 3,580,031 | 8.22 |
| Other Revenue | 425,901 | 0.98 |
| Total Revenue | \$43,571,573 | 100.00% |

Source: District’s Annual Secretary of the Board Report for fiscal year ended June 30, 2025.

Local Revenue

The primary sources of “local revenue” are (1) taxes upon real and personal property within a district, excluding railroad and utility property taxes, which are more fully described below, and (2) receipts from a 1% State sales tax (commonly referred to as **“Proposition C revenues”**) approved by the voters in 1982.

Proposition C revenues are deemed to be “local” revenues for school district accounting purposes. Proposition C revenues are distributed to each school district based on the district’s weighted average daily attendance (see **“Weighted ADA”** under **“State Revenue”** below). Proposition C payments vary each month due to cash availability, which is based on sales taxes paid during the second preceding month. The table below shows the approximate amount each school district received per pupil from Proposition C revenues for the following fiscal years:

| Fiscal Year Ended | Proposition C Revenue |
|--------------------------|------------------------------|
| <u>June 30</u> | <u>(Per Pupil)</u> |
| 2025 | \$1,514 |
| 2024 | 1,475 |
| 2023 | 1,287 |
| 2022 | 1,214 |
| 2021 | 1,046 |

For the 2025-2026 fiscal year, each school district is expected to receive approximately \$1,465 per pupil from Proposition C revenues; however, however, this is a preliminary estimate and subject to change.

County Revenue

For school taxation purposes, all state assessed railroad and utility property within a county is taxed uniformly at a rate determined by averaging the tax rates of all school districts in the county. No determination is made of the assessed value of the railroad and utility property that is physically located within the boundaries of each school district. Such tax collections for each county are distributed to the school districts within that county according to a formula based in part on total student enrollments in each district and in part on the taxes levied by each district. County revenue also includes certain fines and forfeitures collected with respect to violations within the boundaries of the school district.

State Revenue

The primary source of state revenue or “**State Aid**” is provided under a formula enacted under Chapter 163, RSMo. The amount of State Aid for school districts in Missouri is calculated using a formula that is primarily student-needs-based.

Property Tax Levy Requirements. The sum of a district’s local property tax levies in its Incidental and Teachers’ Funds must be at least \$2.75 per \$100 of assessed valuation in order for the district to receive increases in State Aid above the level of State Aid it received in the 2005-2006 fiscal year. Levy reductions required as a result of a “Hancock rollback” (see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Tax Rates – Operating Levy**” below) will not affect a district’s eligibility for State Aid increases.

The Formula. A district’s State Aid is determined by first multiplying the district’s weighted average daily attendance (“**Weighted ADA**”) by the state adequacy target (“**State Adequacy Target**”). This figure may be adjusted upward by a dollar value modifier (“**DVM**”). The product of the Weighted ADA multiplied by the State Adequacy Target multiplied by the DVM is then reduced by a district’s local effort (“**Local Effort**”) to calculate a district’s final State Aid amount. The State Aid amount is distributed to school districts on a monthly basis.

Weighted ADA. Weighted ADA is based upon regular term ADA plus summer school ADA, with additional weight assigned in certain circumstances for students who qualify for free and reduced-price lunch (“**FRL**”), receive special education services (“**IEP**”), or possess limited English language proficiency (“**LEP**”). These FRL, IEP and LEP students are weighted to the extent they exceed certain thresholds (based on the percentage of students in each of the categories in certain high performing districts (“**Performance Districts**”), which thresholds can change every two years. Beginning with the 2018-2019 fiscal year, certain school districts who operate early childhood education programs will also be able to claim a portion of their pre-kindergarten FRL students in their calculation of ADA; however, the portion of pre-kindergarten FRL students included in the calculation of ADA cannot exceed 4% of the total number of FRL students between the ages of 5 and 18 who are included in the school district’s calculation of ADA. The District’s State Aid revenues would be adversely affected by decreases in its Weighted ADA resulting from decreased enrollment generally and, specifically, decreased enrollment of FRL, IEP and LEP students. However, in the event that the District’s Weighted ADA is substantially reduced for any current fiscal year, the District may use the higher of the District’s Weighted ADA for the immediately preceding fiscal year or the second preceding fiscal year. This process is designed to absorb a one-year attendance irregularity.

Section 163.021 RSMo provides that “whenever there has existed within the school district an infectious disease, contagion, epidemic, plague or similar condition” (like COVID-19), the apportionment of school funds and all other distribution of school moneys, such as Proposition C revenues, shall be made on the basis of the school district’s ADA (or Weighted ADA) for the next preceding fiscal year in which such condition existed. Therefore, if the District’s ADA (or Weighted ADA) for any future fiscal year is substantially reduced as a result of an infectious disease, contagion, epidemic, plague or similar condition, the District will be allowed to base its revenue distributions on its ADA (or Weighted ADA) for the fiscal year immediately preceding the fiscal year in which the condition existed.

State Adequacy Target. The State Aid formula requires DESE to calculate a “**State Adequacy Target**,” which is intended to be the minimum amount of funds a school district needs in order to educate each student. DESE’s calculation of the State Adequacy Target is based upon amounts spent, excluding federal and state transportation revenues, by Performance Districts. Every two years, using the most current list of Performance Districts, DESE will recalculate the State Adequacy Target. The recalculation can never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018 and any State Adequacy Target figure calculated thereafter.

The table below shows the State Adequacy Target for the following fiscal years:

| Fiscal Year Ended | State Adequacy |
|--------------------------|-----------------------|
| <u>June 30</u> | <u>Target</u> |
| 2025 | \$6,750 |
| 2024 | 6,375 |
| 2023 | 6,375 |
| 2022 | 6,375 |
| 2021 | 6,375 |

The State Adequacy Target for the 2025-2026 fiscal year is expected to be \$7,145 per pupil based on the Governor’s recommendations; however, this is a preliminary estimate and subject to change.

Dollar Value Modifier. The DVM is an index of the relative purchasing power of a dollar in different areas of the state. The DVM is calculated as one plus 15% of the difference of the regional wage ratio (the ratio of the regional wage per job divided by the state median wage per job) minus one. The law provides that the DVM can never be less than 1.000. DESE revises the DVM for each district on an annual basis. The DVM for the District for the 2024-2025 fiscal year was 1.0760. The DVM for the District for the 2025-2026 fiscal year was 1.0750.

Local Effort. For the 2006-2007 fiscal year, the Local Effort figure utilized in a school district’s State Aid calculation was the amount of locally generated revenue that the school district would have received in the 2004-2005 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the “**performance levy**.” For all years subsequent to the 2006-2007 fiscal year, a school district’s Local Effort amount has been frozen at the 2006-2007 amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the school district. Growth in assessed valuation and operating levy increases will result in additional local revenue to the school district, without affecting State Aid payments.

Categorical-Source Add-Ons. In addition to State Aid distributed pursuant to the formula as described above, the formula provides for the distribution of certain categorical sources of State Aid to school districts. These include (1) 75% of allowable transportation costs, (2) the career ladder entitlement, (3) the vocational education entitlement and (4) educational and screening program entitlements.

Classroom Trust Fund (Gambling Revenue) Distributions. A portion of the State Aid received under the formula will be in the form of a distribution from the “**Classroom Trust Fund**,” a fund in the state treasury containing a portion of the state’s gambling revenues. This money is distributed to school districts on the basis of ADA (versus *Weighted* ADA, which applies to the basic formula distribution). The funds deposited into the Classroom Trust Fund are not earmarked for a particular fund or expense and may be spent at the discretion of the local school district except that, beginning with the 2010-2011 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-2010 fiscal year must be placed in the Teachers’ or Incidental Funds. The table below shows the approximate amount each school district received per pupil from the Classroom Trust Fund for the following fiscal years:

| Fiscal Year Ended <u>June 30</u> | Classroom Trust Fund <u>(Per Pupil)</u> |
|---|--|
| 2025 | \$605 |
| 2024 | 472 |
| 2023 | 425 |
| 2022 | 430 |
| 2021 | 435 |

The estimated Classroom Trust Fund distributions to school districts during the 2025-2026 fiscal year are expected to be between \$505 and \$579; however, this is a preliminary estimate and subject to change.

Classroom Trust Fund dollars do not increase the amount of State Aid.

Mandatory Deposit and Expenditures of Certain Amounts in the Teachers’ Fund. The following state and local revenues must be deposited in the Teachers’ Fund: (1) 75% of basic formula State Aid, excluding State Aid distributed from the Classroom Trust Fund (gambling revenues); (2) 75% of one-half of the district’s local share of Proposition C revenues; (3) 100% of the career ladder state matching payments; and (4) 100% of local revenue from fines and escheats based on violations or abandoned property within the district’s boundaries.

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Since the 2007-2008 fiscal year, school districts are further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year’s Weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers’ Fund, plus the amount of any transfers from the Incidental Fund to the Teachers’ Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund. Commencing with the 2006-2007 fiscal year, the formula provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. These items were previously paid from the Incidental Fund.

Failure to satisfy the deposit and expenditure requirements applicable to the Teachers’ Fund will result in a deduction of the amount of the expenditure shortfall from a district’s basic formula State Aid for the following year, unless the district receives an exemption from the State Board of Education.

A school board may transfer any portion of the unrestricted balance remaining in the Incidental Fund to the Teachers’ Fund. Any district that uses a transfer from the Incidental Fund to pay for more than 25% of the annual certificated compensation obligation of the district, and has an Incidental Fund balance on June 30 in any year in excess of 50% of the combined Incidental and Teachers’ Fund expenditures for the fiscal year just ended, will be required to transfer the excess from the Incidental Fund to the Teachers’ Fund.

Federal Revenue

School districts receive certain grants and other revenue from the federal government that are required to be used for the specified purposes of the grant or funding program.

The federal “Every Student Succeeds Act” (“**ESSA**”) was signed into law on December 10, 2015. ESSA replaces the “No Child Left Behind Act.” Each state education agency must develop a state accountability plan (“**ESSA Plan**”) that incorporates testing based on challenging academic standards. The ESSA Plans were required to be submitted to the United States Department of Education (the “**DOE**”) in 2017. Under ESSA, states can decide how much weight to give standardized tests in their accountability systems and determine what consequences, if any, should attach to poor performance. However, at least 95% of eligible students are required to take the state-chosen standardized tests, and federal funding can be withheld if states fall below the 95% threshold.

The State submitted its plan to the DOE on September 13, 2017 in order to meet the September 18, 2017 deadline. The DOE approved the State’s plan on January 16, 2018. Under ESSA, the State will continue to test students through the Missouri Assessment Program.

Certain Permitted Fund Transfers

Limited Sources of Funds for Capital Expenditures. School districts may only pay for capital outlays from the Capital Projects Fund. Sources of revenues in the Capital Projects Fund are limited to: (i) proceeds of general obligation bonds (which are repaid from a Debt Service Fund levy) and lease financings; (ii) revenue from the school district’s local property tax levy for the Capital Projects Fund; (iii) certain permitted transfers from the Incidental Fund; and (iv) a portion of the funds distributed to school districts from the Classroom Trust Fund.

Capital Projects Fund Levy. Prior to setting tax rates for the Teachers’ and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers’ and Incidental Funds to an amount below \$2.75. For the current fiscal year ending June 30, 2026, the District’s Capital Projects Fund levy is \$0.48 per \$100 of assessed valuation.

Transfers from the Incidental Fund to the Capital Projects Fund. In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund for certain purposes, including: (1) the amount to be expended for transportation equipment that is considered an allowable cost under the State Board of Education rules for transportation reimbursements during the current year; (2) the amount necessary to satisfy obligations of the Capital Projects Fund for state-approved area vocational-technical schools; (3) current year obligations for lease-purchase obligations entered into prior to January 1, 1997; (4) the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and (5) to satisfy current year capital project expenditures, an amount not to exceed the greater of (a) \$162,326 or (b) seven percent (7%) of the State Adequacy Target (see “**State Adequacy Target**” above) times a school district’s Weighted ADA. The District transferred \$767,854 from the Incidental Fund to the Capital Projects Fund under this provision during the 2024-2025 fiscal year.

Transfers from the Incidental Fund to the Debt Service Fund and/or the Capital Projects Fund. If a school district is not using the seven percent (7%) or the \$162,326 transfer discussed in parts (5)(a) and (5)(b) of the prior paragraph and is not making payments on lease purchases pursuant to Section 177.088, RSMo, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund

the greater of (1) the State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the Debt Service Fund levy and Capital Projects Fund levy used in the foundation formula and placed in the Capital Projects Fund or Debt Service Fund, or (2) five percent (5%) of the State Adequacy Target (see "*State Adequacy Target*" above) times the district's Weighted ADA. Because the District made a transfer under the provision discussed in the prior paragraph, the District was not eligible to make a transfer under this provision during the 2024-2025 fiscal year.

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Fund Balances Summary

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District's Annual Secretary of the Board Reports for the fiscal years ended June 30, 2021 through 2025. The statement set forth below should be read in conjunction with the other financial statements and notes set forth in *Appendix B* of this Official Statement and the financial statements on file at the District's office.

Summary Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Funds

| | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|---|---------------------------|--------------------------|---------------------------|----------------|----------------|
| General (Incidental) Fund | | | | | |
| Balance--Beginning of Year | \$9,821,823 | \$8,981,826 | \$6,705,193 | \$8,064,356 | \$9,538,388 |
| Revenues | 16,623,911 | 16,738,500 | 20,439,328 | 22,299,914 | 22,688,368 |
| Expenditures | (13,001,016) | (14,590,470) | (15,536,642) | (16,631,427) | (17,311,011) |
| Transfers In (Out) | (4,462,892) | (4,424,663) | (3,543,524) | (4,194,455) | (5,777,069) |
| Balance--End of Year | \$8,981,826 | \$6,705,193 | \$8,064,356 | \$9,538,388 | \$9,138,677 |
| Special Revenue (Teachers') Fund | | | | | |
| Balance--Beginning of Year | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenues | 14,178,156 | 14,216,712 | 16,005,050 | 15,853,188 | 15,907,583 |
| Expenditures | (17,406,253) | (18,641,375) | (19,548,574) | (20,047,643) | (20,916,797) |
| Transfers In (Out) | 3,228,097 | 4,424,663 | 3,543,524 | 4,194,455 | 5,009,214 |
| Balance--End of Year | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service Fund | | | | | |
| Balance--Beginning of Year | \$3,197,323 | \$3,477,754 | \$3,564,916 | \$3,882,736 | \$3,381,692 |
| Revenues | 3,086,396 | 8,741,118 ⁽²⁾ | 4,142,308 | 2,662,446 | 2,744,814 |
| Expenditures | (2,805,964) | (8,653,956) | (3,824,488) | (3,163,491) | (3,451,291) |
| Balance--End of Year | \$3,477,754 | \$3,564,916 | \$3,882,736 | \$3,381,692 | \$2,675,215 |
| Capital Projects Fund | | | | | |
| Balance--Beginning of Year | \$1,655,798 | \$13,696,328 | \$4,708,243 | \$35,577,933 | \$15,035,629 |
| Revenues | 33,149,755 ⁽¹⁾ | 5,620,260 | 36,928,411 ⁽³⁾ | 3,196,304 | 2,230,808 |
| Expenditures | (22,344,021) | (14,608,344) | (6,058,721) | (23,738,607) | (17,871,685) |
| Transfers In (Out) | 1,234,795 | 0 | 0 | 0 | 767,855 |
| Balance--End of Year | \$13,696,328 | \$4,708,243 | \$35,577,933 | \$15,035,629 | \$162,607 |
| Total Governmental Funds | | | | | |
| Balance--Beginning of Year | \$14,674,944 | \$26,155,907 | \$14,978,352 | \$47,525,025 | \$27,955,709 |
| Revenues | 67,038,218 | 45,316,590 | 77,515,097 | 44,011,853 | 43,571,573 |
| Expenditures | (55,557,254) | (56,494,145) | (44,968,424) | (63,581,169) | (59,550,783) |
| Balance--End of Year | \$26,155,907 | \$14,978,352 | \$47,525,025 | \$27,955,709 | \$11,976,498 |

Source: District's Annual Secretary of the Board Reports for the fiscal years ended June 30, 2021 through 2025.

⁽¹⁾ Includes proceeds of \$23,500,000 General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2020.

⁽²⁾ Includes proceeds of \$4,485,000 General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2021.

⁽³⁾ Includes proceeds of \$34,380,000 Certificates of Participation, Series 2023.

Risk Management

Generally. The District is exposed to various risks of loss from, among things, tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains several policies of insurance, providing coverage that includes casualties to the District's facilities and general liability insurance, which policies are subject to certain deductible clauses. There has been no significant reduction in insurance coverage from the previous year.

MUSIC. The District is a member of the Missouri United School Insurance Council (MUSIC), a protected, self-insurance program of approximately 490 Missouri public school districts and junior college districts. The District does not pay premiums to purchase insurance policies, but it does pay an annual assessment to be a member of MUSIC. Part of the annual assessment is used to purchase excess insurance for the group as a whole.

Pension and Employee Retirement Plans

General. The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri ("PSRS"), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of school districts and certain other educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri ("PEERS"), which provides retirement and disability benefits to employees of school districts and certain other educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169, RSMo. The statutes assign responsibility for the administration of both plans to a seven-member Board of Trustees of PSRS (the "PSRS Board"). PSRS and PEERS had 534 and 531 contributing employers, respectively, during the fiscal year ended June 30, 2025.

PSRS and PEERS issue a publicly available financial report that includes financial statements and required supplementary information. The PSRS/PEERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 (the "2025 PSRS/PEERS ACFR"), the comprehensive financial report for the plans, is available at www.psr-peers.org/About-Us. The link to the 2025 PSRS/PEERS ACFR is provided for general background information only, and the information in the 2025 PSRS/PEERS ACFR is not incorporated by reference herein. The 2025 PSRS/PEERS ACFR provides detailed information about PSRS and PEERS, including their respective financial positions, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plans.

PSRS and PEERS Contributions. Employees who contribute to PSRS are not eligible to make Social Security contributions, except in limited circumstances. For the fiscal year ended June 30, 2025, PSRS contributing employees were required to contribute 14.5% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 14.5% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 1.0% in aggregate of PSRS contributing member covered pay of the previous year.

Employees who contribute to PEERS are eligible to make Social Security contributions. For the fiscal year ended June 30, 2025, PEERS contributing employees were required to contribute 6.86% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 6.86% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 0.5% in aggregate of PEERS contributing member covered pay of the previous year.

PSRS and PEERS Funded Status. PSRS and PEERS reported funded ratios of 89.1% and 89.9%, respectively, as of June 30, 2025, according to the 2025 PSRS/PEERS ACFR. Funded ratios are intended to estimate the ability of current plan assets to satisfy projected future liabilities. The PSRS and PEERS funded ratios are determined by dividing the smoothed actuarial value of plan assets by the plan’s actuarial accrued liability determined under the entry age normal cost method with normal costs calculated as a level percentage of payrolls, along with certain actuarial assumptions based on an experience study conducted in 2021. PSRS and PEERS amortize unfunded actuarial liabilities using a closed 30-year method. Additional assumptions and methods used to determine the actuarial funded status of PSRS and PEERS are set forth in the Actuarial Section of the 2025 PSRS/PEERS ACFR. The funding objective of each plan, as stated in each plan’s Actuarial Funding Policy, is to achieve a funded ratio of 100% over a closed 30-year period.

The following provides a historical comparison of actual employer contributions to actuarially determined contributions and the historical funded status for the plans for the years shown:

Schedule of Employer Contributions

| Year Ended June 30 | <u>PSRS</u> | | | <u>PEERS</u> | | |
|---------------------------|--|--------------------------------------|--|--|--------------------------------------|--|
| | Actuarially Determined Contribution | Actual Employer Contributions | Contribution Excess/ (Deficiency)⁽¹⁾ | Actuarially Determined Contribution | Actual Employer Contributions | Contribution Excess/ (Deficiency)⁽¹⁾ |
| 2025 | \$835,236,887 | \$848,104,682 | \$12,867,795 | \$172,711,373 | \$173,979,445 | \$1,268,072 |
| 2024 | 832,366,273 | 819,926,016 | (12,440,257) | 163,252,197 | 162,777,627 | (474,570) |
| 2023 | 771,873,895 | 792,646,705 | 20,772,810 | 145,744,095 | 147,463,789 | 1,719,694 |
| 2022 | 756,968,491 | 764,348,407 | 7,379,916 | 134,786,669 | 135,180,782 | 394,113 |
| 2021 | 702,442,650 | 745,638,245 | 43,195,595 | 123,733,066 | 126,877,255 | 3,144,189 |

Source: “Schedules of Employer Contributions” in the Financial Section of the 2025 PSRS/PEERS ACFR.

⁽¹⁾ The annual statutory increase in the total contribution rate may not exceed 1% of pay for PSRS and 0.5% of pay for PEERS. The limitation on contribution increases resulted in a deficiency for some of the years presented. Contributions were funded to the maximum statutory limit each year.

Schedule of Funding Progress
(Dollar amounts in thousands)

| Year Ended June 30 | <u>PSRS</u> | | | <u>PEERS</u> | | |
|-------------------------------|--|--|-------------------------|--|--|-------------------------|
| | Actuarial Value of Assets | Actuarial Accrued Liability | Funded Ratio | Actuarial Value of Assets | Actuarial Accrued Liability | Funded Ratio |
| 2025 | \$54,466,041 | \$61,144,573 | 89.1% | \$7,414,008 | \$8,250,244 | 89.9% |
| 2024 | 51,430,822 | 58,971,485 | 87.2 | 6,881,439 | 7,810,188 | 88.1 |
| 2023 | 49,122,410 | 57,193,631 | 85.9 | 6,459,684 | 7,401,637 | 87.3 |
| 2022 | 47,185,300 | 55,405,260 | 85.2 | 6,113,154 | 6,998,708 | 87.3 |
| 2021 | 45,033,548 | 52,834,297 | 85.2 | 5,756,526 | 6,560,854 | 87.7 |

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2025 PSRS/PEERS ACFR.

As stated in the Financial Statement Information Related to the Public School and Education Employee Retirement Systems of Missouri prepared by PSRS and PEERS and provided to the District, the District's contributions to PSRS and PEERS for the years shown were as follows:

District Contributions to PSRS and PEERS

| Year Ended June 30 | <u>PSRS</u> | | <u>PEERS</u> | |
|-------------------------------|--------------------------------|--|--------------------------------|--|
| | Annual Contribution | Contribution (% of Payroll)⁽¹⁾ | Annual Contribution | Contribution (% of Payroll)⁽²⁾ |
| 2025 | \$2,289,520 | 14.50% | \$429,300 | 6.87% |
| 2024 | 2,299,316 | 14.48 | 392,726 | 6.86 |
| 2023 | 2,257,684 | 14.47 | 363,963 | 6.87 |

Source: Financial Statement Information Related to the Public School and Education Employee Retirement Systems of Missouri, prepared by PSRS and PEERS for the District (Unaudited).

⁽¹⁾ The percentages shown are less than 14.5% because the District has certain PSRS members who are required to contribute to Social Security under the requirements of Section 169.070, RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate, and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

⁽²⁾ The annual contributions equaled or exceeded the amounts required by the PSRS Board for each year.

The District's contribution to PSRS and PEERS during the fiscal year ended June 30, 2025 constituted approximately 4.5% of the District's total expenditures during the fiscal year. The District will be required to contribute 14.5% of covered payroll for PSRS contributing employees and 6.86% of covered payroll for PEERS contributing employees during the fiscal year ended June 30, 2026, equal to the contribution percentages for the fiscal year ended June 30, 2025.

Estimated Proportionate Share of PSRS/PEERS Liability. The District has not implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, because the District's financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. PSRS and PEERS, however, have implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. Accordingly, PSRS and PEERS are required annually to provide each contributing Missouri school district reports estimating each district's proportionate share of the net pension liability of PSRS and PEERS as of the end of the prior fiscal year. The estimate is computed for each district by multiplying the net pension liability of a plan (calculated by determining the difference between the plan's total pension liability and fiduciary net position) by a percentage reflecting the

district's proportionate share of contributions to the plan during the fiscal year (calculated by dividing the District's actual contributions by the actual contributions of all participating employers for PSRS and PEERS, respectively, for the fiscal year ended June 30, 2025). At June 30, 2026 (measured as of June 30, 2025), the District's proportionate share of the net pension liability of PSRS and PEERS was \$15,063,335 and \$1,737,786, respectively, as determined by PSRS and PEERS on an accrual basis of accounting. At June 30, 2025, the District's contribution to PSRS and PEERS represented 0.2703% and 0.2490%, respectively, of the overall contributions to PSRS and PEERS during the fiscal year. In addition, for the year ended June 30, 2026, the District recognized pension expense of \$106,071 for PSRS and \$152,014 for PEERS, its proportionate share of the total pension expense. Detailed information about the calculation of the net pension liability of the plans, including information about the assumptions used, is available in Note 6 of the 2025 PSRS/PEERS ACFR.

The net pension liability of PSRS and PEERS is based on a 7.3% discount rate, which was also the assumed investment rate of return for the plans effective for the fiscal year ended June 30, 2025. PSRS and PEERS further advised the District that its proportionate share of the net pension liability using a 1% higher or lower discount rate at June 30, 2026 (measured as of June 30, 2025) would be as follows:

Proportionate Share of Net Pension Liability Sensitivity

| | 1.0% Decrease (6.3%) | Current Discount Rate (7.3%) | 1.0% Increase (8.3%) |
|---|---------------------------------|---|---------------------------------|
| District's proportionate share of PSRS net pension liability/ (asset) | \$35,890,451 | \$15,063,335 | (\$2,179,682) |
| District's proportionate share of PEERS net pension liability / (asset) | \$4,255,718 | \$1,737,786 | (\$358,682) |

For additional information regarding the District's pensions and employee retirement plans, see Note E to the District's financial statements included as *Appendix B* to this Official Statement. For additional information regarding PSRS and PEERS, see the 2025 PSRS/PEERS ACFR.

PROPERTY TAX INFORMATION CONCERNING THE DISTRICT

Property Valuations

Assessment Procedure. All taxable real and personal property within the District is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at various levels up to 33-1/3% of true value and that real property be assessed at the following percentages of true value:

| | |
|---|-----|
| Residential real property | 19% |
| Agricultural and horticultural real property..... | 12% |
| Utility, industrial, commercial, railroad and all other real property | 32% |

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, the County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District and the amount attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District) according to the assessment for calendar year 2025 for property owned as of January 1, 2025, as finally equalized.

| <u>Type of Property</u> | <u>Total Assessed Valuation</u> | <u>Assessment Rate</u> | <u>Estimated Actual Valuation</u> | <u>% of Actual Valuation</u> |
|----------------------------------|---------------------------------|------------------------|-----------------------------------|------------------------------|
| Real: | | | | |
| Residential | \$214,258,730 | 19.00% | \$1,127,677,526 | 71.98% |
| Agricultural | 3,290,720 | 12.00% | 27,422,667 | 1.75% |
| Commercial ⁽¹⁾ | <u>61,525,833</u> | 32.00% | <u>192,268,228</u> | 12.27% |
| Total Real | <u>\$279,075,283</u> | | <u>\$1,347,368,421</u> | |
| Personal⁽¹⁾ | <u>73,091,078</u> | 33.33% ⁽²⁾ | <u>219,273,234</u> | <u>14.00%</u> |
| Total Real & Personal | \$349,467,301 | | \$1,566,641,655 | 100.00% |

Source: Clay County and Ray County Clerks.

(1) Includes locally assessed railroad and utility property.

(2) 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. See “*Assessment Procedure*” discussed above.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District and the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District) according to the assessments of January 1, as adjusted through December 31, in each of the following years has been as follows:

| <u>Year</u> | <u>Assessed Valuation</u> | <u>% Change</u> |
|-------------|---------------------------|-----------------|
| 2025 | \$349,467,301 | 11.07% |
| 2024 | 314,649,048 | -0.72 |
| 2023 | 316,919,623 | 11.38 |
| 2022 | 285,496,849 | 6.70 |
| 2021 | 267,560,744 | 10.14 |

Source: District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2022-2025; Clay County and Ray County Clerks.

Property Tax Levies and Collections

Generally. Property taxes are levied and collected for the District by Clay County and Ray County, for which each county receives a collection fee of the gross tax collections made.

The District is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest,

amortization and redemption charges on the District's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by each County Clerk. As required under SB 711 (discussed below), the District must informally project nonbinding tax levies for the year and return such projected tax levies to the County Clerks in April. The District must fix its ad valorem property tax rates and certify them to the County Clerks no later than September 1 for entry in the tax books. Taxes are levied at the District's tax rate per \$100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to ensure that it does not exceed constitutional rate limits.

Real and personal property within the District is assessed by each County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the Board of Equalization of the county. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. After local appeal procedures have been completed, the books are finalized and sent to the County Collector. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December.

The County Collector is required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in the months of December, January and February.

District's Rights in Event of Tax Delinquency. Taxes are due by December 31st and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of 18% of each year's delinquency. Taxes on real estate become delinquent on January 1 and the County Collector is required to enforce the State's lien by offering the property for sale in August. If the offering does not produce a bid equal to the delinquent taxes plus interest, penalty, and costs, the property is offered for sale again the following year. If the second offering also does not produce a bid adequate to cover the amount due, the property is sold the following year to the highest bidder. Tax sales at the first or second offerings are subject to the owner's redemption rights. Delinquent personal property taxes constitute a debt of the person assessed with the taxes, and a personal judgment can be rendered for such taxes against the debtor. Personal property taxes become delinquent on January 1. Collection suits may be commenced on or after February 1 and must be commenced within three years.

Tax Abatement and Tax Increment Financing

Under state law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Land Clearance for Redevelopment Authority Law authorizes ten-year tax abatement pursuant to Sections 99.700 to 99.715, RSMo. In lieu of ten-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353, RSMo, may seek real property tax abatement for a total period of 25 years. In addition, Chapter 135 and 137 (Missouri Works Enhanced Enterprise Zones), Chapter 100, RSMo and Article VI Section 27(b) of the Missouri Constitution authorize real and personal property tax abatement for corporations for certain projects. Currently, there are tax abatement projects located within the District. For more information about tax abatement within the District, see Note D to the District's financial statements included in *Appendix B* to this Official Statement.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a "blighted area," "conservation area," or "economic development area," each as defined in such statute.

Currently, certain portions of the District are located in tax increment financing redevelopment areas ("**TIF Redevelopment Areas**"). Tax increment financing does not diminish the amount of property tax revenues collected by the District in an affected area compared to prior to the establishment of a TIF Redevelopment Area, but instead acts to freeze such revenues at current levels and deprives the District and other taxing districts of all or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from

increases in assessed valuation in such areas (the “**TIF Increment**”). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

According to the Clay County Assessor’s office, the assessed valuation of the property within the TIF Redevelopment Areas within the District was approximately \$2,699,060 for the 2025 tax year.

Tax Rates

Debt Service Levy. The District’s debt service levy for the 2025-2026 fiscal year is \$0.8111 per \$100 of assessed valuation. Once indebtedness has been approved by the requisite number of voters voting therefor and bonds are issued, the District is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Education may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The operating tax levy of a school district (consisting of all ad valorem taxes levied except the debt service levy) cannot exceed the “**tax rate ceiling**” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy that, when charged against a school district’s assessed valuation for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by the lesser of actual assessment growth, 5% or the Consumer Price Index.

Under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to \$2.75 per \$100 of assessed valuation without voter approval. Any increase above \$2.75, however, must be approved by a majority of the voters voting on the proposition. Further, pursuant to Article X, Section 11(c) of the Missouri Constitution, any increase above \$6.00 must be approved by two-thirds of the voters voting on the proposition. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment and SB 711, more fully explained below). The tax levy for debt service on a school district’s general obligation bonds is exempt from these limitations upon the tax rate ceiling.

Article X, Section 22(a) of the Missouri Constitution (commonly known as the “**Hancock Amendment**”), approved in 1980, places limitations on total state revenues and the levying or increasing of taxes without voter approval. The Missouri Supreme Court has interpreted the definition of “total state revenues” to exclude voter-approved tax increases. The Hancock Amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the Consumer Price Index from the previous year (or 5%, if greater), the maximum authorized current levy must be reduced to yield the same gross revenue from existing property, adjusted for changes in the Consumer Price Index, as could have been collected at the existing authorized levy on the prior assessed value. This reduction is often referred to as a “**Hancock rollback**.” The limitation on local governmental units does not apply to taxes levied in the Debt Service Fund for the payment of principal and interest on general obligation bonds.

In 2008, through the enactment of Senate Bill 711 (“**SB 711**”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a school district’s *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the school district’s voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a district’s *actual* operating tax levy, regardless of whether that levy is at the district’s tax levy *ceiling*. This further reduction is sometimes referred to as an “**SB 711 rollback**.” In

non-reassessment years (even-numbered years), the operating levy may be increased to the district’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

Under the provisions of an initiative petition adopted by the voters of Missouri on November 2, 1982, commonly known as “**Proposition C**,” revenues generated by a 1% state sales tax are credited to a special trust fund for school districts and are deemed to be “local” revenues for school district accounting purposes. Proposition C revenues are distributed to each school district within the State on the basis of eligible pupils. Under Proposition C, after determining its budget and the levy rate needed to produce required revenues to fund the budget, a school district must reduce the operating levy by an amount sufficient to decrease the revenues it would have received therefrom by an amount equal to 50% of the revenues received through Proposition C during the prior year. School districts may submit propositions to voters to forgo all or a part of the reduction in the operating levy that would otherwise be required under the terms of Proposition C. The District’s voters previously approved a proposition to forgo all of the reduction in the operating levy which would otherwise be required under the terms of Proposition C which allows the District to levy up to its tax rate ceiling.

For the fiscal year ended June 30, 2026, the District’s operating levy (all funds except the debt service fund levy) is \$4.4151 per \$100 of assessed valuation.

The tax levy for debt service on the District’s general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling.

History of Tax Levies

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

| Fiscal Year Ended June 30 | General Incidental Fund | Special Revenue Teachers’ Fund | Debt Service Fund | Capital Projects Fund | Total Levy |
|--|--|---|----------------------------------|--------------------------------------|-----------------------|
| 2026 | \$3.9351 | \$0.0000 | \$0.8111 | \$0.4800 | \$5.2262 |
| 2025 | 4.1289 | 0.0000 | 0.6173 | 0.4800 | 5.2262 |
| 2024 | 4.1289 | 0.0000 | 0.6173 | 0.4800 | 5.2262 |
| 2023 | 3.9089 | 0.0000 | 1.3177 | 0.0000 | 5.2266 |
| 2022 | 3.0033 | 0.0000 | 1.3229 | 0.9000 | 5.2262 |
| 2021 | 4.1309 | 0.0000 | 1.1453 | 0.0000 | 5.2762 |

Source: For fiscal year 2026, the DESE Tax Rate Report; for fiscal years 2021 through 2025, District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2021 through 2025.

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Tax Collection Record

Taxes are levied based on the assessed valuation following Board of Equalization review, which typically occurs in August. As a result of resolution of tax cases, the addition of undeclared personal property and other changes in assessment following Board of Equalization review, tax bills may be changed following the original levy and some taxpayers may be obligated to pay additional taxes or pay less taxes. The following table sets forth tax collection information for the District in each of the following years:

| Fiscal Year Ended June 30 | Total Levy | Total Taxes Levied⁽¹⁾ | Current & Delinquent Taxes Collected⁽²⁾ | |
|--------------------------------------|-----------------------|---|---|----------|
| | | | Amount | % |
| 2025 | \$5.2262 | \$16,444,189 | \$16,601,367 | 100.96% |
| 2024 | 5.2262 | 16,562,853 | 16,655,917 | 100.56 |
| 2023 | 5.2262 | 14,871,238 | 14,739,374 | 99.11 |
| 2022 | 5.2262 | 13,983,260 | 13,706,257 | 98.02 |
| 2021 | 5.2762 | 12,816,942 | 13,015,088 | 101.55 |

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2021 through 2025.

- (1) Total Taxes Levied is calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy. The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Excludes assessed valuation amounts attributable to: (a) state assessed railroad and utility property and (b) TIF Redevelopment Areas located within the District. See the explanation under the caption "Tax Abatement and Tax Increment Financing."
- (2) Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of Current and Delinquent Taxes Collected to exceed 100%.

Major Property Taxpayers

The following table sets forth a list of the largest taxpayers in the District based on the valuation of property owned as of January 1, 2025, as finally equalized. The District has not independently verified the accuracy or completeness of such information:

Real Property

| Owner | Assessed Valuation | Percentage of Total Assessed Valuation |
|--|-------------------------------|---|
| 1. AIPC Missouri LLC | \$6,164,390 | 1.76% |
| 2. 401 Regent LLC | 3,937,000 | 1.13 |
| 3. Wal-Mart Real Estate Business Trust | 3,635,520 | 1.04 |
| 4. Laclede Gas Co. | 2,855,170 | 0.82 |
| 5. Excelsior Property Holdings LLC | 1,779,300 | 0.51 |
| 6. Rexam Consumer Plastics Inc. | 1,671,260 | 0.48 |
| 7. Bloch Family 2005 Partnership LP | 1,312,260 | 0.38 |
| 8. ALDI Inc. | 1,288,930 | 0.37 |
| 9. 1st Class Homes LLC | 1,263,630 | 0.36 |
| 10. Lawn & Garden LLC | <u>1,262,920</u> | <u>0.36</u> |
| Total | \$25,170,380 | 7.20% |

Source: Clay County Assessor's Office; Ray County Assessor's Office.

Personal Property

| <u>Owner</u> | <u>Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|---------------------------------------|-------------------------------|---|
| 1. American Italian Pasta Co. | \$6,805,483 | 1.95% |
| 2. Paccor Packaging NA Inc. | 4,030,060 | 1.15 |
| 3. Ideker Mining | 1,404,937 | 0.40 |
| 4. Waller Truck Co Inc. | 1,173,655 | 0.34 |
| 5. Paccor NA Inc. | 1,056,314 | 0.30 |
| 6. Wal Mart Stores East LP | 843,385 | 0.24 |
| 7. Henkel US Operations Corporation | 697,665 | 0.20 |
| 8. Apple Bus Company | 675,809 | 0.19 |
| 9. Waller Truck Co Inc. | 629,826 | 0.18 |
| 10. Excelsior Springs Seating Systems | <u>563,902</u> | <u>0.16</u> |
| Total | \$17,881,036 | 5.12% |

Source: Clay County Assessor's Office; Ray County Assessor's Office.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE
DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
EXCELSIOR SPRINGS, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2025

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Excelsior Springs #40 School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Excelsior Springs #40 School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Excelsior Springs #40 School District as of June 30, 2025, and the respective changes in modified cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Excelsior Springs #40 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

“Consistently Exceeding Expectations”

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in

relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, on pages 4 through 11, but does not include the basic financial statements and our auditors' 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
November 17, 2025



EXCELSIOR SPRINGS

S C H O O L D I S T R I C T

Inspire, Empower, Challenge

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The discussion and analysis of Excelsior Springs School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements, the notes to the basic financial statements and other supplemental information to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2025 fiscal year are as follows:

- Operating fund balances for the District (General Fund and Special Revenue Fund) decreased by \$399,711, from \$9,538,388 to \$9,138,677.
- District operating funds revenues increased by \$442,852, from \$38,153,100 to \$38,595,952, the majority of which is due to increased Title I funding.
- District operating funds expenditures increased by \$1,548,740, from \$36,679,068 to \$38,227,808, the majority of which is due to personnel costs and benefit increases.
- The District's long-term debt decreased by \$2,589,755 from \$66,931,811 to \$64,342,056 due to annual principal payments.
- The Capital Projects Fund balance decreased by \$14,873,021 from \$15,035,629 to \$162,608, the majority of which is due to the new Lewis Elementary project.

Using this Annual Report

This annual report consists of two series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities for the Excelsior Springs School District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at the individual funds of the District.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the District as a whole looks at all financial transactions and asks the question, “*How did we do financially during the year?*” The Statement of Net Position and the Statement of Activities answer this question. These statements include all significant assets and liabilities using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for recording capital assets, related depreciation and debt in the district-wide statements. Salaries for teachers are also recorded as expenditures paid in the fiscal year in which the obligations under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

These two statements report the District’s net position and change in net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District’s property tax base, current property tax laws in Missouri, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities of the District’s programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District’s major funds. The District uses four funds to account for a multitude of financial transactions. The District’s major governmental funds are the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

The District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District’s net position for 2025 and 2024:

TABLE 1

| | GOVERNMENTAL ACTIVITIES | |
|---|----------------------------|----------------------|
| | 2025 | 2024 |
| ASSETS | | |
| Cash and cash equivalents | \$ 11,976,500 | \$ 27,826,764 |
| Escrow cash | - | 128,945 |
| Capital assets, net of accumulated depreciation | <u>87,476,192</u> | <u>74,901,427</u> |
| Total assets | <u>99,452,692</u> | <u>102,857,136</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Current portion bonds and leases | 2,617,433 | 2,458,933 |
| Non-current liabilities: | | |
| Non-current portion bonds and leases | <u>61,724,623</u> | <u>64,472,878</u> |
| Total liabilities | <u>64,342,056</u> | <u>66,931,811</u> |
| NET POSITION | | |
| Net investment in capital assets | 23,134,136 | 22,866,447 |
| Restricted for: | | |
| Capital outlay | 162,608 | 138,798 |
| Debt service | 2,675,215 | 3,381,692 |
| Unrestricted | <u>9,138,677</u> | <u>9,538,388</u> |
| Total net position | <u>\$ 35,110,636</u> | <u>\$ 35,925,325</u> |

Table 2 shows the change in net position for fiscal years 2025 and 2024.

TABLE 2

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Program Revenues: | | |
| Charges for services | \$ 1,541,643 | \$ 1,444,559 |
| Operating grants and contributions | 9,549,374 | 7,490,821 |
| Capital grants and contributions | <u>-</u> | <u>24,520</u> |
| Total Program Revenues | <u>11,091,017</u> | <u>8,959,900</u> |
| General Revenues: | | |
| Property taxes | 16,601,368 | 16,655,917 |
| Basic formula | 9,352,133 | 10,016,595 |
| Sales tax | 3,737,793 | 3,701,909 |
| Earnings on investments | 1,084,713 | 2,190,011 |
| State assessed utilities | 1,171,372 | 1,140,859 |
| M&M surtax | 405,747 | 398,342 |
| Fines and escheats | 48,127 | 44,425 |
| Financial institution tax | 28,240 | 5,071 |
| In lieu of tax | 2,018 | 1,985 |
| Other revenue | <u>49,048</u> | <u>896,837</u> |
| Total General Revenues | <u>32,480,559</u> | <u>35,051,951</u> |
| Total Revenues | <u>43,571,576</u> | <u>44,011,851</u> |
| PROGRAM EXPENSES | | |
| Instruction | 18,297,939 | 17,321,797 |
| Student activities | 1,577,374 | 1,718,844 |
| Student services | 2,429,000 | 2,680,026 |
| Instructional staff support | 648,799 | 698,385 |
| General administration and central services | 3,477,457 | 3,420,566 |
| Building administration | 2,284,554 | 2,108,107 |
| Operation of plant | 7,436,194 | 6,974,734 |
| Transportation | 2,877,484 | 2,705,498 |
| Food service | 1,261,108 | 1,224,678 |
| Community services | 1,082,195 | 1,214,047 |
| Facility acquisition & construction | - | 1,350,920 |
| Debt service: | | |
| Interest and fees | <u>3,014,161</u> | <u>2,868,314</u> |
| Total Governmental Activities Expense | <u>44,386,265</u> | <u>44,285,916</u> |
| Change in net position | (814,689) | (274,065) |
| Beginning net position | <u>35,925,325</u> | <u>36,199,390</u> |
| Ending net position | <u>\$ 35,110,636</u> | <u>\$ 35,925,325</u> |

Governmental Activities

Revenues

The dependence upon local tax revenue is apparent. Approximately 55% of all District expenditures are supported through local revenues. Approximately 33% of District expenditures are supported through state revenues and 8% of the District expenditures are supported through federal revenues. The remaining 6% consist of county and other revenues.

Expenditures

The Statement of Activities shows the costs of program services and the offsetting charges for services, grants and contributions. Table 3 shows the total cost of services and net cost of services. That is, it identifies the costs of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3

| | 2025 | | 2024 | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| | Total Cost of Services | Net Costs of Services | Total Cost of Services | Net Costs of Services |
| Instruction | \$ 18,297,939 | \$ 13,406,347 | \$ 17,321,797 | \$ 12,578,698 |
| Student activities | 1,577,374 | 836,131 | 1,718,844 | 1,057,908 |
| Student services | 2,429,000 | 1,371,243 | 2,680,026 | 2,680,026 |
| Instructional staff support | 648,799 | 533,137 | 698,385 | 597,207 |
| General administration and central services | 3,477,457 | 3,398,562 | 3,420,566 | 3,420,566 |
| Building administration | 2,284,554 | 2,284,554 | 2,108,107 | 2,108,107 |
| Operation of plant | 7,436,194 | 7,377,910 | 6,974,734 | 6,931,013 |
| Transportation | 2,877,484 | 877,447 | 2,705,498 | 1,224,078 |
| Food service | 1,261,108 | (87,342) | 1,224,678 | (194,942) |
| Community services | 1,082,195 | 283,098 | 1,214,047 | 704,121 |
| Facility acquisition & construction | - | - | 1,350,920 | 1,350,920 |
| Debt service: | | | | |
| Interest and fees | 3,014,161 | 3,014,161 | 2,868,314 | 2,868,314 |
| Total Governmental Activities Expense | <u>\$ 44,386,265</u> | <u>\$ 33,295,248</u> | <u>\$ 44,285,916</u> | <u>\$ 35,326,016</u> |

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

Student activities include activities that add to a student's education experience but are not related to educational activities.

Student services include attendance, guidance, health, psychological, speech, audio and library media services.

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

General administration and central services includes expenses associated with administrative and financial supervision of the district. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Building administration includes all building level administration including assistant principal, athletic director, and A+ coordinator.

Operation of plant activities involve keeping the school grounds, buildings, and equipment in a effective working condition.

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

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

Community services includes expense related to student activities provided by the District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Facility acquisition and construction includes expenditures for improvements and equipment that do not meet the capitalization threshold of the District. Items purchased and capitalized in the current year will not be reported as current expenses on the statement of activities. The depreciation for assets directly associated with a specific function or a small number of functions are required to be reported as a direct expense of that function.

Debt service involves the transactions associated with the payment of interest and other related charges for debt of the District.

The District's Funds

These funds are accounted for using the modified cash basis of accounting. All governmental funds had total revenues of \$43,571,576 and expenditures of \$59,550,785. The net change in fund balance for the year was significant in the Capital Project Fund, which decreased by \$14,873,021, the majority of which is due to the capital outlay for the new Lewis Elementary project.

General Fund Budgeting Highlights

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on a modified cash basis. The District uses site-based budgeting procedures designed to tightly control site budgets while providing flexibility for site management.

Due to the mechanics and time lines of budget development for public schools in Missouri and the availability of relevant budget information throughout the budget year, regular budget revisions are needed to keep the budget current.

Capital Assets

At the end of the fiscal year 2025, the District had \$121,922,145 invested in land, buildings, equipment and vehicles. Accumulated depreciation was reported at \$34,445,953. The net capital assets at year-end was \$87,476,192.

TABLE 4

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Capital Assets Not Being Depreciated | | |
| Land | \$ 1,110,826 | \$ 1,110,826 |
| Construction in progress | <u>39,099</u> | <u>21,246,960</u> |
| Total Capital Assets Not Being Depreciated | <u>1,149,925</u> | <u>22,357,786</u> |
| Capital Assets | | |
| Buildings | 114,780,495 | 78,307,842 |
| Equipment and vehicles | <u>5,991,725</u> | <u>6,017,604</u> |
| Total Capital Assets | <u>120,772,220</u> | <u>84,325,446</u> |
| Accumulated depreciation | | |
| Buildings | (29,843,033) | (27,470,016) |
| Equipment and vehicles | <u>(4,602,920)</u> | <u>(4,311,789)</u> |
| Total Accumulated Depreciation | <u>(34,445,953)</u> | <u>(31,781,805)</u> |
| Capital assets, net | <u>\$ 87,476,192</u> | <u>\$ 74,901,427</u> |

The capital assets were used primarily for the completion of construction projects that mostly include the new Lewis Elementary project. Updates to the Area Career Center were also completed this year.

Debt Administration

At June 30, 2025, the District had \$64,342,056 in outstanding debt issued for facility improvements, equipment acquisition, and or/new construction.

TABLE 5

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Series 2015 Refunding and Improvement Bonds | \$ 1,740,000 | \$ 2,190,000 |
| Series 2017 General Obligation Refunding Bonds | 1,690,000 | 2,365,000 |
| Series 2020 General Obligation School Building Bonds | 23,500,000 | 23,500,000 |
| Series 2021 General Obligation Refunding Bonds | 1,625,000 | 2,535,000 |
| Series 2023 Lease Certificates of Participation | 33,985,000 | 34,115,000 |
| 2020 Energy Conservation lease | 811,832 | 938,050 |
| 2020 Temperature scanner lease | 5,333 | 26,402 |
| 2021 Baseball Field Turf lease | <u>984,891</u> | <u>1,262,359</u> |
| | <u>\$ 64,342,056</u> | <u>\$ 66,931,811</u> |

Current Financial Issues and Concerns

The Excelsior Springs School District remains financially stable thanks to strong community support and prudent fiscal management. As part of our ongoing efforts to maintain and improve our facilities, Lewis Elementary has been rebuilt, and significant upgrades are planned for the Middle School, Early Childhood Center, and High School. The District is in the process of renewing its Long-Range Facilities Plan to address evolving needs across all campuses and ensure continued alignment with enrollment and instructional goals.

Looking ahead to the 2025–26 school year, we anticipate increases in expenditures due to prior salary adjustments, rising costs in health insurance, utilities, and inflation. These factors, along with planned facility improvements, may draw down unrestricted reserves, but the District aims to remain within the Board-approved reserve range of 20–23%. Strategic investments in competitive staff compensation, professional development, and student programming will continue to be prioritized. The Debt Service Fund is expected to experience temporary deficit spending, which has been budgeted for and is projected to stabilize within three years. The District remains committed to sound financial stewardship while aligning resources to support student success and staff excellence.

Contacting the District’s Financial Management

This financial report is designed to provide our taxpayers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact: Dr. Mark Bullimore, Superintendent at Excelsior Springs #40 School District, 300 W. Broadway, Excelsior Springs, MO 64024.

EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 11,976,500 |
| Capital assets, net of accumulated depreciation | <u>87,476,192</u> |
| Total assets | <u>99,452,692</u> |
| LIABILITIES | |
| Current liabilities: | |
| Current portion general obligation bonds and leases | 2,617,433 |
| Non-current liabilities: | |
| Non-current portion general obligation bonds and leases | <u>61,724,623</u> |
| Total liabilities | <u>64,342,056</u> |
| NET POSITION | |
| Net investment in capital assets | 23,134,136 |
| Restricted for: | |
| Capital outlay | 162,608 |
| Debt service | 2,675,215 |
| Unrestricted | <u>9,138,677</u> |
| Total net position | <u>\$ 35,110,636</u> |

See accompanying notes to the basic financial statements.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

| | PROGRAM REVENUES | | | | Net (Expenditures) Revenues and Change in Net Position |
|---|----------------------|-------------------------|---|---|---|
| | Expenditures | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| Instruction | \$ 18,297,939 | \$ 410,701 | \$ 4,480,891 | \$ - | \$ (13,406,347) |
| Student activities | 1,577,374 | 667,521 | 73,722 | - | (836,131) |
| Student services | 2,429,000 | - | 1,057,757 | - | (1,371,243) |
| Instructional staff support | 648,799 | - | 115,662 | - | (533,137) |
| General administration and central services | 3,477,457 | - | 78,895 | - | (3,398,562) |
| Building administration | 2,284,554 | - | - | - | (2,284,554) |
| Operation of plant | 7,436,194 | 58,284 | - | - | (7,377,910) |
| Transportation | 2,877,484 | - | 2,000,037 | - | (877,447) |
| Food service | 1,261,108 | 354,103 | 994,347 | - | 87,342 |
| Community services | 1,082,195 | 51,034 | 748,063 | - | (283,098) |
| Facility acquisition and construction | - | - | - | - | - |
| Debt service: | | | | | |
| Interest and fees | 3,014,161 | - | - | - | (3,014,161) |
| Total Governmental Activities | \$ 44,386,265 | \$ 1,541,643 | \$ 9,549,374 | \$ - | (33,295,248) |

| | |
|--------------------------------|----------------------|
| General Revenues: | |
| Property taxes | 16,601,368 |
| Basic formula | 9,352,133 |
| Sales tax | 3,737,793 |
| Earnings on investments | 1,084,713 |
| State assessed utilities | 1,171,372 |
| M & M surtax | 405,747 |
| Fines and escheats | 48,127 |
| Financial institution tax | 28,240 |
| In lieu of tax | 2,018 |
| Other revenue | 49,048 |
| Total General Revenues | 32,480,559 |
| Change in net position | (814,689) |
| Net Position Beginning of Year | 35,925,325 |
| Net Position End of Year | \$ 35,110,636 |

See accompanying notes to the basic financial statements.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL GOVERNMENTAL FUNDS |
|---------------------------|-----------------|----------------------------|-------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 9,138,677 | \$ - | \$ 2,675,215 | \$ 162,608 | \$ 11,976,500 |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Restricted | \$ - | \$ - | \$ 2,675,215 | \$ - | \$ 2,675,215 |
| Assigned | 1,809,969 | - | - | 162,608 | 1,972,577 |
| Unassigned | 7,328,708 | - | - | - | 7,328,708 |
| Total fund balances | \$ 9,138,677 | \$ - | \$ 2,675,215 | \$ 162,608 | \$ 11,976,500 |

See accompanying notes to the basic financial statements.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2025**

Fund Balances - Total Governmental Funds \$ 11,976,500

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.

| | | |
|--------------------------------|---------------------|------------|
| Governmental Capital Assets | \$ 121,922,145 | |
| Less: Accumulated depreciation | <u>(34,445,953)</u> | 87,476,192 |

Long-term liabilities for bonds and leases are not due and payable in
the current period and therefore are not reported in the funds.

| | | |
|---|------------------|---------------------|
| 2015 General Obligation Refunding and Improvement Bonds | (1,740,000) | |
| 2017 General Obligation Refunding Bonds | (1,690,000) | |
| 2020 General Obligation School Building Bonds | (23,500,000) | |
| 2021 General Obligation Refunding Bonds | (1,625,000) | |
| 2023 Lease Certificates of Participation | (33,985,000) | |
| 2020 Energy Conservation Lease | (811,832) | |
| 2020 Temperature Scanner Lease | (5,333) | |
| 2021 Baseball Field Turf Lease Purchase | <u>(984,891)</u> | <u>(64,342,056)</u> |

Net Position of Governmental Activities \$ 35,110,636

See accompanying notes to the basic financial statements.

EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local | \$ 17,066,556 | \$ 2,817,049 | \$ 2,069,166 | \$ 1,978,064 | \$ 23,930,835 |
| County | 974,703 | 48,127 | 159,187 | 37,482 | 1,219,499 |
| State | 2,539,548 | 11,183,594 | 516,462 | 175,708 | 14,415,312 |
| Federal | 2,095,268 | 1,484,761 | - | - | 3,580,029 |
| Other | 12,293 | 374,053 | - | 39,555 | 425,901 |
| Total Revenues | 22,688,368 | 15,907,584 | 2,744,815 | 2,230,809 | 43,571,576 |
| EXPENDITURES: | | | | | |
| Instruction | 2,672,429 | 15,481,168 | - | 73,699 | 18,227,296 |
| Student activities | 994,368 | 544,220 | - | 49,346 | 1,587,934 |
| Student services | 1,558,381 | 870,619 | - | - | 2,429,000 |
| Instructional staff support | 194,293 | 454,506 | - | - | 648,799 |
| General administration and central services | 2,015,444 | 1,203,201 | - | 258,812 | 3,477,457 |
| Building administration | 610,080 | 1,674,474 | - | - | 2,284,554 |
| Operation of plant | 4,745,975 | - | - | 93,881 | 4,839,856 |
| Transportation | 2,766,500 | 100,492 | - | - | 2,866,992 |
| Food service | 1,259,463 | - | - | - | 1,259,463 |
| Community services | 494,077 | 588,118 | - | - | 1,082,195 |
| Facility acquisition and construction | - | - | - | 15,243,323 | 15,243,323 |
| Debt service: | | | | | |
| Principal retirement | - | - | 2,035,000 | 554,755 | 2,589,755 |
| Interest and fees | - | - | 1,416,292 | 1,597,869 | 3,014,161 |
| Total Expenditures | 17,311,010 | 20,916,798 | 3,451,292 | 17,871,685 | 59,550,785 |
| Revenues Over (Under) Expenditures | 5,377,358 | (5,009,214) | (706,477) | (15,640,876) | (15,979,209) |
| Other Financing Sources (Uses): | | | | | |
| Transfers | (5,777,069) | 5,009,214 | - | 767,855 | - |
| Net change in fund balances | (399,711) | - | (706,477) | (14,873,021) | (15,979,209) |
| Fund balance, beginning | 9,538,388 | - | 3,381,692 | 15,035,629 | 27,955,709 |
| Fund balance, ending | \$ 9,138,677 | \$ - | \$ 2,675,215 | \$ 162,608 | \$ 11,976,500 |

See accompanying notes to the basic financial statements.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (15,979,209)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

| | | |
|-------------------------------------|---------------|------------|
| Capital asset purchases capitalized | \$ 15,377,438 | |
| Depreciation expense | (2,802,673) | 12,574,765 |

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | | |
|--|-----------|-----------|
| Bond principal payments | 2,035,000 | |
| Lease certificates of participation payments | 130,000 | |
| Capital lease payments | 424,755 | 2,589,755 |

Change in Net Position of Governmental Activities \$ (814,689)

See accompanying notes to the basic financial statements.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations.

The combined financial statements of the District include all organizations that raise and hold economic resources for the direct benefit of the District. The District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The District has determined that no outside agencies meet the above criteria set forth in GASB Statement No. 61.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the District.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund-Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the District:

Major Governmental Funds:

General Fund: Accounts for and reports all financial resources not accounted for and reported in another fund.

EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Fund: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus within the limitations of the modified cash basis of accounting. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. 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.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for recording capital assets, related depreciation and long-term debt in the government-wide statements. Also, salaries for teachers are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year.

Pooled Cash and Temporary Investments: The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (state law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Teachers' Salaries: Payroll checks and related liability checks written and dated in June 2025, for July and August 2025 payrolls related to 2024-2025 contracts in the amount of \$1,683,526 are included in the financial statements as an expenditure paid. This practice has been consistently followed in previous years.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vacation and Sick Leave: Vacation time and sick leave are considered as expenditures in the year paid. All 12-month employees are allowed to carry over a maximum of 10 days of vacation each year with total accumulation limited to 30 vacation days. Employees leaving the district will be reimbursed at their current rate of pay for a maximum of 30 days accumulated vacation. All full time employees who have more than 50 sick days accumulated will have their sick days capped at their actual amount, and all employees who have less than 50 sick days accumulated will have their accumulated sick days capped at 50 days. Full time employees will be annually reimbursed for all sick days accumulated beyond the cap amount set for that employee. Employees retiring from the District will be reimbursed for all sick days accumulated at a rate of \$75 per day for the first 50 days for classified staff and \$100 per day for the first 50 days for certified staff, and \$10 per day for all remaining accumulated sick days.

OPEB Liabilities: As the District uses the modified cash basis of accounting other post employment benefits (OPEB) liabilities are not reported in these financial statements. The District has not provided for an estimate of this liability to be performed.

Capital Assets: Government-wide Statements: In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost, if actual cost is unavailable. Depreciation of all exhaustible capital assets arising from cash transactions are recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets ranging from 5 to 50 years using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets.

Fund Financial Statements: In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2025, the bank balances of the District's deposits totaled \$13,560,197. Of this amount \$250,000 was covered by FDIC insurance and \$13,310,197 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation. The District has a formal policy that limits its investment choices by security type and issuer.

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the current debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$1,397,170 invested with MOHEFA at June 30, 2025.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE B - DEPOSITS AND INVESTMENTS (continued)

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment adviser, who is one of the nations’ largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAA by Standard and Poor’s and meet the permitted investments statutes for Missouri Schools. The District had \$245,055 invested with MOSIP at June 30, 2025.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government’s investment in a single user. The District’s investment policy places no limit on the amount the District may invest in any one issuer.

NOTE C - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties of Ray and Clay collect the property taxes and remit them to the District. The District also receives sales tax collected and remitted by the state based on weighted average daily attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District’s voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2024.

The assessed valuation of the tangible taxable property for the calendar year 2024 for purposes of local taxation was:

| | |
|-------------------|----------------|
| Real Estate: | |
| Residential | \$ 188,623,540 |
| Agricultural | 3,271,500 |
| Commercial | 57,457,880 |
| Personal Property | 65,296,128 |
| | \$ 314,649,048 |

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2024 for purposes of local taxation was:

| | Unadjusted | Adjusted |
|-----------------------|------------|-----------|
| General Fund | \$ 4.1289 | \$ 4.1289 |
| Special Revenue Fund | - | - |
| Debt Service Fund | 0.6173 | 0.6173 |
| Capital Projects Fund | 0.4800 | 0.4800 |
| | \$ 5.2262 | \$ 5.2262 |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2025, aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE D - TAX ABATEMENTS

The District's 2024 property tax revenues were reduced by \$95,794 under agreements provided by Clay County.

NOTE E - RETIREMENT PLAN

The 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, position may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070(9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The member's benefits are further calculated at two-thirds the normal benefit amount. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psr-peers.org.

PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for member with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2025. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS for the year ended June 30, 2025, were \$2,289,520, equal to the required contributions.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE E - RETIREMENT PLAN (continued)

The District also contributes to The Public Education Employee Retirement System of Missouri (PEERS), which 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 Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Section 169.600 – 169.715 and Sections 169.560 – 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement Systems of Missouri. An Annual Comprehensive Financial Report (“ACFR”) can be obtained at www.psr-peers.org.

PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36, times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at www.psr-peers.org.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2025. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS for the year ended June 30, 2025, were \$428,783, equal to the required contributions.

NOTE F - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District has joined with other schools to form the Missouri United School Insurance Council (MUSIC), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to MUSIC for its insurance coverage. Such coverage allows for liability claims up to \$3,500,000, property claims to various amounts and worker's compensation claims to statutory limits. The District maintains reinsurance for claims in excess of \$3,500,000, which are not covered by MUSIC in the amount of \$1,000,000.

NOTE G - LITIGATION

The District has several unsettled claims of various matters. The claims are at various stages of litigation and at this time, outcomes cannot be predicted. The District is vigorously defending against the claims.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE H - CAPITAL ASSETS

The changes in capital assets used in governmental activities for the year ended June 30, 2025, were as follows:

| | Balance July 1, 2024 | Additions | Reclassification/ Retirements | Balance June 30, 2025 |
|---|-------------------------|----------------------|----------------------------------|--------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 1,110,826 | \$ - | \$ - | \$ 1,110,826 |
| Construction in progress | 21,246,960 | 15,264,792 | (36,472,653) | 39,099 |
| Total Capital Assets Not Being Depreciated | <u>22,357,786</u> | <u>15,264,792</u> | <u>(36,472,653)</u> | <u>1,149,925</u> |
| Other Capital Assets: | | | | |
| Buildings | 78,307,842 | - | 36,472,653 | 114,780,495 |
| Equipment and vehicles | 6,017,604 | 112,646 | (138,525) | 5,991,725 |
| Total Other Capital Assets | <u>84,325,446</u> | <u>112,646</u> | <u>36,334,128</u> | <u>120,772,220</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (27,470,016) | (2,373,017) | - | (29,843,033) |
| Equipment and vehicles | (4,311,789) | (429,656) | 138,525 | (4,602,920) |
| Total accumulated depreciation | <u>(31,781,805)</u> | <u>(2,802,673)</u> | <u>138,525</u> | <u>(34,445,953)</u> |
| Other Capital Assets, net | <u>52,543,641</u> | <u>(2,690,027)</u> | <u>36,472,653</u> | <u>86,326,267</u> |
| Total | <u>\$ 74,901,427</u> | <u>\$ 12,574,765</u> | <u>\$ -</u> | <u>\$ 87,476,192</u> |

Depreciation expense was charged to the governmental functions as follows:

| | |
|-----------------------------------|---------------------|
| Instruction | \$ 112,736 |
| Operation of plant | 2,677,800 |
| Transportation | 10,492 |
| Food service | 1,645 |
| Total depreciation expense | <u>\$ 2,802,673</u> |

NOTE I - LONG-TERM DEBT

Changes in long-term debt for the fiscal year were as follows:

| | Balance July 1, 2024 | Additions | Retirements | Balance June 30, 2025 | Amounts Due Within One Year |
|-------------------------------------|-------------------------|-------------|---------------------|--------------------------|-----------------------------------|
| Bonds payable | \$ 30,590,000 | \$ - | \$ 2,035,000 | \$ 28,555,000 | \$ 2,150,000 |
| Lease certificates of participation | 34,115,000 | - | 130,000 | 33,985,000 | 180,000 |
| Direct borrowings | 2,226,811 | - | 424,755 | 1,802,056 | 287,433 |
| Total | <u>\$ 66,931,811</u> | <u>\$ -</u> | <u>\$ 2,589,755</u> | <u>\$ 64,342,056</u> | <u>\$ 2,617,433</u> |

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE J - BONDS PAYABLE

Bonds payable outstanding at June 30, 2025 are as follows:

| | |
|--|-----------------------------|
| Series 2015 general obligation refunding bonds, due in varying annual installments through March 1, 2028, interest at 3.0 to 4.0 percent | \$ 1,740,000 |
| Series 2017 general obligation refunding bonds, due in varying annual installments through March 1, 2027, interest at 3.0 percent | 1,690,000 |
| Series 2020 general obligation school building bonds, due in varying annual installments through March 1, 2040, interest at 5.0 percent | 23,500,000 |
| Series 2021 general obligation refunding bonds, due in varying annual installments through March 1, 2027, interest at 4.0 percent | <u>1,625,000</u> |
| Total | <u><u>\$ 28,555,000</u></u> |

Debt service requirements to maturity are:

| Year Ended | Principal | Interest | Total |
|-----------------|-----------------------------|-----------------------------|-----------------------------|
| <u>June 30,</u> | <u> </u> | <u> </u> | <u> </u> |
| 2026 | \$ 2,150,000 | \$ 1,342,900 | \$ 3,492,900 |
| 2027 | 2,325,000 | 1,270,300 | 3,595,300 |
| 2028 | 1,280,000 | 1,192,400 | 2,472,400 |
| 2029 | 1,400,000 | 1,140,000 | 2,540,000 |
| 2030 | 1,500,000 | 1,070,000 | 2,570,000 |
| 2031 | 1,650,000 | 995,000 | 2,645,000 |
| 2032 | 1,750,000 | 912,500 | 2,662,500 |
| 2033 | 1,900,000 | 825,000 | 2,725,000 |
| 2034 | 1,750,000 | 730,000 | 2,480,000 |
| 2035 | 1,850,000 | 642,500 | 2,492,500 |
| 2036 | 1,950,000 | 550,000 | 2,500,000 |
| 2037 | 2,000,000 | 452,500 | 2,452,500 |
| 2038 | 2,250,000 | 352,500 | 2,602,500 |
| 2039 | 2,300,000 | 240,000 | 2,540,000 |
| 2040 | <u>2,500,000</u> | <u>125,000</u> | <u>2,625,000</u> |
| | <u><u>\$ 28,555,000</u></u> | <u><u>\$ 11,840,600</u></u> | <u><u>\$ 40,395,600</u></u> |

NOTE K - LEASE CERTIFICATES OF PARTICIPATION

On May 24, 2023, the District entered into a lease purchase agreement with a financial institution. The District issued \$34,380,000 Series 2023 Certificates of Participation to pay costs to acquire, construct, improve, extend, repair, remodel, renovate, install, furnish and equip buildings and facilities. The lease requires varying annual installments through April 1, 2048, interest at 4.125% to 5.000%.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE K - LEASE CERTIFICATES OF PARTICIPATION (continued)

Debt service requirements on the above lease are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2026 | \$ 180,000 | \$ 1,547,056 | \$ 1,727,056 |
| 2027 | 230,000 | 1,538,056 | 1,768,056 |
| 2028 | 285,000 | 1,526,556 | 1,811,556 |
| 2029 | 345,000 | 1,512,306 | 1,857,306 |
| 2030 | 410,000 | 1,495,056 | 1,905,056 |
| 2031 | 480,000 | 1,474,556 | 1,954,556 |
| 2032 | 555,000 | 1,450,556 | 2,005,556 |
| 2033 | 630,000 | 1,422,806 | 2,052,806 |
| 2034 | 710,000 | 1,391,306 | 2,101,306 |
| 2035 | 800,000 | 1,355,806 | 2,155,806 |
| 2036 | 890,000 | 1,315,806 | 2,205,806 |
| 2037 | 990,000 | 1,271,306 | 2,261,306 |
| 2038 | 1,095,000 | 1,221,806 | 2,316,806 |
| 2039 | 1,210,000 | 1,167,056 | 2,377,056 |
| 2040 | 1,330,000 | 1,106,556 | 2,436,556 |
| 2041 | 1,445,000 | 1,051,694 | 2,496,694 |
| 2042 | 2,615,000 | 990,281 | 3,605,281 |
| 2043 | 2,790,000 | 879,144 | 3,669,144 |
| 2044 | 2,980,000 | 757,081 | 3,737,081 |
| 2045 | 3,175,000 | 626,706 | 3,801,706 |
| 2046 | 3,385,000 | 487,800 | 3,872,800 |
| 2047 | 3,610,000 | 335,475 | 3,945,475 |
| 2048 | 3,845,000 | 173,025 | 4,018,025 |
| Total | <u>\$ 33,985,000</u> | <u>\$ 26,097,796</u> | <u>\$ 60,082,796</u> |

NOTE L - DIRECT BORROWINGS

On June 25, 2020, the District entered into a lease purchase agreement for \$1,300,000 to finance the cost of energy conservation measures. The lease is for 10 years requiring annual installments of \$144,884 beginning July 25, 2021; including interest at 1.99%.

On August 18, 2020, the District entered into a lease purchase agreement for \$101,753 to finance the cost of thermal temperature monitors. The lease is for 5 years requiring monthly installments of \$1,784 beginning November 18, 2020; including interest at 2.00%.

On July 15, 2021, the District entered into a lease purchase agreement for \$1,550,000 to finance the cost of artificial turf for the baseball field. The lease is for ten years requiring annual installments of \$175,758 beginning July 15, 2022 through July 15, 2031; including interest at 2.13%.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - DIRECT BORROWINGS (continued)

Debt service requirements on the above leases are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2026 | \$ 287,433 | \$ 38,559 | \$ 325,992 |
| 2027 | 262,678 | 31,305 | 293,983 |
| 2028 | 268,090 | 25,894 | 293,984 |
| 2029 | 273,613 | 20,371 | 293,984 |
| 2030 | 279,249 | 14,734 | 293,983 |
| 2031 | 285,002 | 8,981 | 293,983 |
| 2032 | 145,991 | 3,110 | 149,101 |
| Total | <u>\$ 1,802,056</u> | <u>\$ 142,954</u> | <u>\$ 1,945,010</u> |

All outstanding leases from direct borrowings contain an event of default that changes the timing of the repayment of outstanding amounts to become immediately due if the District is unable to make payments.

NOTE M - LEASE COMMITMENT

In February 2024, the District entered into a copier lease agreement for \$4,860 per month. The lease is for 60 months through June 30, 2029. Lease expense was \$58,320 for the year ended June 30, 2025.

NOTE N - INTERFUND TRANSFERS

The District transferred \$5,009,214 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund. The District also made a \$767,855 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE O - FUND BALANCES - GOVERNMENTAL FUNDS

Statement No. 54 of the Governmental Accounting Standards Board (GASB 54) establishes accounting and financial reporting standards for all governments that report governmental funds. GASB 54 establishes criteria for classifying fund balances and clarifies definitions for governmental fund types.

GASB 54 establishes five (5) fund balance categories: Nonspendable, Restricted, Committed, Assigned and Unassigned:

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

Restricted fund balance - Represents amounts constrained for a specific purpose - restricted expenditure use.

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

Assigned fund balance - Consists of funds that are set aside with the intent to be used for a specific purpose. Intent is expressed by a governing body, a body or an official that has been given the authority to assign funds. Assigned funds are residual amounts in governmental funds other than the General Fund. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance - Represents only the General Fund and all remaining fund balances not classified in the first four (4) levels. The General Fund should be the only fund that reports a positive fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

For committed fund balances (as defined in GASB 54), the District's highest level of decision-making authority is the Board of Education. Restrictions are authorized by the Board based on recommended fund placement in the original adopted and later revised budget, as well as by Board resolution. Further, the Board delegates the authority to assign amounts for specific purpose(s) to the Superintendent or designee.

For all funds except the Debt Service Fund, the Board may consider the order of spending as restricted, committed, assigned, and then unassigned amounts as available. For the Debt Service Fund, the Board may approve unrestricted or assigned balances to be spent prior to restricted balances, allowing the spending of interest prior to principal. The year-end audit process will establish the fund balance restriction recommendations for classifying remaining fund balances as required by GASB 54.

State rules for public school finance require the Special Revenue Fund be used to account for revenue sources legally restricted to expenditures for the purpose of teachers' salaries and benefits and tuition payments to other school districts as outlined by the Annual Secretary of the Board Report (ASBR). Substantial sources of revenue for the Special Revenue Fund will be through transfers from General Fund balances and the required state basic formula and Proposition C sales tax allocations. The Board established the Special Revenue Fund as a major fund in the financial statements.

The District shall maintain sufficient financial reserves to provide for prudent financial management and for adequacy of cash flow to support operations. The operating fund balance is the combined fund balances for the General, Special Revenue and Capital Projects Funds. These reserves include elements for an operating reserve and a financial stabilization reserve. The appropriate amount for the operating reserve fund should be reviewed periodically.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE O - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

As fund balances approach the 22% Board-established minimum reserve balance, the Board may determine necessary action to include, but not be limited to, a levy election or significant budget reduction measures.

As of June 30, 2025, fund balances are composed of the following:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> |
|---------------------|-------------------------|-------------------------------------|----------------------------------|--------------------------------------|
| Restricted: | | | | |
| Debt service | \$ - | \$ - | \$ 2,675,215 | \$ - |
| Assigned: | | | | |
| Food service | 1,315,612 | - | - | - |
| Student activities | 494,357 | - | - | - |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>162,608</u> |
| Total assigned | <u>1,809,969</u> | <u>-</u> | <u>-</u> | <u>162,608</u> |
| Unassigned | <u>7,328,708</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>\$ 9,138,677</u> | <u>\$ -</u> | <u>\$ 2,675,215</u> | <u>\$ 162,608</u> |

SUPPLEMENTARY INFORMATION

EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

| | BUDGET | | ACTUAL | VARIANCE |
|---|---------------------|---------------------|---------------------|-------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 14,929,137 | \$ 17,066,556 | \$ 17,066,556 | \$ - |
| County | 550,000 | 974,703 | 974,703 | - |
| State | 1,410,125 | 2,539,548 | 2,539,548 | - |
| Federal | 2,334,050 | 2,095,268 | 2,095,268 | - |
| Other | 13,000 | 12,293 | 12,293 | - |
| Total Revenues | <u>19,236,312</u> | <u>22,688,368</u> | <u>22,688,368</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Instruction | 2,608,180 | 2,672,429 | 2,672,429 | - |
| Student activities | 297,949 | 994,368 | 994,368 | - |
| Student services | 1,418,529 | 1,558,381 | 1,558,381 | - |
| Instructional staff support | 491,567 | 194,293 | 194,293 | - |
| General administration and central services | 1,997,472 | 2,015,444 | 2,015,444 | - |
| Building administration | 611,646 | 610,080 | 610,080 | - |
| Operation of plant | 4,849,015 | 4,745,975 | 4,745,975 | - |
| Transportation | 3,223,500 | 2,766,500 | 2,766,500 | - |
| Food service | 2,125,764 | 1,259,463 | 1,259,463 | - |
| Community services | 448,035 | 494,077 | 494,077 | - |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fees | - | - | - | - |
| Total Expenditures | <u>18,071,657</u> | <u>17,311,010</u> | <u>17,311,010</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | 1,164,655 | 5,377,358 | 5,377,358 | - |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>(2,400,353)</u> | <u>(5,777,069)</u> | <u>(5,777,069)</u> | <u>-</u> |
| Net change in fund balance | (1,235,698) | (399,711) | (399,711) | - |
| Fund balance, beginning | <u>8,580,901</u> | <u>9,538,388</u> | <u>9,538,388</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 7,345,203</u> | <u>\$ 9,138,677</u> | <u>\$ 9,138,677</u> | <u>\$ -</u> |

See accompanying notes to the budgetary comparison schedule.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | BUDGET | | ACTUAL | VARIANCE |
|---|--------------------|-------------------|-------------------|-------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 2,928,161 | \$ 2,817,049 | \$ 2,817,049 | \$ - |
| County | 960,000 | 48,127 | 48,127 | - |
| State | 12,455,320 | 11,183,594 | 11,183,594 | - |
| Federal | 1,195,000 | 1,484,761 | 1,484,761 | - |
| Other | 600,000 | 374,053 | 374,053 | - |
| Total Revenues | <u>18,138,481</u> | <u>15,907,584</u> | <u>15,907,584</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Instruction | 15,105,658 | 15,481,168 | 15,481,168 | - |
| Student activities | 175,259 | 544,220 | 544,220 | - |
| Student services | 1,329,051 | 870,619 | 870,619 | - |
| Instructional staff support | 580,493 | 454,506 | 454,506 | - |
| General administration and central services | 1,229,121 | 1,203,201 | 1,203,201 | - |
| Building administration | 1,290,753 | 1,674,474 | 1,674,474 | - |
| Operation of plant | 8,434 | - | - | - |
| Transportation | 98,955 | 100,492 | 100,492 | - |
| Food service | 15,462 | - | - | - |
| Community services | 760,893 | 588,118 | 588,118 | - |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fees | - | - | - | - |
| Total Expenditures | <u>20,594,079</u> | <u>20,916,798</u> | <u>20,916,798</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | (2,455,598) | (5,009,214) | (5,009,214) | - |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>2,400,353</u> | <u>5,009,214</u> | <u>5,009,214</u> | <u>-</u> |
| Net change in fund balance | (55,245) | - | - | - |
| Fund balance, beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, ending | <u>\$ (55,245)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to the budgetary comparison schedule.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2025**

| | BUDGET | | ACTUAL | VARIANCE |
|---|---------------------|---------------------|---------------------|-------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 2,007,218 | \$ 2,069,166 | \$ 2,069,166 | \$ - |
| County | - | 159,187 | 159,187 | - |
| State | 447,300 | 516,462 | 516,462 | - |
| Federal | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>2,454,518</u> | <u>2,744,815</u> | <u>2,744,815</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Instruction | - | - | - | - |
| Student activities | - | - | - | - |
| Student services | - | - | - | - |
| Instructional staff support | - | - | - | - |
| General administration and central services | - | - | - | - |
| Building administration | - | - | - | - |
| Operation of plant | - | - | - | - |
| Transportation | - | - | - | - |
| Food service | - | - | - | - |
| Community services | - | - | - | - |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 1,751,300 | 2,035,000 | 2,035,000 | - |
| Interest and fees | 1,413,050 | 1,416,292 | 1,416,292 | - |
| Total Expenditures | <u>3,164,350</u> | <u>3,451,292</u> | <u>3,451,292</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | (709,832) | (706,477) | (706,477) | - |
| Fund balance, beginning | <u>3,918,409</u> | <u>3,381,692</u> | <u>3,381,692</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 3,208,577</u> | <u>\$ 2,675,215</u> | <u>\$ 2,675,215</u> | <u>\$ -</u> |

See accompanying notes to the budgetary comparison schedule.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | BUDGET | | ACTUAL | VARIANCE |
|---|----------------------|-------------------|-------------------|-------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 1,704,790 | \$ 1,978,064 | \$ 1,978,064 | \$ - |
| County | - | 37,482 | 37,482 | - |
| State | 553,684 | 175,708 | 175,708 | - |
| Federal | - | - | - | - |
| Other | - | 39,555 | 39,555 | - |
| Total Revenues | <u>2,258,474</u> | <u>2,230,809</u> | <u>2,230,809</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Instruction | 70,800 | 73,699 | 73,699 | - |
| Student activities | 60,000 | 49,346 | 49,346 | - |
| Student services | - | - | - | - |
| Instructional staff support | - | - | - | - |
| General administration and central services | 150,000 | 258,812 | 258,812 | - |
| Building administration | - | - | - | - |
| Operation of plant | 562,394 | 93,881 | 93,881 | - |
| Transportation | - | - | - | - |
| Food service | 15,000 | - | - | - |
| Community services | 7,500 | - | - | - |
| Facility acquisition and construction | - | 15,243,323 | 15,243,323 | - |
| Debt service: | | | | |
| Principal retirement | 690,115 | 554,755 | 554,755 | - |
| Interest and fees | <u>1,599,885</u> | <u>1,597,869</u> | <u>1,597,869</u> | <u>-</u> |
| Total Expenditures | <u>3,155,694</u> | <u>17,871,685</u> | <u>17,871,685</u> | <u>-</u> |
| Revenues Over (Under) Expenditures | (897,220) | (15,640,876) | (15,640,876) | - |
| Other Financing Sources (Uses): | | | | |
| Transfers | - | 767,855 | 767,855 | - |
| Net change in fund balance | (897,220) | (14,873,021) | (14,873,021) | - |
| Fund balance, beginning | <u>34,708,951</u> | <u>15,035,629</u> | <u>15,035,629</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 33,811,731</u> | <u>\$ 162,608</u> | <u>\$ 162,608</u> | <u>\$ -</u> |

See accompanying notes to the budgetary comparison schedule.

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

BUDGETARY PROCESS

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

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

EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2025

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTALS |
|---|----------------------|----------------------------|-------------------------|-----------------------------|----------------------|
| LOCAL: | | | | | |
| Property tax | \$ 13,074,614 | \$ - | \$ 1,948,045 | \$ 1,578,709 | \$ 16,601,368 |
| Sales tax | 934,448 | 2,803,345 | - | - | 3,737,793 |
| Financial institution tax | 22,056 | - | 3,479 | 2,705 | 28,240 |
| M & M surtax | 405,747 | - | - | - | 405,747 |
| In lieu of tax | 2,018 | - | - | - | 2,018 |
| Tuition | 33,848 | - | - | - | 33,848 |
| Earnings on investments | 597,888 | 1,018 | 117,642 | 368,165 | 1,084,713 |
| Food service | 354,103 | - | - | - | 354,103 |
| Student activities | 667,521 | - | - | - | 667,521 |
| Community services | 51,034 | - | - | - | 51,034 |
| Other local revenue | 923,279 | 12,686 | - | 28,485 | 964,450 |
| Total Local | <u>17,066,556</u> | <u>2,817,049</u> | <u>2,069,166</u> | <u>1,978,064</u> | <u>23,930,835</u> |
| COUNTY: | | | | | |
| Fines and escheats | - | 48,127 | - | - | 48,127 |
| State assessed utilities | 974,703 | - | 159,187 | 37,482 | 1,171,372 |
| Total County | <u>974,703</u> | <u>48,127</u> | <u>159,187</u> | <u>37,482</u> | <u>1,219,499</u> |
| STATE: | | | | | |
| Basic formula | - | 9,446,599 | - | - | 9,446,599 |
| Transportation | 1,714,372 | - | - | - | 1,714,372 |
| Early Childhood Special Education | 201,548 | 183,295 | - | - | 384,843 |
| Basic formula - classroom trust fund | 80,831 | 650,151 | 516,462 | 175,708 | 1,423,152 |
| Career Ladder | - | 408,600 | - | - | 408,600 |
| Educational screening program | 39,439 | - | - | - | 39,439 |
| Career education | 298,529 | - | - | - | 298,529 |
| Food service | 7,056 | - | - | - | 7,056 |
| Residential Placement/Excess Cost | 7,846 | 7,846 | - | - | 15,692 |
| High need fund | 58,431 | 487,103 | - | - | 545,534 |
| Missouri Quality Pre K Grant | 131,496 | - | - | - | 131,496 |
| Total State | <u>2,539,548</u> | <u>11,183,594</u> | <u>516,462</u> | <u>175,708</u> | <u>14,415,312</u> |
| FEDERAL: | | | | | |
| Title I | 124,222 | 483,897 | - | - | 608,119 |
| Title II, A | 27,875 | 76,326 | - | - | 104,201 |
| Title IV | 11,779 | 36,491 | - | - | 48,270 |
| Medicaid | 139,976 | - | - | - | 139,976 |
| Perkins Basic Grant | 251,487 | - | - | - | 251,487 |
| Individuals with Disabilities | 189,731 | 540,004 | - | - | 729,735 |
| IDEA grants | 40,637 | - | - | - | 40,637 |
| Early Childhood Special Education | 70,417 | - | - | - | 70,417 |
| Child Nutrition Program | 778,727 | - | - | - | 778,727 |
| COVID-19 - Child Development Block Grant | 20,000 | - | - | - | 20,000 |
| Department of Health food service program | 208,564 | - | - | - | 208,564 |
| Education Stabilization Fund | 15,084 | 192,447 | - | - | 207,531 |
| Homeless Childred and Youth I | 25,129 | - | - | - | 25,129 |
| Head Start | 191,440 | 155,596 | - | - | 347,036 |
| Other federal revenue | 200 | - | - | - | 200 |
| Total Federal | <u>2,095,268</u> | <u>1,484,761</u> | <u>-</u> | <u>-</u> | <u>3,580,029</u> |
| OTHER: | | | | | |
| Sale of other property | 9,493 | - | - | 34,615 | 44,108 |
| Insurance recovery | - | - | - | 4,940 | 4,940 |
| Payments from other districts | 2,800 | 374,053 | - | - | 376,853 |
| Total Other | <u>12,293</u> | <u>374,053</u> | <u>-</u> | <u>39,555</u> | <u>425,901</u> |
| Total Revenues Collected | <u>\$ 22,688,368</u> | <u>\$ 15,907,584</u> | <u>\$ 2,744,815</u> | <u>\$ 2,230,809</u> | <u>\$ 43,571,576</u> |

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | ASSISTANCE LISTING NUMBER | PASS-THROUGH GRANTOR NUMBER | EXPENDITURES |
|--|---------------------------------|--------------------------------|---------------------|
| U.S. Department of Agriculture | | | |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | 024-089 | \$ 196,121 |
| National School Lunch Program | 10.555 | 024-089 | 565,981 |
| Noncash: Food Distribution | 10.555 | 024-089 | 50,805 |
| Fresh Fruit & Vegetable Program | 10.582 | 024-089 | <u>16,626</u> |
| Total Child Nutrition Cluster | | | <u>829,533</u> |
| Passed-through Missouri Department of Health and Senior Services: | | | |
| Child and Adult Care Food Program | 10.558 | ERS4618-3368 | <u>208,564</u> |
| Total U.S. Department of Agriculture | | | <u>1,038,097</u> |
| U.S. Department of Education | | | |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | |
| Special Education Cluster (IDEA): | | | |
| Special Education - Grants to States | 84.027 | 024-089 | 738,574 |
| Special Education - Preschool Grants | 84.173 | 024-089 | <u>16,722</u> |
| Total Special Education Cluster (IDEA) | | | <u>755,296</u> |
| Title I - Grants to Local Educational Agencies | 84.010 | 024-089 | 558,804 |
| Career and Technical Education - Basic Grants to States | 84.048 | 024-089 | 122,400 |
| Supporting Effective Instruction State Grants | 84.367 | 024-089 | 75,682 |
| Education Stabilization Fund: | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 024-089 | 17,084 |
| COVID-19 - Elementary and Secondary School Emergency Relief (ARP HCY II) Fund | 84.425W | 024-089 | <u>18,385</u> |
| Total Education Stabilization Fund | | | <u>35,469</u> |
| Total U.S. Department of Education | | | <u>1,547,651</u> |
| U.S. Department of Health and Human Services | | | |
| Passed-through Mid-America Regional Council: | | | |
| Head Start Cluster | 93.600 | | 347,036 |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079 | 024-089 | 200 |
| COVID-19 - Child Care Development Fund Block Grant | 93.575 | | <u>20,000</u> |
| Total U.S. Department of Health and Human Services | | | <u>367,236</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,952,984</u> |

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Excelsior Springs #40 School District has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Excelsior Springs #40 School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Excelsior Springs #40 School District, it is not intended to and does not present the financial position, change in net position or cash flows of Excelsior Springs #40 School District.

INTERNAL CONTROL AND COMPLIANCE



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INDEPENDENT ACCOUNTANTS' REPORT ON THE ADMINISTRATION'S ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

To the Board of Education
Excelsior Springs #40 School District

We have examined the administration's assertion, included in its representation letter dated November 17, 2025, that Excelsior Springs #40 School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September 2024 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2025; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2025. As discussed in that representation letter, the administration is responsible for the District's assertion. Our responsibility is to express an opinion on the administration's assertion about the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the administration's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether the administration's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the administration's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the administration's assertion that the District complied with the aforementioned requirements for the year ended June 30, 2025, is fairly stated, in all material respects.

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

Westbrook & Co., P.C.

Richmond, Missouri
November 17, 2025

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"Consistently Exceeding Expectations"

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number 024-089

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

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

| School Code | Begin Grade | End Grade | Half Day Indicator | Standard Day Length | Days | Hours in Session |
|-------------|-------------|-----------|--------------------|---------------------|------|------------------|
| | K | 5 | | 6.5834 | 161 | 1,049.0937 |
| 3000 | 6 | 8 | | 6.6167 | 161 | 1,054.3386 |
| 1075 | 9 | 12 | | 6.6167 | 161 | 1,054.3386 |
| 1080 | 10 | 12 | | 7.0000 | 175 | 1,225.0000 |

2. ATTENDANCE HOURS

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

| School Code | Grade Level | Full-Time | Part-Time | Remedial Hours | Other | Summer School | Total |
|--------------------|-------------|------------------|---------------|----------------|------------|----------------|------------------|
| 4020 | K-5 | 233,503 | 33 | 379 | | | 233,915 |
| 4040 | K-5 | 344,991 | 968 | 691 | | | 346,650 |
| 4080 | K-5 | 454,280 | 2,694 | | 373 | 41,513 | 498,860 |
| 3000 | 6-8 | 517,198 | 725 | 3,318 | 66 | 16,718 | 538,025 |
| 1075 | 9-12 | 637,338 | 54,801 | 269 | 210 | 15,971 | 708,589 |
| 1080 | 10-12 | 162,481 | | | | 49,014 | 211,495 |
| RII | K-12 | 20,978 | | 12 | | | 20,990 |
| Grand Total | | 2,370,769 | 59,221 | 4,669 | 649 | 123,216 | 2,558,524 |

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number 024-089

3. SEPTEMBER MEMBERSHIP

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

| School Code | Grade Level | Full-Time | Part-Time | Other | Total |
|--------------------|-------------|-----------------|--------------|-------|-----------------|
| 4020 | K-5 | 238.00 | 0.15 | | 238.15 |
| 4040 | K-5 | 351.00 | 1.38 | | 352.38 |
| 4080 | K-5 | 464.00 | 1.34 | | 465.34 |
| 3000 | 6-8 | 543.00 | 0.80 | | 543.80 |
| 1075 | 9-12 | 726.00 | 33.25 | | 759.25 |
| 1080 | 10-12 | 147.00 | | | 147.00 |
| Grand Total | | 2,469.00 | 36.92 | | 2,505.92 |

4. JANUARY MEMBERSHIP

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

| School Code | Grade Level | Full-Time | Part-Time | Other | Total |
|--------------------|-------------|-----------------|--------------|-------|-----------------|
| 4020 | K-5 | 241.00 | 0.15 | | 241.15 |
| 4040 | K-5 | 353.00 | 0.59 | | 353.59 |
| 4080 | K-5 | 457.00 | 2.06 | | 459.06 |
| 3000 | 6-8 | 537.00 | 0.80 | | 537.80 |
| 1075 | 9-12 | 671.00 | 52.06 | | 723.06 |
| 1080 | 10-12 | 138.00 | | | 138.00 |
| Grand Total | | 2,397.00 | 55.66 | | 2,452.66 |

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

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

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number 024-089

| School Code | Free Lunch | Reduced Lunch | Deseg In Free | Deseg In Reduced | Total |
|--------------------|---------------|---------------|---------------|------------------|-----------------|
| 4020 | 93.15 | 33.00 | | | 126.15 |
| 4040 | 171.59 | 36.00 | | | 207.59 |
| 4080 | 127.06 | 54.00 | | | 181.06 |
| 3000 | 178.00 | 54.00 | | | 232.00 |
| 1075 | 178.34 | 59.44 | | | 237.78 |
| 1080 | 124.00 | | | | 124.00 |
| RII | 9.00 | 2.00 | | | 11.00 |
| Grand Total | 881.14 | 238.44 | | | 1,119.58 |

6. FINANCE

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

| Section | Question | Answer |
|---------|--|--------|
| 6.1 | The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported. | True |
| 6.2 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories: | True |
| | Academic Programs - Off Campus | True |
| | Career Exploration Program - Off Campus | True |
| | Cooperative Occupational Education (COE) or Supervised Occupational Experience Program | N/A |
| | Dual enrollment | True |
| | Homebound instruction | True |
| | Missouri Options | True |
| | Prekindergarten eligible to be claimed for state aid | N/A |
| | Remediation | True |
| | Sheltered Workshop participation | N/A |
| | Students participating in the school flex program | N/A |
| | Traditional instruction (full and part-time students) | True |
| | Virtual instruction (MOCAP or other option) | True |

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number 024-089

| | Work Experience for Students with Disabilities | N/A |
|-------------|--|-----------|
| 6.3 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations. | True |
| 6.4 | The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations. | True |
| 6.5 | As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer or as requested by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of: | \$50,000 |
| 6.6 | The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual. | True |
| 6.7 | The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools) | True |
| 6.8 | Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable. | True |
| 6.9 | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools) | N/A |
| 6.10 | The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. | True |
| 6.11 | The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools) | True |
| 6.12 | The amount spent for approved professional development committee plan activities was: | \$108,765 |
| 6.13 | The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo. | True |

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number 024-089

7. TRANSPORTATION (SECTION 163.161, RSMO)

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

| Section | Question | Answer |
|----------------|--|---------------|
| 7.1 | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. | True |
| 7.2 | The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. | True |
| 7.3 | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: | |
| | Eligible ADT | 1,147.5 |
| | Ineligible ADT | 202.5 |
| 7.4 | The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. | True |
| 7.5 | Actual odometer records show the total district/charter-operated and contracted mileage for the year was: | 516,959 |
| 7.6 | Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was: | |
| | Eligible Miles | 425,634 |
| | Ineligible Miles (Non-Route/Disapproved) | 91,325 |
| 7.7 | Number of days the district/charter school operated the school transportation system during the regular school year. | 155 |



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

To the Board of Education
Excelsior Springs #40 School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities and each major fund of Excelsior Springs #40 School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Westbrook & Co., P.C.

Richmond, Missouri
November 17, 2025



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

To the Board of Education
Excelsior Springs #40 School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Excelsior Springs #40 School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Excelsior Springs #40 School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Excelsior Springs #40 School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Westbrook & Co., P.C.

Richmond, Missouri
November 17, 2025

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

 Yes X No

Identification of major federal programs:

Title I/Title I Preschool AL No. 84.010
Special Education Cluster AL No. 84.027 and 84.173

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

**EXCELSIOR SPRINGS #40 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT
MATERIAL WEAKNESS**

2025-001 CASH DISBURSEMENTS

Condition: The bookkeeper who prepares the bank reconciliation also performs the duties of generating vendor checks, which are electronically signed by the accounting system. Additionally, the bookkeeper is the accounting software system administrator, thus she can add vendors and also approve purchase orders. Other personnel in the central office also have expanded privileges in the accounting software.

Criteria: The duties for recordkeeping and the duties for authorizing transactions should be segregated.

Cause: The District has not segregated accounting duties

Effect: Errors or fraud could occur and go undetected.

Recommendation: Consideration should be given to reassigning the duties so that the same person who prepares the checks can not initiate the electronic signing. Additionally, accounting system privileges should be reviewed and restricted to the duties assigned to the individual.

Auditee's Response: The District will review controls for accounts payable to determine if proper segregation can be achieved without significant additional personnel costs.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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APPENDIX C

DEFINITIONS AND SUMMARIES OF THE DECLARATION OF TRUST AND THE LEASE

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Declaration of Trust and the Lease unless the context clearly otherwise requires. Reference is hereby made to the Declaration of Trust and the Lease for complete definitions of all terms.

“2020 Lease” means the Master Tax-Exempt Lease/Purchase Agreement dated as of June 25, 2020 with U.S. Bancorp Government Leasing and Finance, Inc.

“2020 Project” means certain energy conservation measures including LED lighting, telecommunications and plumbing financed by the 2020 Lease.

“2021 Lease” means the Tax-Exempt Lease Purchase Agreement dated as of June 28, 2021 with First State Community Bank.

“2021 Project” means artificial turf, bleachers and other miscellaneous upgrades installed at the Excelsior Springs High School baseball field financed by the 2021 Lease.

“Additional Certificates” means any Certificates executed and delivered pursuant to the Declaration of Trust.

“Authorized Representative” means the President, Vice President, Treasurer or Secretary of the Board of Education of the District, the Superintendent of the District or any other person designated as an Authorized Representative by the Board of Education, such designation being approved by the Board of Education of the District by a resolution that is filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the District from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the District for such Fiscal Year plus any unencumbered balances of the District from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each April 1 and October 1 during the Lease Term, commencing on October 1, 2026.*

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee is located are required or authorized by law to remain closed or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., as nominee of the Securities Depository, and any successor nominee of the Securities Depository with respect to the Certificates.

* Preliminary; subject to change.

“Certificate Payments” means the payments to be made to the Owners of the Certificates, whether representing the Interest Portion only or the Principal Portion and the Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2026 Certificates and any Additional Certificates delivered hereunder.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking dated as of [July 21, 2026], entered into by the District in connection with the issuance of the Series 2026 Certificates, as from time to time amended.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction (including fees of Special Counsel and fees of counsel to the Underwriter), fees of any rating agency, title insurance premiums and recording fees and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Costs of the Refunding” means all reasonable or necessary expenses related or incidental to the Refunding and the acquisition of the Leased Equipment, including Costs of Issuance.

“Declaration of Trust” means the Declaration of Trust dated as of July 1, 2026, between the District and the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee kept pursuant to the Declaration of Trust, or their lawful attorneys in fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“District” means Excelsior Springs School District #40, a legally constituted school district and political subdivision duly created, organized and existing under and by virtue of the laws of the State of Missouri, and its successors and assigns.

“Event of Default” means an Event of Default as described in the Declaration of Trust.

“Event of Lease Default” means an Event of Default under the Lease.

“Event of Nonappropriation” means an Event of Nonappropriation as described in the Lease.

“FAST Agent” means the Trustee when acting as agent for the Securities Depository in accordance with the rules established by the Securities Depository for Fast Automated Securities Transfers.

“Fiscal Year” means the fiscal year of the District, currently the twelve-month period beginning July 1 and ending on June 30.

“Funds” means, collectively, the Costs of Issuance Fund and the Lease Revenue Fund and any other funds created and held under the Declaration of Trust and all accounts therein.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are held in a custodial or trust account for the benefit of the District.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are permitted by law for investment of the moneys held in the Funds created and held under the Declaration of Trust:

- (a) Government Obligations;
- (b) negotiable certificates of deposit, demand deposits and other deposit arrangements, repurchase agreements, and investment agreements issued by banks or trust companies, including without limitation, the Trustee and its affiliates, continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, demand deposits and other deposit arrangements; and
- (c) any other securities or investments that are lawful for the investment of moneys held in such Funds or accounts under the laws of the State of Missouri.

“Lease” means the Lease Purchase Agreement dated as of July 1, 2026, between the Trustee, as lessor, and the District, as lessee.

“Lease Revenue Fund” means the fund by that name established pursuant to the Lease.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any Fund established pursuant to the Declaration of Trust.

“Lease Term” means the Original Term and all Renewal Terms.

“Leased Equipment” means all equipment, personal property and materials, acquired and installed in connection with the Prior Projects, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar pursuant to the Declaration of Trust.

“Original Term” means the period from the dated date of the Lease until the end of the Fiscal Year then in effect (June 30, 2027).

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, and (iii) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” or **“Registered Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar pursuant to the Declaration of Trust.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates in accordance with the Declaration of Trust.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) to be prepaid, the amount specified in the Declaration of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments as set forth in the Lease.

“Prior Projects” means, collectively, the 2020 Project and the 2021 Project.

“Proceeds” means the aggregate moneys initially paid to the Trustee for a series of the Certificates.

“Purchase Price” means the amount designated as such in the Lease that the District shall pay to the Trustee to purchase the Trustee’s interest in the Leased Equipment.

“Record Date” means the 15th day (whether or not a Business Day) of the month next preceding the month in which each Basic Rent Payment Date occurs.

“Refunding” means the refinancing of the Prior Projects and acquisition of the Leased Equipment.

“Registrar” means the Trustee when acting in that capacity or its successor as Registrar.

“Renewal Term” means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year, except that the last possible Renewal Term shall end on April 2, 2046*.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Replacement Certificates” means Certificates issued to the beneficial owners of the Certificates in accordance with the Declaration of Trust.

* Preliminary; subject to change.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2026 Certificates” means the Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026, in the aggregate principal amount of \$1,485,000* evidencing a proportionate interest in Basic Rent Payments to be made by the District, as lessee, pursuant to the annually renewable Lease, executed and delivered pursuant to the Declaration of Trust.

“Special Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys (which is mutually acceptable to the District and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“State” means the State of Missouri.

“Supplemental Declaration of Trust” means any Declaration of Trust supplemental or amendatory to the Declaration of Trust entered into by the Trustee pursuant to the Declaration of Trust.

“Supplemental Lease” means any agreement supplemental or amendatory to the Lease entered into by the District and the Trustee pursuant to the Declaration of Trust.

“Supplemental Rent” means all amounts due under the Lease, other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of _____, 2026, entered into by the District and the Trustee in connection with the execution and delivery of the Series 2026 Certificates.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and their respective assigns.

“Underwriter” means Raymond James & Associates, Inc., Leawood, Kansas, as the original purchaser of the Series 2026 Certificates.

* Preliminary; subject to change.

SUMMARY OF THE DECLARATION OF TRUST

The following is a summary of certain provisions contained in the Declaration of Trust. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Declaration of Trust for a complete recital of the terms thereof.

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2026 Certificates, provides the terms of the Series 2026 Certificates and provides for various Funds related to the Refunding and the Lease.

Trust Estate

Under the Declaration of Trust, the Trustee declares that it will hold all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Lease and all agreements and instruments contemplated thereby (except any compensation, indemnification or other amounts which may be due directly to the Trustee thereunder) (collectively, the “**Trust Estate**”), as trustee, upon the terms and trusts set forth under the Declaration of Trust for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates.

Authorization of Series 2026 Certificates

(a) There will be initially prepared, executed and delivered under the Declaration of Trust a series of Certificates in the aggregate principal amount of \$1,485,000*, which series of Certificates will be designated “Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026.” The Series 2026 Certificates shall be dated the date of original delivery thereof, and will be payable on the dates, in the principal amounts (subject to prepayment as described in the Declaration of Trust), and with the Interest Portions accruing at the rates set forth in the Declaration of Trust.

(b) Prior to or simultaneously with the execution of and delivery of the Series 2026 Certificates by the Trustee, the following documents will be filed with the Trustee:

(i) a copy of the resolution adopted by the Board of Education of the District authorizing the execution of the Lease and approving the execution and delivery of the Series 2026 Certificates under the Declaration of Trust;

(ii) copies of the Declaration of Trust, the Lease, the Tax Compliance Agreement and the Certificate Purchase Agreement;

(iii) an Opinion of Special Counsel as to the validity of the Series 2026 Certificates and the exemption from federal income taxation of the Interest Portion of Basic Rent Payments represented by the Series 2026 Certificates;

(iv) A request and authorization to the Trustee by the District to authenticate the Series 2026 Certificates and to deliver the Series 2026 Certificates to or upon the order of the Underwriter upon payment, for the account of the District, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name(s) of the Underwriter and the amount of such purchase price.

* Preliminary; subject to change.

(v) Evidence of the insurance required by the Lease.

(vi) Such other certificates, statements, receipts, opinions and documents required by the Declaration of Trust or the Lease, or as the Trustee may reasonably require for the delivery of the Series 2026 Certificates.

When the documents specified above have been filed with the Trustee in accordance with the Declaration of Trust, and when the Series 2026 Certificates have been executed as required by the Declaration of Trust, the Trustee will deliver the Series 2026 Certificates to or upon the order of the Underwriter or will hold the Series 2026 Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment to the Trustee of the purchase price of the Series 2026 Certificates, as specified in the Certificate Purchase Agreement. The Proceeds of the sale of the Series 2026 Certificates paid over to the Trustee will be deposited and applied as provided in the Declaration of Trust.

Authorization of Additional Certificates

(a) Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2026 Certificates and any other Additional Certificates at any time and from time to time, upon compliance with the conditions provided in the Declaration of Trust for the purposes set forth in the Lease.

(b) Before any Additional Certificates may be executed and delivered under the provisions of the Declaration of Trust, the District will:

(i) adopt a resolution authorizing a Supplemental Lease and authorizing the execution and delivery of such Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any;

(ii) consent in writing to the Trustee's execution of a Supplemental Declaration of Trust for the purpose of executing and delivering such Additional Certificates; and

(iii) authorize the Trustee to enter into an amendment to the Lease with the District to provide for Basic Rent Payments at least sufficient to pay the Principal Portion, premium, if any, and Interest Portion of the Certificates then to be Outstanding (including the Additional Certificates to be executed and delivered) as the same become due, and for such other matters as are appropriate because of the execution and delivery of the Additional Certificates proposed to be delivered.

(c) Such Additional Certificates will have the same designation as the Series 2026 Certificates, except for an identifying series letter or date as provided in the Declaration of Trust. The Principal Portion and the Interest Portion of Basic Rent represented by such Additional Certificates will be payable on the dates, in the amounts and (with respect to such Interest Portion) at the rates as may be provided by the Supplemental Declaration of Trust authorizing such Additional Certificates. The payment schedules attached as exhibits to the Declaration of Trust and the Lease will be amended by such Supplemental Declaration of Trust and Supplemental Lease, respectively, to reflect separately the Principal Portion of Basic Rent allocable to each series of Certificates. Such Additional Certificates will be on a parity with and will be entitled to the same benefit and security of the Declaration of Trust as the Series 2026 Certificates and any other Additional Certificates.

(d) The Additional Certificates will be executed substantially in the form and manner as provided in the Declaration of Trust, but prior to or simultaneously with the delivery of such Additional Certificates by the Trustee, the following items will be filed with the Trustee:

(i) a copy of the resolution passed by the Board of Education of the District authorizing such Supplemental Lease and authorizing the execution and delivery of the Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any.

(ii) a copy of the executed Supplemental Declaration of Trust authorizing such Additional Certificates.

(iii) a copy of the executed Supplemental Lease.

(iv) an executed copy of any certificate purchase agreement relating to the Additional Certificates.

(v) an Opinion of Special Counsel to the effect that the execution and delivery of such Additional Certificates will not result in the Interest Portion of Basic Rent evidenced by any Certificates then Outstanding becoming includable in gross income of the Owners thereof for federal income tax purposes.

(vi) Evidence of the insurance required by the Lease.

(vii) such other certificates, statements, receipts, opinions and documents required by the Declaration of Trust or the Lease or as the Trustee may reasonably require for the delivery of the Additional Certificates.

(e) When the documents mentioned above have been filed with the Trustee, and when such Additional Certificates have been executed and registered as required by the Declaration of Trust, the Trustee will deliver such Additional Certificates to or upon the order of the purchaser named in the certificate purchase agreement relating to such Additional Certificates, if any, or hold the Additional Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment of the purchase price of such Additional Certificates by the purchaser of such Additional Certificates. The Proceeds of the sale of the Additional Certificates, including accrued interest, if any, paid to the Trustee will be deposited as provided in the Supplemental Declaration of Trust.

Prepayment Provisions with Respect to the Series 2026 Certificates

(a) *Optional Prepayment.* The Series 2026 Certificates maturing on April 1, 2034*, and thereafter shall be subject to optional prepayment, as a whole or in part, on April 1, 2033*, or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2026 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the District upon the exercise of its option to purchase the Trustee's interest in the Leased Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

(b) *Extraordinary Optional Prepayment.* The Series 2026 Certificates will be subject to optional prepayment, as a whole, but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the District or any entity controlled by or otherwise affiliated with the District) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States,

* Preliminary; subject to change.

the Lease or the Declaration of Trust becomes unenforceable, and the District purchases the Trustee's interest in the Leased Equipment pursuant to the Lease.

Selection of Certificates for Prepayment; Notice to Trustee

If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the District. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid by lot or in such other equitable manner as the Trustee determines in principal amounts of \$5,000 or any integral multiple thereof. In case of any optional prepayment, at the election of the District, the District will, at least 45 days prior to the Prepayment Date (unless a shorter notice will be satisfactory to the Trustee), give written notice to the Trustee directing the Trustee to call Certificates for prepayment and give notice of prepayment and specifying the Prepayment Date, the series, the principal amount and maturities of Certificates to be called for prepayment, the applicable Prepayment Price and the provision or provisions of the Declaration of Trust pursuant to which such Certificates are to be called for prepayment.

Partial Prepayment of Certificates

Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Notice of Prepayment

(a) Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 20 days prior to the Prepayment Date, to the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (i) the Prepayment Date, (ii) the place of prepayment, (iii) the Prepayment Price, (iv) that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the Prepayment Date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid, (v) if less than all, the identification of the Certificates to be prepaid, and (vi) if a Certificate is being prepaid in part, the portion thereof being prepaid. Such notice shall also state that the Interest Portion of the Basic Rent represented by the Certificates designated for prepayment shall cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Certificates. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as provided in the Declaration of Trust or any defect in said notice will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

(b) Such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to Prepayment Date in an amount sufficient to pay the Prepayment Price on the Prepayment Date. If the notice is conditional and either the Trustee receives written notice from the District that moneys sufficient to pay the Prepayment Price will not be on deposit on the Prepayment Date, or such moneys are not received on the Prepayment Date, then such notice shall be of no force and effect, the Trustee shall not prepay the Certificates on such Prepayment Date and the Trustee shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not or will not be so received and that such Certificates will not be prepaid on such Prepayment Date.

(c) The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Certificate to be prepaid.

(d) The Trustee, as long as a book-entry system is used for the Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any Participant or any nominee to notify any Beneficial Owner of the Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Certificates called for prepayment.

Effect of Prepayment

(a) Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price.

(b) All Certificates prepaid pursuant to the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee pursuant to the Declaration of Trust.

Establishment of Funds

(a) There are established with the Trustee under the Declaration of Trust the following Funds:

- (i) Costs of Issuance Fund; and
- (ii) Lease Revenue Fund.

(b) All funds established pursuant to the Declaration of Trust shall be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the funds shall be held in trust and applied as provided in the Declaration of Trust.

Application of Lease Revenues

(a) Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

- (i) The Basic Rent shall be deposited to the Lease Revenue Fund.
- (ii) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.
- (iii) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

(c) Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Costs of Issuance Fund

(a) Moneys in the Costs of Issuance Fund will be used to pay for Costs of the Refunding (including Costs of Issuance). Payment will be made from moneys in the Costs of Issuance Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate will contain the statements, representations and certificates set forth in the form thereof attached as an exhibit to the Lease and will be otherwise substantially in such form.

(b) In making disbursements from the Costs of Issuance Fund, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative without inquiry or investigation. The receipt by the Trustee of a requisition certificate executed by the Authorized Representative as described above will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Costs of Issuance Fund have been completed. The Trustee will make disbursements from the Costs of Issuance Fund for which any such request is made as soon as practical after the receipt of a properly executed requisition certificate. The Trustee shall be fully protected in making the disbursements contained in the requisition certificates provided to it and shall have no obligation to confirm each funds transfer instruction received by it. The District understands that the Trustee's inability to receive or confirm funds transfer instructions, subject to and in accordance with its procedures, may result in a delay in accomplishing such funds transfer and agrees that the Trustee shall not be liable for any loss caused by any such delay.

(c) In the event of the acceleration of all of the Certificates pursuant to the Declaration of Trust, any moneys then remaining in the Costs of Issuance Fund will be transferred and deposited to the credit of the Lease Revenue Fund and will be used to pay Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Declaration of Trust).

Repayment to the District from the Lease Revenue Fund

After payment in full of all Basic Rent Payments through the maximum Lease Term and all Supplemental Rent due, if any, or the earlier purchase of the Trustee's interest in the Leased Equipment pursuant to the Lease, all amounts remaining in the Lease Revenue Fund will be paid to the District.

Payments Due on Days Other than Business Days

In any case where the date of maturity of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by the Certificates or the date fixed for prepayment of any Certificates is not a Business Day, then payment of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by the Certificates need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest will accrue for the period after such date.

Separate Accounting for Funds Allocable to each Series of Certificates

The Trustee shall maintain separate accounts for funds and securities attributable to each series of Certificates in the Lease Revenue Fund, the Costs of Issuance Fund and any other fund or account held by the Trustee hereunder so that the calculations for each series of Certificates can be made separately for such series. Any transfer of funds or securities or earnings thereon from one fund or account to another shall be made to the appropriate account or subaccount of the same series of Certificates to which such funds or securities are attributed. If, at any time, a payment is made to any such fund that is less than the amount due and payable to such fund, the amount payable shall be credited *pro rata* to each such separate account within such fund, based on the amount owed to each such account.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for account of the Lease Revenue Fund or the Costs of Issuance Fund under the Declaration of Trust shall be held by the Trustee in trust and shall be applied only in accordance with the Declaration of Trust and the Lease and until used or applied as provided therein, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of the Declaration of Trust. The Trustee shall not be under any liability for interest on any moneys received under the Declaration of Trust except such as may be agreed upon in writing.

Investment of Moneys

(a) Moneys held in all Funds under the Declaration of Trust shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the District, signed by an Authorized Representative of the District, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee shall hold such moneys uninvested. The Trustee may conclusively rely upon the written investment direction of the District as to the suitability and legality of the directed investment and shall have no obligation to determine if the directed investment complies with the requirements of the Tax Compliance Agreement. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments, provided that any such fees will not exceed the interest income on the investment.

(b) The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund.

(c) For purposes of determining the amount in any Fund, the value of any investments shall be computed at the market value thereof, exclusive of accrued interest. The Trustee shall promptly prepare a report of such annual valuations and deliver copies of such report to the District.

(d) The Trustee may, in making or disposing of any investment permitted by the Declaration of Trust, deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Amendments Permitted

(a) The Declaration of Trust, the Lease and the rights and obligations of the District and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the District, if not a party hereto or thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend the stated maturity or mandatory Prepayment Date, if any, of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, or alter the optional Prepayment Date of any Certificate, without the consent of the Owner of each Certificate so affected;

(ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment, or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Costs of Issuance Fund or the Lease Revenue Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Costs of Issuance Fund and the Lease Revenue Fund; or

(iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to paragraph (a) above, the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to the Declaration of Trust. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(b) Notwithstanding paragraph (a) above in the Declaration of Trust, the Declaration of Trust or the Lease and the rights and obligations of the District, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement which the parties hereto or thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the District; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the security for the Certificates;

(ii) to add to the covenants and agreements of the District in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the District; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the security of the Owners of the Certificates;

(iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust or the Lease, or in regard to matters or questions arising under the Declaration of Trust or the Lease as the Trustee and the District may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the District or the Trustee and which shall not, in any such case materially adversely affect the security of the Owners of the Certificates;

(iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification thereof under the Trust Indenture of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the security for the Certificates;

(v) if applicable, to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation with respect to any tax-exempt Certificates Outstanding;

(vi) to provide for the execution and delivery of Additional Certificates; or

(vii) to make any other change that, in the sole judgement of the Trustee, does not have a materially adverse effect on the security for the Certificate Owners.

Defaults

The occurrence of any of the following events, subject to the provisions of the Declaration of Trust, is hereby defined as an “Event of Default”:

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the District, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

- (a) Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Equipment and apply the net proceeds thereof in accordance with the Declaration of Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.
- (b) No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or existing at law or in equity or by statute.
- (c) No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.
- (d) No waiver of any default under the Declaration of Trust whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Rights of Certificate Owners

- (a) If an Event of Default or Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners; provided that such Directive will not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided further that the Trustee will have the right to decline to follow any such Directive if the Trustee in good faith determines that the proceedings so directed would involve it in personal liability.

(b) Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee has been indemnified as provided in the Declaration of Trust and shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Discharge of Declaration of Trust

(a) When (i) the obligations of the District under the Lease shall have been satisfied in connection with the exercise by the District of its option to purchase the Leased Equipment in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and, (ii) the District has delivered to the Trustee (A) an Opinion of Special Counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (B) if the deposit of moneys and Government Obligations is more than 90 days prior to the scheduled payment on the Certificates, (1) an Opinion of Special Counsel to the effect that the payment of such Certificates will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates and (2) an accountant's certificate verifying the sufficiency of moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion represented by the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (iii) the District has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust; provided, however, that all provisions thereof relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Declaration of Trust.

(b) After all amounts owing to the Certificate Owners have been paid hereunder and under the Lease and all fees, expenses and charges of the Trustee have been paid (including, without limitation, attorneys' fees and expenses), the Trustee shall turn over to the District any surplus in the Lease Revenue Fund and all balances remaining in any other Funds other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

Duties, Immunities and Liabilities of the Trustee

(a) The Trustee will, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee will have no implied duties. The permissive right or power to take any action may not be construed as a duty to take action under any circumstances, and the Trustee will not be liable except in the event of its negligence or willful misconduct. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may be removed upon at any time by (1) a Directive or (2) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, an instrument in writing delivered to the Trustee and signed by the District. The Trustee will give written notice of any removal pursuant to the Declaration of Trust to the District. The Trustee will resign at any time the Trustee ceases to be eligible in accordance with Declaration of Trust, or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee will be appointed by either (A) a Directive, or (B) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, the District.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar pursuant to the Declaration of Trust. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive. If no successor Trustee is promptly appointed by a Directive, the District shall appoint a temporary successor Trustee to serve as successor Trustee until such time as a permanent successor Trustee is appointed by a Directive or in accordance with the Declaration of Trust.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning or removed Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Declaration of Trust will signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named Trustee therein and the duties and obligations of the predecessor Trustee hereunder will thereafter cease and terminate; but, nevertheless at the request of the District or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be requested for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Declaration of Trust and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions therein set forth. Upon request of the predecessor or the successor Trustee, the District will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Declaration of Trust, such successor Trustee will cause Notice by Mail to all Owners of such acceptance.

(e) Any Trustee appointed under the provisions of the Declaration of Trust in succession to the Trustee will be a state or national trust company, association or bank having the powers of a trust company and being duly authorized to execute trust powers in the State, in good standing in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision and examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Declaration of Trust the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee will cease to be eligible in accordance with the provisions of the Declaration of Trust, the Trustee will resign immediately in the manner and with the effect specified in the Declaration of

Trust.

(f) Notwithstanding anything elsewhere in the Declaration of Trust or the Lease contained, before taking any action under the Declaration of Trust (except with respect to acceleration of the Certificates and payment of the Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable fees, costs and expenses (including, without limitation, attorneys' fees and expenses) to which it may be put and to protect it against all liability that it may incur in or by reason of such action, including without limitation liability in connection with environmental contamination, and the cleanup thereof, except liability that is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(g) The Trustee may elect not to proceed in accordance with a Directive without incurring any liability to the Certificate Owners if in the opinion of the Trustee such direction may result in environmental or other liability to the Trustee, in its individual capacity, for which the Trustee has not received indemnity from the Certificate Owners, and the Trustee may rely upon an Opinion of Counsel addressed to the

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.

Lease Term

The Original Term of the Lease shall terminate the last day of the current Fiscal Year (June 30, 2027). The Lease Term may be continued, solely at the option of the District, at the end of the Original Term or any Renewal Term for an additional one-year, provided that the final Renewal Term shall not extend beyond April 2, 2046*. At the end of the Original Term and at the end of each Renewal Term, unless the District has terminated the Lease pursuant to the terms thereof and for no other reason, the District shall be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the District

The District reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The District further covenants that its responsible financial officer shall do all things lawfully within such officer's power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the District's normal procedures for such decisions by the then-current Board of Education of the District.

Nonappropriation

The District is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of the Original Term or the then-current Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The District agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the Original Term or the then-current Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with the Lease, the District agrees that it will peaceably transfer and surrender possession of the Leased Equipment to the Trustee.

Enjoyment of Leased Equipment

(a) The Trustee shall provide the District during the Lease Term with quiet use and enjoyment of the Leased Equipment, and the District shall during the Lease Term peaceably and quietly have, hold and enjoy the Leased Equipment, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The District shall have the right to use the Leased Equipment for any governmental or proprietary purpose of the District, subject to the limitations contained in the Lease.

* Preliminary; subject to change.

(b) Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Leased Equipment to be acquired or installed or to maintain or repair the Leased Equipment. The District shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Equipment, as to the manner and use or the condition of the Leased Equipment. The District shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The District shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the District to comply with the provisions of the Lease. Notwithstanding any provision contained in the Lease, however, the District shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the District may refrain from complying therewith, if the District furnishes, on request, to the Trustee, at the District's expense, indemnity satisfactory to the Trustee.

Basic Rent

(a) The District shall promptly pay all Basic Rent, subject to the Lease, in lawful money of the United States of America to the Trustee on each Basic Rent Payment Date in such amounts as are described in the Lease. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth in the Lease (said interest to be attributable to the various Principal Portions in accordance with the per annum rates set forth in the Lease).

(b) To provide for the timely payment of Basic Rent, the District shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

(c) The District has or will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

Supplemental Rent

The District shall pay as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required under the Lease and all other payments of whatever nature which the District has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease by the Trustee; (d) all fees and charges of the Trustee as further provided in the Lease; and (e) any payments required to be made pursuant to the Tax Compliance Agreement. Amounts required to be paid under the Lease shall be paid directly to the person or entity owed.

Rent Payments to Constitute a Current Expense and Limited Obligation of the District

NOTWITHSTANDING ANY OTHER PROVISION UNDER THE LEASE, THE TRUSTEE AND THE DISTRICT UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE DISTRICT TO PAY RENT UNDER THE LEASE BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND SHALL CONSTITUTE A CURRENT EXPENSE OF THE DISTRICT AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE DISTRICT IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE DISTRICT, NOR SHALL ANYTHING CONTAINED IN THE LEASE CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF

THE DISTRICT, AND ALL PROVISIONS OF THE LEASE SHALL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

Advances

In the event the District shall fail to either maintain the insurance required by the Lease or keep the Leased Equipment in good repair, the Trustee may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums therefor and maintain and repair the Leased Equipment and pay the cost thereof. All amounts so advanced by the Trustee shall constitute Supplemental Rent for the Original Term or then current Renewal Term, and the District covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the due date until paid at the Trustee's current prime rate plus 2% per annum or the maximum amount permitted by law, whichever is less. In accordance with Section 427.120 of the Revised Statutes of Missouri, unless the District provides evidence of the insurance coverage required by the Lease, the Trustee may purchase insurance at the District's expense to protect the Trustee's interests hereunder. This insurance may, but need not, protect the District's interests. The coverage that the Trustee may purchase may not pay any claim that the District may make or any claim that may be made against the District in connection with the Leased Equipment. The District may later cancel any insurance purchased by the Trustee, but only after providing a certification signed by an Authorized Representative that the District has obtained insurance as required by the Lease. If the Trustee purchases insurance for the Leased Equipment, the District will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges the Trustee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance will be added as Supplemental Rent. The costs of the insurance may be more than the cost of insurance the District may be able to obtain on its own.

Net Lease; Rent Payments to be Unconditional

(a) THE LEASE IS INTENDED TO BE NET, NET, NET TO THE TRUSTEE, SUBJECT TO THE LEASE, AND THE OBLIGATIONS OF THE DISTRICT TO MAKE PAYMENT OF THE RENT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED THEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SETOFF OR DEFENSE, FOR ANY REASON, INCLUDING ANY FAILURE OF THE LEASED EQUIPMENT TO BE ACQUIRED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE LEASED EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

(b) Nothing in the Lease shall be construed as a waiver by the District of any rights or claims the District may have against the Trustee under the Lease or otherwise, but any recovery upon such rights and claims shall be from the Trustee separately, it being the intent of the Lease that the District shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Lease, including its obligation to pay Basic Rent and Supplemental Rent. The District may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with the Declaration of Trust, to cooperate fully with the District and at the request of the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then-Outstanding, and to take all action necessary to effect the substitution of the District for the Trustee in any such action or proceeding if the District shall so request.

Payment for Costs of the Refunding

(a) In compliance with the Declaration of Trust, costs and expenses of every nature incurred in connection with the Refunding that qualify as Costs of the Refunding, including Costs of Issuance, will be paid by the Trustee from the Costs of Issuance Fund upon receipt by the Trustee of a completed requisition certificate of the District signed by the Authorized Representative of the District containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Lease.

(b) In making disbursements for Costs of the Refunding, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the District without inquiry or investigation. The approval of each requisition certificate by the Authorized Representative of the District shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Costs of Issuance Fund have been completed.

Warranties

The Trustee hereby assigns to the District for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, expressed or implied, issued on or applicable to the Prior Projects or Leased Equipment, and the Trustee hereby authorizes the District to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the District's expense. The District's sole remedy for the breach of such warranties, guarantees or other contract rights shall be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor shall such matter have any effect whatsoever on the rights of the Trustee with respect to this Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The District expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Prior Projects or the Leased Equipment.

Disclaimer of Warranties

THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF, OR WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF.

Impositions

The District shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Equipment, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Leased Equipment (all of the foregoing being referred to in the Lease as "Impositions").

Contest of Impositions

The District may, in its own name or in the Trustee's name, contest the validity or amount of any Imposition that the District is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the contested Imposition becomes delinquent. The District may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom provided the District provides the Trustee with either (a) an Opinion of Counsel, to the effect that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture or (b) a written certification of the District that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture. If the District is unable to provide either the above-described Opinion of Counsel or written certification, the District shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss that may result from nonpayment in form reasonably satisfactory to the Trustee. The Trustee agrees to cooperate with the District in connection with any and all administrative or judicial proceedings related to Impositions. To the extent permitted by law, and without wavier of the District's sovereign immunity, the District will hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

Insurance Required

(a) The District shall, during the Lease Term, cause the Leased Equipment to be kept continuously insured against such risks customarily insured against for property such as the Leased Equipment. In addition, the District shall maintain the following policies of insurance:

(i) To the extent insurable, insurance insuring the Leased Equipment against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the replacement value of the Leased Equipment, and issued by such insurance company or companies authorized to do business in the State as may be selected by the District. The policy or policies of such insurance will name the District and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance will be applied as provided in the Lease.

(ii) Comprehensive general accident and public liability insurance under which the District and the Trustee are named as insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deductible clauses);

(iii) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State; and

(b) On or prior to the expiration dates of the expiring policies, originals or copies of the policies required by the Lease or certificates evidencing such insurance shall be delivered by the District to the Trustee showing continuation of the expiring policies. The District shall use reasonable efforts to ensure that all policies of such insurance, and all renewals thereof, shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days' written notice to the District and the Trustee. The Trustee has no duty or obligation to (i) determine the sufficiency of any insurance required to be maintained by the District under the terms of the Lease or (ii) monitor the District's compliance with the insurance requirements under the terms of the Lease.

(c) Nothing in the Lease shall be construed as preventing the District from satisfying the insurance requirements therein set forth by using blanket policies of insurance (including through the Missouri

United School Insurance Council) provided each and all of the requirements and specifications of the Lease respecting insurance are complied with.

Maintenance and Modification of Leased Equipment by the District

(a) The District will at its own expense (i) keep the Leased Equipment in a safe condition, (ii) with respect to the Leased Equipment, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (iii) keep the Leased Equipment in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the District will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Equipment, the maintenance, repair, replacement or renewal of which becomes uneconomical to the District because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The District shall not permit or suffer others to commit a nuisance in or about the Leased Equipment or itself commit a nuisance in connection with its use or occupancy of the Leased Equipment. The District will pay all costs and expenses of operation of the Leased Equipment.

(b) The District may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Equipment that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Equipment. All additions, modifications or improvements made by the District pursuant to the authority of the Lease shall (i) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (ii) when commenced, be pursued to completion with due diligence and (iii) when completed, be deemed a part of the Leased Equipment.

(c) During the Lease Term, the Leased Equipment will be used by the District only for the purpose of performing governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

Tax Covenants

The District ratifies and confirms all of its covenants, representations and warranties contained in the Tax Compliance Agreement, as though set forth in full in the Lease. The District will, in addition, adopt such other resolutions and ordinances and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the Interest Portion of the Basic Rent will remain excluded from federal gross income, to the extent any such actions can be taken by the District. Notwithstanding anything to the contrary contained in the Lease, the Tax Compliance Agreement may be amended or replaced if, in the opinion of Special Counsel, such amendments will not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion of the Basic Rent.

Continuing Disclosure

The District hereby covenants and agrees that it will comply and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of the Lease, failure of the District to comply with the Continuing Disclosure Undertaking will not be considered a default or an Event of Default under the Lease. However, the Trustee may, pursuant to the Declaration of Trust (and, at the request of the Owners of Certificates of at least a majority aggregate principal amount of Outstanding Certificates and if indemnified to its satisfaction, will) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Undertaking.

Damage, Destruction and Condemnation

(a) The District shall bear the risk of loss with respect to the Leased Equipment during the Lease Term. If (i) the Leased Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (ii) title to, or the temporary use of, the Leased Equipment or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority (other than the District), the District will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Equipment, unless the District shall have exercised its option to purchase the Trustee's interest in the Leased Equipment by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the District and shall be held and appropriated by the District for the exclusive purpose of paying Rent under the Lease.

(b) If the District determines that the replacement, repair, restoration, modification or improvement of the Leased Equipment is not economically feasible or in the best interest of the District, then, in lieu of making such replacement, repair, restoration, modification or improvement and if permitted by law, the District shall promptly purchase the Trustee's interest in the Leased Equipment pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the District to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the District.

Insufficiency of Net Proceeds

If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement referred to in the Lease and the District has not elected to purchase the Trustee's interest in the Leased Equipment pursuant to the Lease, the District shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the District shall make any payments pursuant to the Lease, the District shall not be entitled to any reimbursement therefor from the Trustee nor shall the District be entitled to any diminution of Rent.

Purchase Option

The District shall have the option to purchase the Trustee's interest in the Leased Equipment, upon giving written notice to the Trustee at least 45 days before the date of purchase, at the following times and on the following terms:

(a) On or after the date when all Outstanding Certificates are subject to optional prepayment by the District, upon payment in full of Rent Payments then due hereunder plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the Prepayment Date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on the Prepayment Date, and the Purchase Price calculated as described in (a) above on the Certificates to such Prepayment Date.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the District or any entity controlled by or otherwise affiliated with the District) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution

of the State or legislative or administrative action by the State or the United States, or the Lease becomes unenforceable, on the date the District specifies as the Prepayment Date in the District's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Unless the maturity date of any Certificates Outstanding shall have been extended pursuant to the Declaration of Trust, then upon payment in full of all Rent Payments through April 1, 2046*, the District shall be deemed to have purchased the Leased Equipment pursuant to the Lease.

Partial Prepayment

(a) On or after the date any Outstanding Certificates are subject to optional prepayment by the District, the District may prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 45 days before the Prepayment Date (unless the Trustee consents to a shorter notice period), at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Prepayment Date.

(b) The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000 and shall be credited in the order of maturity as directed by the District. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion as shown in the Lease.

Assignment and Subleasing by the District

Except as expressly provided in the Lease, none of the District's right, title and interest in, to and under the Lease and in the Leased Equipment may be assigned or encumbered by the District for any reason; except that the District may sublease any one or more parts of the Leased Equipment if the District obtains and provides to the Trustee an Opinion of Special Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Equipment shall be subject to the Lease and the rights of the Trustee in, to and under the Lease and the Leased Equipment.

Events of Default Defined

(a) Any of the following shall constitute an "**Event of Default**" under the Lease:

(i) Failure by the District to make any deposits required by the Lease to pay Basic Rent in the Lease Revenue Fund at the time specified in the Lease;

(ii) Failure by the District to make any Supplemental Rent Payment when due and the continuance of such failure for 60 days after written notice specifying such failure and requesting that it be remedied is given to the District by the Trustee;

(iii) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in paragraphs (i) or (ii) above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the District by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be

* Preliminary; subject to change.

corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected;

(iv) Any statement, representation or warranty made by the District in or pursuant to the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(v) Any provision of the Lease shall at any time for any reason cease to be valid and binding on the District, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the District or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(vi) The District becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the District or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the District, is consented to or acquiesced in by the District or is not dismissed within 60 days.

(b) Failure of the District to comply with the Continuing Disclosure Undertaking will not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the District, the Trustee may declare all Rent payable by the District hereunder to the end of the Original Term or the then-current Renewal Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Leased Equipment (in which event the District shall take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the District's interest in the Leased Equipment) and sell the Leased Equipment or lease the Leased Equipment or, for the account of the District, sublease the Leased Equipment continuing to hold the District liable for the difference between (1) the Rent payable by the District hereunder for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession of, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Equipment and all brokerage, auctioneers' and attorneys' fees);

(c) The Trustee may terminate any rights the District may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Equipment and under the Lease.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of _____, 2026 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by **EXCELSIOR SPRINGS SCHOOL DISTRICT #40** (the “**District**”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered in connection with the execution and delivery of \$ _____ **Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026** (the “**Certificates**”), pursuant to a Declaration of Trust dated as of July 1, 2026 (the “**Declaration of Trust**”), by UMB Bank, N.A., as trustee (the “**Trustee**”), which Certificates evidence proportionate interests of the owners thereof in Basic Rent Payments to be made by the District pursuant to a Lease Agreement dated as of July 1, 2026 (the “**Lease**”), between the Trustee and the District.

2. The District is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Certificates and to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Rule**”). The District is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Declaration of Trust and the Lease, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the District pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the District to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the District a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Fiscal Year**” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the District as the Fiscal Year of the District for financial reporting purposes.

“**Material Events**” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

Section 2. Provision of Annual Reports.

(a) The District shall, not later than **December 31st** after the end of the District’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2026, file, or cause to be filed, with the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):

(1) The audited financial statements of the District for the prior fiscal year, prepared in accordance with the accounting principles stated in the notes to the financial statements attached as *Appendix B* to the Official Statement relating to the Certificates. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in tables located in the following described sections in *Appendix A* to the final Official Statement relating to the Certificates, which information may be contained in the audited financial statements of the District or any schedules supplemental thereto, with such modifications to the formatting and general presentation thereof as deemed appropriate by the District:

THE DISTRICT:

History of Enrollment

PROPERTY TAX INFORMATION CONCERNING THE DISTRICT:

Property Valuations:

Current Assessed Valuation

History of Property Valuations

History of Tax Levies

Tax Collection Record

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the District is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The District shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in

this Section; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

If the District has not submitted the Annual Report to the MSRB by the date required by this **Section 2(a)**, the District shall, in a timely manner, send a notice to the MSRB of the failure of the District to file on a timely basis the Annual Report, which notice shall be in substantially the form attached as **Exhibit A** and shall be given by the District in the same manner as for a Material Event under **Section 3**.

- (b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the District shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) modifications to rights of Certificate holders, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Section 4. Termination of Reporting Obligation. The District's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If the District's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the District, and the District shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates,

the District shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the District. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the District pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the District may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Special Counsel or other counsel experienced in federal securities law matters provides the District with its written opinion that the undertaking of the District contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the District shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the District fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust or the Certificates, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the District to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the District, the Participating Underwriter, and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Declaration of Trust or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Counterparts. This Continuing Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 13. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

**EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING**

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Excelsior Springs School District #40 (the “**District**”)

Name of Issue: \$_____ Certificates of Participation (Excelsior Springs School District #40, Lessee), Series 2026 (the “**Certificates**”)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Undertaking dated as of _____, 2026 by the District. [The District anticipates that the Annual Report will be provided by _____, 20__.]

Dated: _____, 20__

**EXCELSIOR SPRINGS SCHOOL DISTRICT
#40**

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