

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2025

**NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED**

**S&P RATINGS: Program Rating: AA+
District Underlying Rating: A
See "RATINGS" herein.**

In the opinion of Gilmore & Bell, P.C., Bond 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 on the Bonds [(including any original issue discount properly allocable to an owner thereof)] (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 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Bonds 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 "TAX MATTERS" in this Official Statement.



\$2,200,000*
**LEXINGTON R-V SCHOOL DISTRICT
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2025**

Dated: Date of Issuance

Due: March 1, as shown below

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from UMB Bank, N.A., Kansas City, Missouri, as paying agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on March 1 and September 1, beginning on September 1, 2025*.

The Bonds and the interest thereon will constitute general obligations of Lexington R-V School District (the "District"), payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District.

The Bonds or portions thereof are subject to optional [and mandatory] redemption prior to maturity as more fully described herein. See the caption "THE BONDS – Redemption Provisions" herein.

MATURITY SCHEDULE*

SERIAL BONDS

BASE CUSIP: 529420

| <u>Maturity</u> <u>March 1</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> | <u>Maturity</u> <u>March 1</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> |
|-----------------------------------|-----------------------------------|--------------------------------|--------------|--------------|-----------------------------------|-----------------------------------|--------------------------------|--------------|--------------|
| 2036 | \$450,000 | | | | 2039 | \$515,000 | | | |
| 2037 | 475,000 | | | | 2040 | 260,000 | | | |
| 2038 | 500,000 | | | | | | | | |

The Bonds are offered when, as and if issued by the District, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters related to the Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about _____, 2025.



The date of this Official Statement is _____, 2025.

* Preliminary; subject to change.

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.

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LEXINGTON R-V SCHOOL DISTRICT

817 S. Business Highway 13
Lexington, Missouri 64067
(660) 259-4391

BOARD OF EDUCATION

Linda Florence, President & Member
Carrie Bollmeyer, Vice President & Member
Jodie Burditt, Member
Michelle Roush, Member
Scott Schumacher, Member
Chad Thompson, Member
James Worthington, Member

Regina Harrelson, Treasurer
Rhonda Simnitt, Secretary

ADMINISTRATION

Sarrah Morgan, Superintendent
Amanda Finkeldei, Assistant Superintendent

UNDERWRITER

Raymond James & Associates, Inc.
Leawood, Kansas

BOND & DISCLOSURE COUNSEL

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

CERTIFIED PUBLIC ACCOUNTANTS

Westbrook & Co., P.C.
Richmond, 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 Bonds 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 Bonds 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 over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds 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 Bonds 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 INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS 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 C** TO THIS OFFICIAL STATEMENT.

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BOND ISSUE SUMMARY

This Bond 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: | Lexington R-V School District |
| Issue: | \$2,200,000* General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2025 |
| Dated Date: | Date of issuance of the Bonds |
| Interest Payment Dates: | March 1 and September 1, commencing September 1, 2025* |
| Principal Due: | Serially on March 1 in the years 2036* through 2040*, inclusive, as detailed on the front page of this Official Statement |
| Optional Redemption: | The Bonds are subject to optional redemption on March 1, 2034* and at any time thereafter, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. |
| Authorization: | The Bonds are authorized by a resolution of the Board of Education of the District pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 28 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended. |
| Security: | The Bonds will be general obligations of the District and will be payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. See also the caption “ SECURITY AND SOURCES OF PAYMENT FOR THE BONDS ” herein. |
| Credit Rating: | S&P Global Ratings (“ S&P ”) has assigned the Bonds the rating of “ AA+ ” conditioned upon the execution and delivery of the Direct Deposit Agreement described under the caption “ SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments ” hereof. In addition, S&P has assigned the Bonds an underlying rating of “ A ” based on S&P’s evaluation of the credit worthiness of the District. |
| Purpose: | The Bonds are being issued for the purpose of refunding a portion of the District’s General Obligation Bonds, Series 2020 (Missouri Direct Deposit Program), as further described under the caption “ PLAN OF FINANCING – Refunding of the Refunded Bonds. ” |
| Tax Exemption: | Gilmore & Bell, P.C., Bond Counsel, will provide an opinion as to the tax exemption of the Bonds as discussed under “ TAX MATTERS ” in this Official Statement. |
| Bank Qualification: | The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. |
| Paying Agent: | UMB Bank, N.A., Kansas City, Missouri |
| Book-Entry Form: | The Bonds 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 Bonds. |

* Preliminary; subject to change.

OFFICIAL STATEMENT

\$2,200,000*

**LEXINGTON R-V SCHOOL DISTRICT
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2025**

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 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 relating to (1) Lexington R-V School District (the “**District**”), and (2) the General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2025 (the “**Bonds**”) of the District, dated the date of their issuance and delivery, to be issued in the principal amount of \$2,200,000*.

The District

The District is a school district and political subdivision organized and existing under the laws of the State of Missouri (the “**State**”). For general, economic and financial information about the District, see *Appendix A* to this Official Statement.

Purpose of the Bonds

Proceeds of the Bonds will be used to (1) refund the District’s outstanding General Obligation Bonds, Series 2020 (Missouri Direct Deposit Program) (the “**Series 2020 Bonds**”), maturing on March 1 in the years 2037 and 2040, respectively, in the aggregate principal amount of \$2,225,000 (the “**Refunded Bonds**”) and (2) pay the costs of issuing the Bonds. See “**PLAN OF FINANCING – Refunding of the Refunded Bonds.**”

The Bonds are being issued pursuant to a resolution adopted by the Board of Education, the governing body of the District, on December 18, 2024 (the “**Bond Resolution**”). See “**PLAN OF FINANCING – Authorization and Purpose of the Bonds.**”

Security and Source of Payment

The Bonds will be general obligations of the District and will be payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. In addition, the District will enter into a Direct Deposit Agreement (hereinafter defined), whereby the District will pledge its State Aid to the payment of the Bonds. The Direct Deposit Agreement will require that a portion of the District’s State Aid payments be transferred directly to the Deposit Trustee (hereinafter defined) which will, in turn, transfer amounts as needed to the paying agent for the Bonds in order to provide for payment of debt service on the Bonds. See also the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

* Preliminary; subject to change.

Other Outstanding Obligations Payable

In addition to the Bonds, the District is obligated to meet from ad valorem taxes the principal and interest requirements on the District's other general obligation bonds as set forth in *Appendix A* to this Official Statement under **"DEBT STRUCTURE OF THE DISTRICT – Current Long-Term General Obligation Indebtedness."** In addition, the District has various outstanding lease financings as set forth in *Appendix A* to this Official Statement under the caption **"DEBT STRUCTURE OF THE DISTRICT – Other Long-Term Obligations of the District."**

Financial Statements

Audited financial statements of the District, as of and for the year ended June 30, 2024, are included in *Appendix B* to this Official Statement. 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 the Independent Auditors' Report which is also included in *Appendix B* to this Official Statement.

Continuing Disclosure Information

Pursuant to a Continuing Disclosure Undertaking dated as of [_____, 2025] (the **"Continuing Disclosure Undertaking"**), the District has agreed to provide certain annual financial information, operating data and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (**"EMMA"**), in accordance with Rule 15c2-12 (the **"Rule"**) promulgated by the Securities and Exchange Commission. See *Appendix C: "Form of Continuing Disclosure Undertaking."*

The District adopted a Tax and Securities Law Compliance Procedure on January 22, 2014, setting forth policies and procedures to promote compliance with the District's continuing disclosure undertakings for all taxable, tax-exempt and other tax-advantaged obligations of the District after issuance of such bonds and obligations.

Compliance with Prior Undertakings Under the Rule

The District believes it has complied during the past five years with its prior undertakings under the Rule, except as follows:

1. For the fiscal years ended June 30 in the years 2020, 2022, 2023 and 2024 the District failed to timely file its audited financial statements.
2. For the past five years, the District has failed to timely file certain operating data.
3. The District failed to file "failure to file" notices relating to the above filings.

The District has engaged a third party to remediate the missed filings and ensure compliance with its ongoing continuing disclosure obligations.

Bond Ratings

The District has received the ratings set forth on the cover page from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (**"S&P"**) on this issue. See the caption **"RATINGS"** herein. Such ratings reflect 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 ratings will remain in effect for any given period of time or that the ratings will not be revised, either downward or upward, or withdrawn entirely, by S&P if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

PLAN OF FINANCING

Authorization and Purpose of the Bonds

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 28 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended. The Bonds are being issued pursuant to the Bond Resolution for the purpose of refunding the Refunded Bonds, which were issued for the purpose of providing funds for the site development, acquisition, construction, equipping, furnishing and betterment of school facilities including a new commons area, a new kitchen, and renovations to the kindergarten classrooms and restrooms at the Elementary School; renovations at the High School; District-wide heating, ventilation and air conditioning improvements (HVAC), lighting upgrades, paving of parking lots, roof replacement, and enhanced student and faculty safety with Americans with Disability Act (ADA) compliance.

Refunding of the Refunded Bonds

In order to provide for a current refunding of the Refunded Bonds, the District will transfer \$ _____ of the proceeds of the Bonds to UMB Bank, N.A., Kansas City, Missouri, as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under a Letter of Escrow Instructions (the “**Escrow Letter**”), between the District and the Escrow Agent. The moneys deposited in the Escrow Fund will be used to purchase United States governmental securities (the “**Escrowed Securities**”). However, the moneys on deposit in the Escrow Fund, without taking into account the interest to accrue on the Escrowed Securities, will be sufficient to pay the principal of and interest on the Refunded Bonds on March 24, 2025, at a redemption price equal to 100% of the principal amount thereof.

Set forth below is a description of the Refunded Bonds:

| <u>Maturity</u> | <u>Principal</u> | <u>Interest</u> | <u>CUSIP</u> |
|------------------------|-------------------------|------------------------|---------------------|
| <u>March 1</u> | | | |
| 2037 | \$ 925,000 | 5.00% | 529420CY5 |
| --- | | | |
| 2040 | 1,300,000 | 5.00 | 529420DB4 |

After the issuance of the Bonds and the deposit of a portion of the proceeds thereof with the Escrow Agent pursuant to the Escrow Letter, principal of and interest on the Refunded Bonds prior to and on the redemption date for the Refunded Bonds shall be payable from the moneys held for such purpose by the Escrow Agent. Under the Escrow Letter, cash and Escrowed Securities held by the Escrow Agent are irrevocably pledged to the payment of the amounts specified in the preceding sentence and may be applied only to such payment.

(Remainder of this page intentionally left blank)

Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Bonds, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:

| | |
|-------------------------|--------------|
| Par Amount of the Bonds | \$2,200,000* |
| Reoffering premium | |
| Total | \$ _____ |

Uses of Funds:

| | |
|---|----------|
| Deposit to Escrow Fund to Refund the Refunded Bonds | \$ _____ |
| Costs of issuance for the Bonds** | |
| Total | \$ _____ |

* Preliminary; subject to change

** Including Underwriter's discount.

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Resolution for the detailed terms and provisions thereof.

General Description

The Bonds will be issued in the principal amount shown on the cover page, will be dated the date of their issuance, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature on March 1 in the years and in the principal amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year, beginning on September 1, 2025*.

Interest will be paid to the registered owners of the Bonds as shown on the registration books maintained by UMB Bank, N.A., Kansas City, Missouri (the "**Paying Agent**") at the close of business on the "**Record Date**" for payment of such interest, which Record Date is the 15th day (whether or not a business day) of the calendar month next preceding an interest payment date, (a) by check or draft mailed by the Paying Agent to the address of such registered owners shown on the registration books of the Paying Agent, or (b) in the case of an interest payment to DTC or any successor securities depository or any registered owners of \$500,000 or more in the aggregate principal amount of Bonds, by electronic transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) including the bank ABA routing number and account number to which such registered owner wishes to have such transfer directed. While the Bonds remain in book-entry only form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in *Appendix D* to this Official Statement. If DTC ceases to act as securities depository for the Bonds, payment may be made as described in the Bond Resolution.

Book-Entry Only System

Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the "**Book-Entry Only System**") described in *Appendix D* to this Official Statement.

Registration, Transfer and Exchange of Bonds

The District covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent as provided in the Bond Resolution. Upon surrender of any Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The District shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by the Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The District and the Paying Agent shall not be required to register the transfer or exchange of any Bond (a) after notice calling such bond or portion thereof for redemption has been mailed by the Paying Agent pursuant to the Bond Resolution and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) during a period beginning at the opening of business on the day after receiving written notice from the District of its intent to pay defaulted interest and ending at the close of business on the date fixed for the payment of defaulted interest pursuant to the Bond Resolution.

Redemption Provisions

Optional Redemption. At the option of the District, the Bonds may be called for redemption and payment prior to their stated maturity on March 1, 2034*, and at any time thereafter, in whole or in part in such amounts for each stated maturity as determined by the District at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

[Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Bond Resolution on such dates and in such principal amounts shown below at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Term Bonds Maturing on March 1, 20

Year Principal Amount

Term Bonds Maturing on March 1, 20

Year Principal Amount

Term Bonds Maturing on March 1, 20

Year Principal Amount

*Final Maturities]

Selection of Bonds to be Redeemed. When less than all Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the District, and Bonds of less than a full maturity shall be selected by the Paying Agent in multiples of \$5,000 principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the District by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the redemption date to the State Auditor of Missouri, the Underwriter and each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the redemption date, at the redemption price therein specified, and from and after the redemption date (unless the District defaults in the payment of the redemption price) such Bonds or portion of Bonds shall cease to bear interest. The failure of any Registered Owner to receive the foregoing notice or any defect therein shall not invalidate the effectiveness of the call for redemption.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Paying Agent, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

Pledge of Full Faith and Credit. The Bonds will constitute general obligations of the District and will be payable as to both principal and interest from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District. The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Levy and Collection of Annual Tax. Under the Bond Resolution, there is levied upon all of the taxable tangible property within the District a direct annual tax sufficient to produce the amounts necessary for the payment of the principal of and interest on the Bonds as the same become due and payable in each year. Such taxes shall be extended upon the tax rolls in each year, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the District are levied and collected. Except as otherwise provided in the section below captioned “**Direct Deposit of State Aid Payments,**” the proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the District and shall be used solely for the payment of the principal or redemption price of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, if any, and the fees and expenses of the Paying Agent.

Direct Deposit of State Aid Payments

Pursuant to Section 360.111 of the Revised Statutes of Missouri and related statutes (the “**Deposit Law**”), the State of Missouri (the “**State**”) will transfer to a Missouri bank, as direct deposit trustee (the “**Deposit Trustee**”), a portion of the District’s State aid payments and distributions normally used for operational purposes (“**State Aid**”) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the “**Direct Deposit Agreement**”) with the Office of the Treasurer of the State of Missouri (“**Treasurer’s Office**”), the Department of Elementary and

Secondary Education of the State of Missouri (“DESE”), the Health and Educational Facilities Authority of the State of Missouri (the “Authority”) and the Deposit Trustee. Under the Direct Deposit Agreement, the District will pledge its State Aid to the payment of the Bonds. The Direct Deposit Agreement will provide that one-ninth (1/9) of the annual debt service to be paid on the Bonds during the bond year ending on March 1, 2026 will be deposited with the Deposit Trustee in each of the nine (9) months of April, 2025 through December, 2025, and for each bond year thereafter, one-tenth (1/10) of the annual debt service due on the Bonds in each succeeding bond year will be deposited with the Deposit Trustee in each of the ten (10) months of March through December, so long as the Bonds are outstanding. Amounts of State Aid to the District in excess of the amounts required to be deposited with the Deposit Trustee will be transferred directly to the District as has historically been the case with all State Aid.

Each month, pursuant to the terms of the Direct Deposit Agreement, DESE will advise the Treasurer’s Office of the amount of the District’s State Aid to be deposited with the Deposit Trustee for the purpose of paying the Bonds, as specified in the Direct Deposit Agreement. If there is a shortfall in a monthly payment, it is to be made up in the succeeding monthly payment of State Aid. Following receipt of the deposits, the Deposit Trustee will invest the amounts for the benefit of the District in legally permitted investments. The Deposit Trustee will transfer to the Paying Agent the amount necessary for payment of debt service on the Bonds not later than the business day prior to each payment date with respect to the Bonds. The District remains obligated to provide funds to the Paying Agent for debt service on the Bonds if the amounts of State Aid transferred are not sufficient to pay the Bonds when due.

Nothing in the Deposit Law or the Direct Deposit Agreement relieves the District of its obligation to make payments of principal and interest on the Bonds, or to impose any debt service levy sufficient to retire the Bonds. Moneys of the District which would otherwise be used to pay the Bonds on each payment date will be transferred to the District’s operational funds to replace State Aid funds used to pay the Bonds. The State has not committed pursuant to the Deposit Law, the Direct Deposit Agreement or otherwise to maintain any particular level of State Aid on behalf of the District, and the State is not obligated in any manner, contractually or morally, to make payments of debt service on the Bonds, other than its obligation to make transfers to the Deposit Trustee as described above. No assurance can be made that the amount of annual State Aid to the District will not in the future drop below that of the annual debt service requirements on the Bonds.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

*The following is a discussion of certain risks that could affect the payments to be made by the District with respect to the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including its appendices) in order to make a judgment as to whether the Bonds are an appropriate investment. Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of the Bonds, the redemption of the Bonds prior to maturity, a determination that the interest on the Bonds might be deemed taxable for purposes of federal and Missouri income taxation, or that may affect the market price or liquidity of the Bonds. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.***

Ad Valorem Property Taxes

The Bond Resolution levies a direct annual tax on all taxable tangible property within the District sufficient to produce amounts necessary for the payment of the principal of and interest on the Bonds each year. Declining property values in the District, whether caused by national or global financial crises, natural disasters, local economic downturns, or other reasons, may require higher levy rates, which may increase the burden on local taxpayers and affect certain taxpayers’ willingness or ability to continue timely paying property taxes. See the section captioned “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – History of Property Valuations**” in *Appendix A* to this Official Statement. In addition, the issuance of additional general obligation bonds by the District or by other political subdivisions in the District

would increase the tax burden on taxpayers in the District. See the section captioned “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying General Obligation Indebtedness**” in *Appendix A* to this Official Statement. Missouri law limits the amount of general obligation debt issuable by the District to 15% of the assessed valuation of taxable tangible property in the District. See the section captioned “**DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity**” in *Appendix A* to this Official Statement. Other political subdivisions in the District are subject to similar limitations on general obligation debt imposed by Missouri law, including cities, counties and certain other political subdivisions, which are limited to general obligation debt of 20%, 10% and 5% of assessed valuation of taxable tangible property, respectively.

Concentration of property ownership in the District would expose the District’s ability to collect ad valorem property taxes to the financial strength and ability and willingness of major taxpayers to pay property taxes. See “**Property Valuations – Current Assessed Valuation**” and “**Major Property Taxpayers**” under the caption “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT**” in *Appendix A* to this Official Statement.

Senior Property Tax Credit Program

In 2024, the Missouri General Assembly passed Senate Bill 756 (further amending Section 137.1050 of the Revised Statutes of the State of Missouri, as amended, originally enacted by the Missouri General Assembly in 2023 by Senate Bill 190), which authorizes counties to grant property tax credits to residential property owners who have attained the age of 62 years or older equal to the difference between the real property tax liability on the homestead in the current year minus the real property tax liability on such homestead in the year in which the taxpayer became eligible to receive the tax credit (the “**Senior Property Tax Credit Program**”). Implementation of the Senior Property Tax Credit Program requires either adoption of an ordinance by the 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. As of the date of this Official Statement, the Senior Property Tax Credit Program has not yet been enacted in Lafayette County.

The potential financial impact of the Senior Property Tax Credit Program on the District is not yet ascertainable. If the District’s property tax revenues are reduced in a given year as a result of the Senior Property Tax Credit Program, there will be less property tax revenues available to pay principal of and interest on the Bonds. In addition, the District is permitted to retain in its debt service fund up to one year’s debt service payments and can increase the debt service levy for future years to address the potential decrease from implementation of the Senior Property Tax Credit Program and to ensure continued payment of the principal of and interest on the Bonds. See “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT**” in *Appendix A* of this Official Statement.

Secondary Market Prices and Liquidity

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Bonds and no assurance is given that the initial offering price for the Bonds 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 debt service 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 Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the District to pay the Bonds. As described under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” in this Official Statement, the District has irrevocably pledged its full faith, credit and resources for the prompt payment of the Bonds and levied a direct annual tax, without limitation, sufficient to pay principal and interest on the Bonds on all taxable tangible property in the District.

Ratings

S&P Global Ratings has assigned the Bonds the program rating, and the District the underlying rating, set forth on the cover page. Such ratings reflect only the views of such rating agency, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings 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 ratings may have an adverse effect on the market price of the Bonds. See the caption “**RATINGS**” herein.

Bankruptcy

In addition to the limitations on remedies contained in the Bond Resolution, the rights and remedies provided by the Bonds may be limited by and are subject to (i) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors’ rights, (ii) the application of equitable principles, and (iii) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in the State of Missouri. Section 108.180 of the Revised Statutes of Missouri, as amended, requires that any interest and sinking fund moneys only be used to pay principal and interest on the Bonds. The District, like all other Missouri political subdivisions, is specifically authorized by Missouri law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

Pensions

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**”) and (ii) The Public Education Employee Retirement System of Missouri (“**PEERS**”). See “**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans**” in *Appendix A* to this Official Statement. 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 and Direct Deposit Agreement

Approximately 34% of the District’s revenue for the fiscal year ended June 30, 2024 was derived from State Aid. See the captions “**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue,**” and “**– State Revenue**” in *Appendix A* to this Official Statement. A portion of the District’s State Aid is currently pledged to the payment of the Bonds and will be directly deposited by the State with the Deposit Trustee for payment of the Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct Deposit of State Aid Payments**” in this Official Statement. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments and may adversely affect the rating on the Bonds or the market price of the Bonds.

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 DISTRICT – History of Enrollment**" in *Appendix A* to this Official Statement.

Amendment of the Bond Resolution

Certain amendments, effected by resolution of the District, to the Bonds and the Bond Resolution may be made with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds; provided that, no amendments may (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) alter the optional redemption provisions of any Bond; (c) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond; (d) permit preference or priority of any Bond over any other Bond; or (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution without the written consent of the Registered Owners of all of the Bonds at the time outstanding. The District may also amend or supplement the Bond Resolution, without notice to or the consent of any Registered Owners, for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein that is not materially adverse to the security of the Registered Owners.

[Loss of Premium from Redemption

Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the caption "**THE BONDS – Redemption Provisions**" in this Official Statement.]

Tax-Exempt Status and Risk of Audit

The failure of the District to comply with certain covenants set forth in the Bond Resolution could cause the interest on the Bonds to become included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bond Resolution does not provide for the payment of any additional interest, redemption premium or penalty if the interest on the Bonds becomes included in gross income for federal and Missouri income tax purposes. See "**TAX MATTERS**" in this Official Statement.

The Internal Revenue Service (the "**IRS**") 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 Bonds are advised that, if an audit of the Bonds were commenced, the IRS, in accordance with its current published procedures, is likely to treat the District as the taxpayer, and the owners

of the Bonds 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 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Adverse Tax Legislation

There may be proposed from time to time in the Congress of the United States legislation, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to herein or affect the market value of the Bonds. It cannot be predicted whether or in what form any proposed legislation might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Defeasance Risks

When all Bonds are deemed paid and discharged as provided in the Bond Resolution, the requirements contained in the Bond Resolution and the pledge of the District's faith and credit thereunder and all other rights granted thereby will terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company moneys and/or Defeasance Obligations (as defined in the Bond Resolution) that, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the Bonds to the stated maturity or prior redemption date. There is no legal requirement in the Bond Resolution that Defeasance Obligations be rated in the highest rating category 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 Bonds defeased with Defeasance Obligations to the extent the Defeasance 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.

Risks Relating to COVID-19

Since December 2019, a novel strain of coronavirus (which leads to the disease known as "COVID-19"), has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been and is expected to continue to be broad based and to negatively impact national, state and local economies.

The proliferation of COVID-19 throughout the State may adversely affect the State's revenues which could negatively impact the availability of State Aid (as defined in *Appendix A* to this Official Statement)

distributed to the District and may impact the amount of property tax revenues available to fund the District's operations if the economic ramifications resulting from the COVID-19 pandemic have a lasting impact on the economy in and around the State or the District.

The effects of the COVID-19 pandemic are expected to continue throughout this year and beyond leading to uncertainties such as (1) the continued spread of the virus; (2) the severity of the disease; (3) the duration of the outbreak; (4) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; (5) the development of medical therapeutics or vaccinations; and (6) the impact of the outbreak and actions taken in response to the outbreak on the District's revenues, expenses and financial condition. Other developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the District in the future is highly uncertain and cannot be predicted.

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 Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the District's ability to meet its obligations to pay the Bonds.

Approval of Legality

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Certain legal matters relating to this Official Statement will also be passed upon by Bond Counsel.

The legal opinions to be delivered concurrently with the delivery of the Bonds 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 Bonds. 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 Bonds 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 Bonds 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 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., as Bond Counsel to the District (“**Bond Counsel**”), under the law existing as of the issue date of the Bonds:

Federal and State of Missouri Tax Exemption. The interest on the Bonds [(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 on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon 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 interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the section captioned “**TAX MATTERS.**”

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds 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 Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (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 Bond 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 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds 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 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond 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 Bond 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 bond premium.]

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond 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 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond 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 Bond 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 Bonds, and to the proceeds paid on the sale of the Bonds, 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 Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, 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 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds 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 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Bonds 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.

RATINGS

S&P Global Ratings, a division of S&P Global, Inc. ("**S&P**"), has assigned the Bonds the rating as shown on the cover page conditioned upon the execution and delivery of the Direct Deposit Agreement described under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments**" hereof. In addition, S&P has assigned the Bonds an underlying rating shown on the cover page based on S&P's evaluation of the credit worthiness of the District without consideration that payments on the Bonds are to be made pursuant to the Direct Deposit Program.

At present, S&P maintains four categories of investment grade ratings—AAA, AA, A and BBB. Under S&P criteria, debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree; debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than "AAA"- and "AA"-rated debt. Ratings reflect only the view of S&P at the time such ratings are given, and the District and the Underwriter make no representation as to the appropriateness of such ratings or that such ratings will not be changed, suspended or withdrawn.

S&P relies on the District and others for the accuracy and completeness of the information submitted in connection with the ratings. Ratings are not "market" ratings nor recommendations to buy, hold or sell the

Bonds, and such ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of ratings could have an adverse effect on the market price and marketability of the Bonds. An explanation of the significance of ratings may be obtained only from S&P at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041.

MISCELLANEOUS

Underwriting

Raymond James & Associates, Inc., Leawood, Kansas (the “**Underwriter**”), has agreed to purchase the Bonds at a price of \$_____ (which is equal to the aggregate original principal amount of the Bonds, plus an original issue premium of \$_____, less an underwriting discount of \$_____). The Underwriter is purchasing the Bonds for resale in the normal course of the Underwriter’s business activities. The Underwriter reserves the right to offer any of the Bonds 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., Bond Counsel to the District, has represented the Underwriter and the Paying Agent in transactions unrelated to the issuance of the Bonds, but is not representing either of them in connection with the issuance of the Bonds.

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 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.

Simultaneously with the delivery of the Bonds, the President of the Board of Education of the District, acting on behalf of the District, will furnish to the Underwriter a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter, 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 Bonds other than those either expressly or by fair implication imposed on the District by the Bond Resolution.

Additional Information

Additional information regarding the District or the Bonds may be obtained from the District, 817 S. Business Highway 13, Lexington, Missouri 64067, Attention: Superintendent, (660) 259-4391, or from the Underwriter, Raymond James & Associates, Inc., 11551 Ash Street, Suite 250, Leawood, Kansas 66211, Attention: Dr. Allan Markley, (913) 374-3349.

LEXINGTON R-V SCHOOL DISTRICT

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 83 square miles and is located in the western portion of Missouri in Lafayette County (the “**County**”) (highlighted on the map to the right). The District’s schools are primarily located in Lexington, Missouri (the “**City**”), which is approximately 50 miles east of Kansas City, Missouri. The District also includes certain surrounding unincorporated areas in the 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>Current Term Expires</u> |
|-------------------|-------------------------|-----------------------------|
| Linda Florence | President & Member | 2025 |
| Carrie Bollmeyer | Vice President & Member | 2027 |
| Jodie Burditt | Member | 2026 |
| Michelle Roush | Member | 2026 |
| Scott Schumacher | Member | 2027 |
| Chad Thompson | Member | 2025 |
| James Worthington | Member | 2026 |

District employee Rhonda Simnitt serves as Secretary 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. Sarrah Morgan has been Superintendent of the District for the past three years. Ms. Morgan received her Bachelor of Science Degree in Elementary Education from Central Missouri State University, a Master of Arts in Teaching from Webster University, and an Education Specialist Degree in Human Services from University of Central Missouri. She previously worked as a teacher and Director of the District’s Lex La-Ray Technical Center.

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 138 employees, including 9 administrative personnel, 84 teachers and 45 non-certificated employees. On average, teachers employed by the District have 11.8 years of teaching experience, compared to a statewide average of 13.1 years, and 46.2% of the District’s teachers hold advanced degrees compared to a statewide average of 61.1%. For the 2023-2024 school year, the average salary for all teaching staff was \$51,744, compared to a statewide average salary for teaching staff of \$57,794.

Educational Facilities

The District operates five schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is approximately \$6,3,124,186.

| <u>Name of School</u> | <u>Grades Served</u> |
|-----------------------------|----------------------|
| Early Childhood Center | PK |
| Leslie Bell Elementary | K-4 |
| Lexington Middle School | 5-8 |
| Lexington High School | 9-12 |
| Lex La-Ray Technical Center | 9-12 |

History of Enrollment

The following table shows fall student enrollment in the District for the following school years.

| <u>School Year</u> | <u>Enrollment</u> |
|--------------------|-------------------|
| 2024-25 | 901 |
| 2023-24 | 939 |
| 2022-23 | 997 |
| 2021-22 | 991 |
| 2020-21 | 984 |

Source: District; Missouri Department of Elementary and Secondary Education.

Other District Statistics

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

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Avg. Daily Attendance (ADA) | 933 | 851 | 831 | 851 | 880 |
| Current Expenditures per Pupil | \$10,281 | \$10,610 | \$12,335 | \$11,424 | \$12,648 |
| Students per Teacher | 12 | 12 | 10 | 12 | 11 |
| Students per Classroom Teacher | 16 | 16 | 14 | 17 | 15 |

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 2024 Full-Time Enrollment FRL Count</u> | <u>January 2024 Full-Time Enrollment</u> | <u>January 2024 Percentage of FRL Participation</u> |
|------------------------|--|--|---|
| Lexington High | 137 | 318 | 43.1% |
| Lexington Middle | 123 | 250 | 49.2 |
| Leslie Bell Elementary | 170 | 299 | 56.9 |

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. See also the section captioned “**RISK FACTORS AND INVESTMENT CONSIDERATIONS – Risks Relating to COVID-19**” in the Official Statement.

Population

The following table shows population figures for the District, the City, the County and the State of Missouri (the “**State**”) from the last three decennial censuses and the latest available estimate.

| | <u>2000</u> | <u>2010</u> | <u>2020</u> | <u>2023</u> |
|----------|-------------|-------------|-------------|-------------|
| District | 6,058 | 5,908 | 6,191 | 5,984 |
| City | 4,453 | 4,726 | 4,652 | 4,602 |
| County | 32,960 | 33,381 | 32,984 | 32,974 |
| State | 5,595,211 | 5,988,927 | 6,154,913 | 6,168,181 |

Source: U.S. Census Bureau; Missouri Census Data Center - American Community Survey 5-Year Estimates (2019-2023).

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

Estimated Population Distribution by Age

| <u>Age</u> | <u>District</u> | <u>City</u> | <u>County</u> | <u>State</u> |
|-------------------|-----------------|--------------|---------------|------------------|
| Under 5 years | 362 | 351 | 1,814 | 359,915 |
| 5-19 years | 1,533 | 1,019 | 6,499 | 1,187,955 |
| 20-24 years | 196 | 193 | 1,690 | 402,879 |
| 25-44 years | 1,688 | 1,436 | 7,994 | 1,596,432 |
| 45-64 years | 1,303 | 875 | 8,737 | 1,541,871 |
| 65 years and over | <u>902</u> | <u>728</u> | <u>6,240</u> | <u>1,079,129</u> |
| Total | <u>5,984</u> | <u>4,602</u> | <u>32,974</u> | <u>6,168,181</u> |
| Median age | 37.3 | 37.1 | 40.9 | 38.9 |

Source: Missouri Census Data Center - American Community Survey 5-Year Estimates (2019-2023).

Commerce, Industry and Employment

Major Employers. The City is a part of the Kansas City metropolitan area and as such, employment opportunities for residents of the District are available both within the District and throughout the Kansas City area. Listed below are the major employers located in the Kansas City metropolitan area.

| <u>Employer</u> | <u>Type of Business</u> | <u>Employees</u> |
|--|-------------------------|------------------|
| Federal Government | Government | 38,400 |
| The University of Kansas Health System | Healthcare | 14,763 |
| HCA Midwest Health | Healthcare | 10,051 |
| Saint Luke’s Health System | Healthcare | 9,976 |
| Ford Kansas City Assembly Plant | Production Facility | 9,021 |
| Children’s Mercy Kansas City | Healthcare | 7,688 |
| Honeywell Federal Mfg. & Tech. LLC | Manufacturing | 6,637 |
| Oracle Cerner | Healthcare Technology | 6,400 |
| Amazon | Technology | 6,000 |
| Burns & McDonnell | Engineering | 5,200 |

Source: *Kansas City Business Journal*, “Private-Sector Employers in the Kansas City Area,” July 26, 2024; *Kansas City Business Journal*, “Governmental and Quasigovernmental Employers in the Kansas City Area,” February 9, 2024.

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Employment Figures. The following table sets forth employment figures for the County, the State and the United States:

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| County | | | | | |
| Total Labor Force | 16,434 | 16,544 | 16,627 | 16,866 | 17,113 |
| Unemployed | 872 | 672 | 453 | 490 | 590 |
| Unemployment Rate | 5.3% | 4.1% | 2.7% | 2.9% | 3.4% |
| State | | | | | |
| Total Labor Force | 3,037,880 | 3,050,028 | 3,036,611 | 3,087,759 | 3,141,242 |
| Unemployed | 185,933 | 124,810 | 79,259 | 94,172 | 115,423 |
| Unemployment Rate | 6.1% | 4.1% | 2.6% | 3.0% | 3.6% |
| United States | | | | | |
| Total Labor Force | 160,742,000 | 161,204,000 | 164,287,000 | 167,116,000 | 168,106,000 |
| Unemployed | 12,947,000 | 8,623,000 | 5,996,000 | 6,080,000 | 6,761,000 |
| Unemployment Rate | 8.1% | 5.3% | 3.6% | 3.6% | 4.0% |

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

The higher average unemployment rate for the calendar year 2020 is mainly attributable to the negative impact the COVID-19 public health crisis had on employment, which began with the April 2020 unemployment rate.

Medical and Health Facilities

Lafayette Regional Health Center, located in the City, contains a 25-bed primary care hospital, a 24-hour emergency room, and an outpatient clinic with 13 treatment rooms. There are many general practitioners and specialists who provide medical care in the City and in the nearby Kansas City metropolitan area.

Higher Education

The University of Central Missouri is located in Warrensburg, approximately 45 minutes south of the District. With an enrollment of more than 12,000 students, the University is a public, comprehensive university with more than 150 bachelor’s degree options and 40 graduate programs.

William Jewell College is located in Liberty, Missouri, approximately 45 minutes west of the District. The private college has an enrollment of approximately 850 students and offers nearly 40 programs of study for undergraduates and 3 graduate programs.

The close proximity of the District to Kansas City, Missouri, many colleges and universities are available nearby for continued educational opportunities.

Recreational and Entertainment Facilities

There are many recreational and entertainment facilities in the City and surrounding area. The Parks and Recreation Department of the City maintains several parks and shelters, baseball fields, and a water park. Fishing and boating are available on a community lake and the Missouri River, which borders the City.

The Battle of Lexington State Historic Site, located in the City, was the site of a three-day Civil War battle in 1861. The site contains a historic home, visitor center and hiking trail through the battlefield. The City also has four historic districts, a history museum, several memorials, and historic mansions and cemeteries. Outside the City, wineries and orchards are spread throughout the County.

Municipal Services, Utilities and Public Safety

Electric service in the District is provided by Evergy Missouri West. Natural Gas service is provided by the Empire District Gas Company. The City provides trash, water and sewer service to City residents.

The Lexington Police Department provides police services in the City. The Lexington Fire Department offers fire protection and ambulance services to District residents. The Fire Department operates one fully manned fire station which is staffed 24 hours a day.

Transportation and Accessibility

The residents of the District have excellent access to the interstate highway system with Interstate 70 approximately 20 miles south of the City. The City is only a 40-minute drive from the eastern suburbs of Kansas City, Missouri. The City’s proximity to the Kansas City metropolitan area provides residents a wide variety of transportation carriers, including air and rail transport.

Passenger airline service, through a variety of major airlines, is available to residents of the District via the Kansas City International Airport, which is located approximately 60 miles west of the City and offers direct flights to multiple domestic and international destinations.

Amtrak makes regular scheduled stops in Kansas City and in Lee’s Summit, Missouri, approximately 45 miles southwest of the City.

Income and Home Values

The following table presents per capita personal income⁽¹⁾ for the County and the State of Missouri for the years 2021 through 2023, the latest date for which such information is available:

| <u>Year</u> | <u>County Per Capita Personal Income</u> | <u>State of Missouri Per Capital Personal Income</u> |
|-------------|--|--|
| 2023 | \$54,277 | \$62,604 |
| 2022 | 51,912 | 59,007 |
| 2021 | 49,783 | 56,639 |

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, the County and the State:

| | <u>Median Household Income</u> |
|----------|--------------------------------|
| District | \$81,319 |
| City | 70,134 |
| County | 79,091 |
| State | 68,920 |

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2019-2023).

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

| | Number of Owner- Occupied Units | Median Home Value |
|----------|--|------------------------------|
| District | 1,652 | \$183,400 |
| City | 1,237 | 153,300 |
| County | 9,510 | 200,300 |
| State | 1,688,072 | 215,600 |

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2019-2023).

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District after issuance of the Bonds and the refunding of the Refunded Bonds (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.

| | |
|--|---------------|
| 2024 Assessed Valuation ⁽¹⁾ | \$68,364,100 |
| 2024 Estimated Actual Valuation ⁽²⁾ | \$307,005,326 |
| Outstanding General Obligation Bonds (“ Direct Debt ”) ⁽³⁾ | \$7,386,000 |
| Lease Debt ⁽⁴⁾ | \$3,050,000 |
| Total Direct Debt and Lease Debt | \$10,436,000 |
| Estimated Population (2023) | 5,984 |
| Per Capita Direct Debt | \$1,234 |
| Ratio of Direct Debt to Assessed Valuation | 10.80% |
| Ratio of Direct Debt to Estimated Actual Valuation | 2.41% |
| Per Capita Direct Debt and Lease Debt | \$1,744 |
| Ratio of Direct Debt and Lease Debt to Assessed Valuation | 15.27% |
| Ratio of Direct Debt and Lease Debt to Estimated Actual Valuation | 3.40% |
| Overlapping and Underlying General Obligation Debt (“ Indirect Debt ”) ⁽⁵⁾ | \$0 |
| Total Direct Debt, Lease Debt and Indirect Debt | \$10,436,000 |
| Per Capita Direct Debt, Lease Debt and Indirect Debt | \$1,744 |
| Ratio of Direct Debt, Lease Debt and Indirect Debt to Assessed Valuation | 15.27% |
| Ratio of Direct Debt, Lease Debt and Indirect Debt to Estimated Valuation | 3.40% |

(1) Includes real and personal property valuations as provided by the Lafayette County Clerk but excludes assessed valuation attributable to state assessed railroad and utility property. 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) Includes the Bonds but excludes the Refunded Bonds. Principal amount is preliminary and subject to change. See “**DEBT STRUCTURE OF THE DISTRICT – Current Long-Term General Obligation Indebtedness.**”

(4) See “**DEBT STRUCTURE OF THE DISTRICT – Other Long-Term Obligations of the District.**”

(5) See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying General Obligation Indebtedness.**”

Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District after the issuance of the Bonds and the refunding of the Refunded Bonds. Principal amounts below are reflective of the March 1, 2025 principal payment made on District’s outstanding bonds.

| <u>Bond Type</u> | <u>Date of Bonds</u> | <u>Principal Outstanding</u> |
|--|-----------------------------|-------------------------------------|
| Taxable General Obligation Qualified School Construction, Series 2010A | July 9, 2010 | \$1,586,000 |
| General Obligation, Series 2020 | August 5, 2020 | 3,200,000 |
| General Obligation Refunding, Series 2021 | September 8, 2021 | 400,000 |
| General Obligation Refunding, Series 2025 | [March 10, 2025] | <u>2,220,000*</u> |
| Total | | \$7,386,000 |

* Preliminary; subject to change.

History of General Obligation Indebtedness

The following table shows the outstanding general obligation debt of the District for each of the following fiscal years.

| <u>As of June 30</u> | <u>Assessed Valuation⁽¹⁾</u> | <u>Total Outstanding Debt</u> | <u>Debt as % of Assessed Valuation⁽²⁾</u> |
|-----------------------------|--|--------------------------------------|---|
| 2024 | \$68,474,465 | \$7,581,000 | 11.07% |
| 2023 | 67,430,024 | 8,131,000 | 12.06 |
| 2022 | 62,418,653 | 8,711,000 | 13.96 |
| 2021 | 63,844,522 | 9,300,000 | 14.57 |
| 2020 | 60,717,690 | 4,125,000 | 6.79 |

Source: Annual Secretary of the Board Reports for fiscal years ended June 30, 2020-2024.

- (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 located within the District.
- (2) If state assessed railroad and utility property located within the District were taken into account, the debt as a percentage of total 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 2024 assessed valuation ¹) | \$10,254,615 |
| Less: General Obligation Bonds Outstanding ² | <u>(7,386,000)</u> |
| Legal Debt Margin under Article VI, Section 26(b) | <u>\$ 2,868,615</u> |

¹ Excludes assessed valuation attributable to state assessed railroad and utility property located within the District. See discussion below.

² Includes the Bonds but excludes the Refunded Bonds. Principal amount is preliminary and subject to change.

The District's legal debt limit and debt margin would be higher if (1) the amount in the Debt Service Fund available to pay principal of the bonds, and (2) the valuation of state assessed railroad and utility property that is physically located within the boundaries of the District were both 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.

(Remainder of this page intentionally left blank)

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, including the Bonds and excluding the Refunded Bonds.

| Fiscal Year Ended June 30 | Outstanding Bonds | | The Bonds | | Total |
|--------------------------------------|--------------------------|-----------------------|--------------------|-----------------|--------------|
| | Principal | Interest | Principal* | Interest | |
| 2025 | \$ 170,000 | \$186,797.06 | \$ 0 | | |
| 2026 | 195,000 | 183,397.06 | 0 | | |
| 2027 | 1,791,000 | 179,497.06 | 0 | | |
| 2028 | 350,000 | 96,000.00 | 0 | | |
| 2029 | 375,000 | 85,500.00 | 0 | | |
| 2030 | 375,000 | 74,250.00 | 0 | | |
| 2031 | 400,000 | 63,000.00 | 0 | | |
| 2032 | 400,000 | 51,000.00 | 0 | | |
| 2033 | 425,000 | 39,000.00 | 0 | | |
| 2034 | 425,000 | 26,250.00 | 0 | | |
| 2035 | 450,000 | 13,500.00 | 0 | | |
| 2036 | 0 | 125,000.00 | 450,000 | | |
| 2037 | 0 | 102,500.00 | 475,000 | | |
| 2038 | 0 | 78,750.00 | 500,000 | | |
| 2039 | 0 | 53,750.00 | 515,000 | | |
| 2040 | 0 | 27,500.00 | 260,000 | | |
| Total | \$5,356,000 | \$1,385,691.18 | \$2,200,000 | | |
| Post 3/1/2025 | (170,000) | (186,797.06) | (0) | | |
| Current | \$5,186,000 | \$1,198,894.12 | \$2,200,000 | | |

* Preliminary; subject to change.

The principal and interest requirements on the District's general obligation bonds (including the 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 2022 Certificates of Participation. On May 18, 2022, the District approved delivery of Refunding and Improvement Certificates of Participation, Series 2022, in the original principal amount of \$3,150,000 (the "Certificates") for the purpose of constructing an administrative center, improving athletic facilities, completing capital improvements and refunding certain then outstanding lease obligations of the District. The 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 June 1, 2022, entered into between BOKF, N.A., as lessor and trustee, and the District, as lessee (the "Lease"). The following schedule shows the yearly rental payments that are payable by the District under the Lease, subject to annual appropriation, and distributable to owners of the Certificates. Such payments are payable from moneys in the District's Capital Projects Fund and are not payable from any money in the District's Debt Service Fund, which is available solely to make payments on any general obligation bonds of the District.

| Fiscal Year Ending June 30 | Principal Portion | Interest Portion | Total Rental Payments |
|---|--------------------------|-------------------------|----------------------------------|
| 2025 | \$50,000 | \$124,900.00 | \$174,900.00 |
| 2026 | 50,000 | 122,900.00 | 172,900.00 |
| 2027 | 50,000 | 120,900.00 | 170,900.00 |
| 2028 | 150,000 | 118,900.00 | 268,900.00 |
| 2029 | 150,000 | 112,900.00 | 262,900.00 |
| 2030 | 155,000 | 106,900.00 | 261,900.00 |
| 2031 | 160,000 | 100,700.00 | 260,700.00 |
| 2032 | 170,000 | 94,300.00 | 264,300.00 |
| 2033 | 175,000 | 87,500.00 | 262,500.00 |
| 2034 | 185,000 | 80,500.00 | 265,500.00 |
| 2035 | 190,000 | 73,100.00 | 263,100.00 |
| 2036 | 200,000 | 65,500.00 | 265,500.00 |
| 2037 | 205,000 | 57,500.00 | 262,500.00 |
| 2038 | 215,000 | 49,300.00 | 264,300.00 |
| 2039 | 225,000 | 40,162.50 | 265,162.50 |
| 2040 | 230,000 | 30,600.00 | 260,600.00 |
| 2041 | 240,000 | 20,825.00 | 260,825.00 |
| 2042 | 250,000 | 10,625.00 | 260,625.00 |
| Total | \$3,050,000 | \$1,418,012.50 | \$4,468,012.50 |

For information relating to other leases of the District, see Note K to the financial statements included in *Appendix B* to this Official Statement.

Future Borrowing Plans

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

Overlapping or Underlying General Obligation Indebtedness

As of the date of this Official Statement, there are no political subdivisions with boundaries overlapping the District that have outstanding general obligation debt. 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, 2024, 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 2023-2024 fiscal year, the District’s sources of revenue were as follows:

| <u>Source</u> | <u>Amount</u> | <u>%</u> |
|-----------------------------------|---------------------|----------------|
| Local Revenue: | | |
| Property Taxes | \$3,746,915 | 24.16% |
| Proposition C Sales Tax | 1,347,885 | 8.69% |
| Other | 1,204,468 | 7.77% |
| County Revenue: | | |
| Railroad & Utility Property Taxes | 837,733 | 5.40% |
| Fines, Forfeitures & Other | 80,076 | 0.52% |
| State Revenue | 5,301,126 | 34.18% |
| Federal Revenue | 2,376,485 | 15.32% |
| Other Revenue | <u>614,001</u> | <u>3.96%</u> |
| Total Revenue | \$15,508,689 | 100.00% |

Source: District’s Annual Secretary of the Board Report for fiscal year ended June 30, 2024.

Revenues Received From Federal COVID-19 Legislation

To date, the District has received \$136,904 from the Coronavirus Relief Fund under the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”), which can be used to pay expenses related to combating COVID-19.

The District also received \$215,407 from the Elementary and Secondary School Emergency Relief under the CARES Act (known as ESSER I) and \$876,738 in ESSER II funds under the Coronavirus Response and Relief Supplemental Appropriations Act. The District has been allocated \$1,972,379 in ESSER III funds under the American Rescue Plan Act – State and Local Fiscal Recovery Fund, and to date has received \$1,675,617 of these funds.

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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> |
| 2024 | \$1,475 |
| 2023 | 1,287 |
| 2022 | 1,214 |
| 2021 | 1,046 |
| 2020 | 1,006 |

For the current 2024-2025 fiscal year, each school district is expected to receive approximately \$1,513 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> |
| 2024 | \$6,375 |
| 2023 | 6,375 |
| 2022 | 6,375 |
| 2021 | 6,375 |
| 2020 | 6,375 |

The State Adequacy Target for the current 2024-2025 fiscal year is expected to be \$6,760 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 2022-2023 and 2023-2024 fiscal years was 1.080 and 1.078, respectively. The DVM for the District for the 2024-2025 fiscal year is 1.076.

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 June 30 | Classroom Trust Fund (Per Pupil) |
|--------------------------------------|---|
| 2024 | \$472 |
| 2023 | 425 |
| 2022 | 430 |
| 2021 | 435 |
| 2020 | 327* |

* Casinos were temporarily closed during the fiscal year ended June 30, 2020 due to COVID-19 resulting in less gaming revenue for such period.

The estimated Classroom Trust Fund distributions to school districts during the current 2024-2025 fiscal year are expected to be equal to approximately \$618; 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. The District does not currently levy a property tax for its Capital Projects Fund.

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 \$262,318 from the Incidental Fund to the Capital Projects Fund under this provision during the 2023-2024 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 2023-2024 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, 2020 through 2024. 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>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|---|----------------|--------------------------|----------------|----------------|----------------|
| General (Incidental) Fund | | | | | |
| Balance—Beginning of Year | \$2,591,428 | \$2,621,931 | \$2,836,221 | \$3,321,850 | \$4,093,423 |
| Revenues | 5,860,753 | 6,609,296 | 6,512,699 | 6,414,036 | 6,390,021 |
| Expenditures | (5,179,046) | (5,602,866) | (5,650,526) | (5,261,493) | (5,543,535) |
| Transfers In (Out) | (651,205) | (792,141) | (376,544) | (380,971) | (536,978) |
| Balance—End of Year | \$2,621,931 | \$2,836,221 | \$3,321,850 | 4,093,423 | \$4,402,930 |
| Special Revenue (Teachers') Fund | | | | | |
| Balance—Beginning of Year | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenues | 6,192,941 | 6,443,000 | 7,257,523 | 7,117,743 | 7,867,259 |
| Expenditures | (6,844,146) | (7,235,140) | (7,634,067) | (7,498,714) | (8,141,919) |
| Transfers In (Out) | 651,205 | 792,141 | 376,544 | 380,971 | 274,660 |
| Balance—End of Year | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service Fund | | | | | |
| Balance—Beginning of Year | \$1,006,677 | \$723,775 | \$815,268 | \$789,341 | \$964,159 |
| Revenues | 876,465 | 940,831 | 1,938,621 | 1,104,110 | 1,088,037 |
| Expenditures | (1,159,367) | (849,338) | (1,964,548) | (929,292) | (901,218) |
| Balance—End of Year | \$723,775 | \$815,268 | \$789,341 | \$964,159 | \$1,150,979 |
| Capital Projects Fund | | | | | |
| Balance—Beginning of Year | \$222,237 | \$224,221 | \$5,040,781 | \$192,623 | \$307,175 |
| Revenues | 393,774 | 6,885,070 ⁽¹⁾ | 1,232,192 | 776,308 | 163,372 |
| Expenditures | (391,790) | (2,068,510) | (6,080,350) | (661,757) | (462,538) |
| Transfers In (Out) | 0 | 0 | 0 | 0 | 262,318 |
| Balance—End of Year | \$224,221 | \$5,040,781 | \$192,623 | \$307,175 | \$270,326 |
| Total Governmental Funds | | | | | |
| Balance—Beginning of Year | \$3,820,343 | \$3,569,927 | \$8,692,270 | \$4,303,815 | \$5,364,756 |
| Revenues | 13,323,933 | 20,878,197 | 16,941,035 | 15,412,196 | 15,508,689 |
| Expenditures | (13,574,348) | (15,755,854) | (21,329,490) | (14,351,255) | (15,049,210) |
| Balance—End of Year | \$3,569,927 | \$8,692,270 | \$4,303,815 | \$5,364,756 | \$5,824,235 |

Source: Annual Secretary of the Board Reports for fiscal years ended June 30, 2020-2024.

⁽¹⁾ Includes proceeds from sale of the District's \$5,700,000 General Obligation Bonds, Series 2020 (Missouri Direct Deposit Program).

Risk Management

General. 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. The District also maintains a partially self-funded medical health care plan covering substantially all of its employees.

Self-Funded Insurance. The District has an employee health self-insurance program. For additional information regarding the District's employee health self-insurance program, see Note F to the District's financial statements included in *Appendix B* to this Official Statement.

Pension and Employee Retirement Plans

General. 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 ("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 (2) 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, 2023.

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, 2023 (the "2023 PSRS/PEERS Annual Financial Report"), the comprehensive financial report for the plans, is available at <https://www.psr-peers.org/About-Us#Annual-Report-PanelID>. The link to the 2023 PSRS/PEERS Annual Financial Report is provided for general background information only, and the information in the 2023 PSRS/PEERS Annual Financial Report is not incorporated by reference herein. The 2023 PSRS/PEERS Annual Financial Report 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, 2023, 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, 2023, 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 85.9% and 87.3%, respectively, as of June 30, 2023, according to the 2023 PSRS/PEERS Annual Financial Report. 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 2023 PSRS/PEERS Annual Financial Report. 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 | PSRS | | | PEERS | | |
|---------------------------|--|--------------------------------------|---|--|--------------------------------------|---|
| | Actuarially Determined Contribution | Actual Employer Contributions | Contribution Excess/ (Deficiency)* | Actuarially Determined Contribution | Actual Employer Contributions | Contribution Excess/ (Deficiency)* |
| 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 |
| 2020 | 679,495,757 | 724,995,473 | 45,499,716 | 119,461,270 | 124,544,728 | 5,083,458 |
| 2019 | 628,513,916 | 712,545,096 | 84,031,180 | 113,567,475 | 120,042,046 | 6,474,571 |

Source: “Schedules of Employer Contributions” in the Financial Section of the 2023 PSRS/PEERS Annual Financial Report.

* 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 | PSRS | | | PEERS | | |
|---------------------------|----------------------------------|------------------------------------|---------------------|----------------------------------|------------------------------------|---------------------|
| | Actuarial Value of Assets | Actuarial Accrued Liability | Funded Ratio | Actuarial Value of Assets | Actuarial Accrued Liability | Funded Ratio |
| 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 |
| 2020 | 41,705,059 | 49,641,020 | 84.0 | 5,257,847 | 6,089,401 | 86.3 |
| 2019 | 40,498,479 | 47,973,829 | 84.4 | 5,019,868 | 5,809,485 | 86.4 |

Source: “Schedule of Funding Progress” in the Actuarial Section of the 2023 PSRS/PEERS Annual Financial Report.

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 | PSRS | | PEERS | |
|-------------------------------|--------------------------------|--|--------------------------------|--|
| | Annual Contribution | Contribution (% of Payroll)⁽¹⁾ | Annual Contribution | Contribution (% of Payroll)⁽²⁾ |
| 2023 | \$804,507 | 14.24% | \$152,292 | 6.87% |
| 2022 | 859,874 | 14.30 | 141,426 | 6.86 |
| 2021 | 801,608 | 14.38 | 121,763 | 6.86 |

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, 2023 constituted approximately 6.6% 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 ending June 30, 2025, equal to the contribution percentages for the fiscal years ended June 30, 2022, June 30, 2023 and June 30, 2024.

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, 2024). At June 30, 2024 (measured as of June 30, 2023), the District's proportionate share of the net pension liability of PSRS and PEERS was \$8,511,012 and \$1,041,857, respectively, as determined by PSRS and PEERS on an accrual basis of accounting. At June 30, 2023, the District's contribution to PSRS and PEERS represented 0.1018% and 0.1043%, respectively, of the overall contributions to PSRS and PEERS during the fiscal year. In addition, for the year ended June 30, 2024, the District recognized pension expense of \$690,593 for PSRS and pension expense of \$270,366 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 the 2023 PSRS/PEERS Annual Financial Report.

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, 2023. PSRS and PEERS further advised the District that its proportionate share of the net pension liability using a 1.0% higher or lower discount rate at June 30, 2024 (measured as of June 30, 2023) would be as follows:

Proportionate Share of Net Pension Liability Sensitivity

| | 1.0% Decrease <u>(6.3%)</u> | Current Discount Rate <u>(7.3%)</u> | 1.0% Increase <u>(8.3%)</u> |
|---|--|--|--|
| District’s proportionate share of PSRS net pension liability | \$15,839,169 | \$8,511,012 | \$2,442,904 |
| District’s proportionate share of PEERS net pension liability | \$1,977,938 | \$1,041,857 | \$261,009 |

For additional information regarding the District’s pensions and employee retirement plans, see Note G to the District’s financial statements included in *Appendix B* to this Official Statement. For additional information regarding PSRS and PEERS, see the 2023 PSRS/PEERS Annual Financial Report.

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.

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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) according to the assessment for calendar year 2024 for property owned as of January 1, 2024, 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 | \$38,485,275 | 19.00% | \$202,554,079 | 65.98% |
| Agricultural | 2,601,720 | 12.00% | 21,681,000 | 7.06 |
| Commercial ⁽¹⁾ | <u>7,511,455</u> | 32.00% | <u>23,473,297</u> | 7.65 |
| Total Real | \$48,598,450 | | \$247,708,376 | |
| Personal⁽¹⁾ | <u>19,765,650</u> | 33.33% ⁽²⁾ | <u>59,296,950</u> | <u>19.31</u> |
| Total Real & Personal | \$68,364,100 | | \$307,005,326 | 100.00% |

Source: Lafayette County Clerk.

⁽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) according to the assessments of January 1, as finally equalized, in each of the following years has been as follows:

| <u>Calendar Year</u> | <u>Assessed Valuation</u> | <u>% Change</u> |
|----------------------|---------------------------|-----------------|
| 2024 | \$68,364,100 | -0.16% |
| 2023 | 68,474,465 | 1.55 |
| 2022 | 67,430,024 | 8.03 |
| 2021 | 62,418,653 | -2.23 |
| 2020 | 63,844,522 | 5.15 |

Source: Lafayette County Clerk; Annual Secretary of the Board Reports for fiscal years ended June 30, 2019-2023.

Property Tax Levies and Collections

Generally. Property taxes are levied and collected for the District by the County, for which the 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 the 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 Clerk in April. The District must fix its ad valorem property tax rates and certify them to the County Clerk no later than October 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 the 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 31 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.

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.

While currently no portions of the District are located in tax increment financing redevelopment areas ("**TIF Redevelopment Areas**"), this could change in the future. 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.

Tax Rates

Debt Service Levy. The District's debt service levy for the 2024-2025 fiscal year is \$1.1912 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 district’s *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the 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 current fiscal year ending June 30, 2025, the District’s operating levy (all funds except the debt service fund levy) is \$4.0168 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 years:

| Fiscal Year Ended June 30 | General Incidental Fund | Special Revenue Teachers’ Fund | Debt Service Fund | Capital Projects Fund | Total Levy |
|----------------------------------|--------------------------------|---------------------------------------|--------------------------|------------------------------|-------------------|
| 2025 | \$4.0168 | \$0.0000 | \$1.1912 | \$0.0000 | \$5.2080 |
| 2024 | 4.0168 | 0.0000 | 1.1912 | 0.0000 | 5.2080 |
| 2023 | 3.9953 | 0.0000 | 1.2127 | 0.0000 | 5.2080 |
| 2022 | 3.9992 | 0.0000 | 1.2088 | 0.0000 | 5.2080 |
| 2021 | 4.0580 | 0.0000 | 1.1500 | 0.0000 | 5.2080 |

Source: For fiscal years 2024 and 2025, the District; for fiscal years 2020 through 2023, District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2020 through 2023.

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 | Assessed Valuation⁽¹⁾ | Total Taxes Levied⁽²⁾ | Current & Delinquent Taxes Collected⁽³⁾ | |
|----------------------------------|-------------------|---|---|---|----------|
| | | | | Amount | % |
| 2024 | \$5.2080 | \$68,474,465 | \$3,566,150 | \$3,746,915 | 105.07% |
| 2023 | 5.2080 | 67,430,024 | 3,511,756 | 3,565,077 | 101.52 |
| 2022 | 5.2080 | 62,418,653 | 3,250,763 | 3,302,117 | 101.58 |
| 2021 | 5.2080 | 63,844,522 | 3,325,023 | 3,267,080 | 98.26 |
| 2020 | 5.1117 | 60,717,690 | 3,103,706 | 3,177,068 | 102.36 |

Source: District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2019 through 2023.

- (1) Assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Excludes state assessed railroad and utility property.
- (2) Total Taxes Levied is calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy.
- (3) Delinquent taxes (plus penalties), add-ons from zeroing incorrect bills and late reporting of property may cause the percentage of total taxes collected to exceed 100%. 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, 2024, which is the most recent data available as of the date of this Official Statement. The District has not independently verified the accuracy or completeness of such information.

| <u>Owner</u> | <u>Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|--|-------------------------------|---|
| 1. Riverbend Heights Property Holdings LLC | \$467,202 | 0.68% |
| 2. HCA-Lafayette Regional Health Center | 447,492 | 0.65% |
| 3. B&L Bank | 353,184 | 0.52% |
| 4. Steffens Farms, LLC | 341,800 | 0.50% |
| 5. Lexington Senior Center Inc. | 335,198 | 0.49% |
| 6. I.G. Construction LLC | 271,320 | 0.40% |
| 7. Empire District Gas Company | 252,659 | 0.37% |
| 8. GS Wood Products LLC | 213,490 | 0.31% |
| 9. Ricketts Farm Service of Lexington Inc. | 209,237 | 0.31% |
| 10. Falconeer Properties LLC | <u>205,686</u> | <u>0.30%</u> |
| Total | \$3,097,268 | 4.53% |

Source: Lafayette County Assessor's Office.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**LEXINGTON R-V SCHOOL DISTRICT
LEXINGTON, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2024

**LEXINGTON R-V SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Lexington R-V School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lexington R-V School District as of and for the year ended June 30, 2024 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 cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lexington R-V School District as of June 30, 2024 and the respective changes in cash basis financial position, thereof for the year then ended in accordance 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 Lexington R-V 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 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 cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 auditing standards generally accepted in the United States of America. 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 August 29, 2024 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
August 29, 2024



LEXINGTON R-V SCHOOL DISTRICT

"Together the Lexington R-V School District will reach, teach, and challenge all students everyday to be college and career ready."

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The discussion and analysis of Lexington R-V School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements, the notes to the basic financial statements and other supplementary information to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The District's financial status, as reflected in total net position, increased by \$459,521.
- General revenues are reported at \$10,344,148. Program specific revenues in the form of charges for services, operating of grants and contributions, and capital grants and contributions accounted for \$5,164,542.
- The District had \$15,049,169 in expenses; \$5,164,542 of the expense was offset by program specific charges for services, grants and contributions. General revenues of \$10,344,148 were also expended to provide for these programs.
- Total assets of governmental activities were reported at \$5,824,235 and include cash and cash equivalents.
- Among major funds, the General Fund had \$6,390,020 in revenues and \$5,543,493 in expenditures. The General Fund's balance increased \$309,550 from 2023. The District also transferred \$274,659 from the General Fund to the Special Revenue Fund.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Fund financial statements provide the next level of detail. For governmental activities, these 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 specific financial activities. The fund financial statements also look at the District's most significant funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "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 assets and liabilities using the cash basis of accounting. The cash basis of accounting records revenues when collected and expenses when paid, as explained in Note A to the financial statements.

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 cause 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, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where all 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 governmental funds to account for a multitude of financial transactions. The District considers the following to be major funds: 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. These funds are reported using the cash basis of accounting. 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.

Fiduciary Funds: The District is the trustee, or fiduciary, for scholarship funds and healthcare funds. It is also the beneficiary of two trust funds. All of the District's fiduciary activities are reported in separate statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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 2024 and 2023:

TABLE 1

| | <u>2024</u> | <u>2023</u> |
|---------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,824,235 | \$ 5,364,714 |
| NET POSITION | | |
| Restricted for: | | |
| Professional development | \$ - | \$ 6,594 |
| Capital outlay | 270,326 | 307,175 |
| Debt service | 1,150,979 | 964,159 |
| Unrestricted | <u>4,402,930</u> | <u>4,086,786</u> |
| Total Net Position | <u>\$ 5,824,235</u> | <u>\$ 5,364,714</u> |

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the District is reported at \$4,402,930. The District has restricted net position of \$1,150,979 for debt service and \$270,326 for capital outlay.

TABLE 2

The following table shows the changes in net position for fiscal year 2024 and 2023.

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| REVENUES | | |
| Program Revenues: | | |
| Charges for services | \$ 1,461,741 | \$ 1,582,146 |
| Operating grants and contributions | 3,544,042 | 2,771,126 |
| Capital grants and contributions | <u>158,759</u> | <u>776,308</u> |
| Total Program Revenues | <u>5,164,542</u> | <u>5,129,580</u> |
| General Revenues: | | |
| Basic formula | 3,973,333 | 4,080,690 |
| Property taxes | 3,746,916 | 3,565,076 |
| Sales tax | 1,347,885 | 1,312,307 |
| State assessed utilities | 837,733 | 712,826 |
| Earnings on investments | 214,340 | 193,231 |
| M&M surtax | 83,793 | 69,760 |
| Fines and escheats | 76,873 | 104,081 |
| Financial institution tax | 1,157 | 113,040 |
| Other revenue | <u>62,118</u> | <u>131,565</u> |
| Total General Revenues | <u>10,344,148</u> | <u>10,282,576</u> |
| Total Revenues | <u>15,508,690</u> | <u>15,412,156</u> |
| EXPENSES | | |
| Instruction | 6,671,366 | 5,888,374 |
| Student activities | 767,883 | 720,814 |
| Student services | 874,308 | 864,947 |
| Instructional staff support | 523,644 | 470,178 |
| General administration and central services | 879,383 | 768,541 |
| Building administration | 855,453 | 777,764 |
| Operation of plant | 1,377,674 | 1,381,491 |
| Pupil transportation | 575,371 | 506,880 |
| Food service | 475,720 | 746,218 |
| Community services | 852,639 | 808,786 |
| Facilities acquisition and construction | 118,067 | 330,570 |
| Debt service: | | |
| Principal retirement | 600,000 | 630,000 |
| Interest and fees | <u>477,661</u> | <u>456,695</u> |
| Total Governmental Activities Expenses | <u>15,049,169</u> | <u>14,351,258</u> |
| CHANGE IN NET POSITION | 459,521 | 1,060,898 |
| Net position beginning of year | <u>5,364,714</u> | <u>4,303,816</u> |
| Net position end of year | <u>\$ 5,824,235</u> | <u>\$ 5,364,714</u> |

GOVERNMENTAL ACTIVITIES

General revenues accounted for \$10,344,148 in revenue. General revenues are composed primarily of receipts from basic formula, \$3,973,333, and property taxes, \$3,746,916. Other sources of general revenues are federal, state, and local aid not restricted for specific purposes, interest and investment earnings and miscellaneous other sources.

The District had \$15,049,169 in expenses, \$5,164,542 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,344,148 were also expended to provide for these programs.

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

TABLE 3

| | 2024 | | 2023 | |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 6,671,366 | \$ 3,554,843 | \$ 5,888,374 | \$ 3,853,660 |
| Student activities | 767,883 | 394,914 | 720,814 | 375,001 |
| Student services | 874,308 | 666,798 | 864,947 | 635,943 |
| Instructional staff support | 523,644 | 440,262 | 470,178 | 173,732 |
| General administration and central services | 879,383 | 879,383 | 768,541 | 768,541 |
| Building administration | 855,453 | 855,453 | 777,764 | 777,764 |
| Operation of plant | 1,377,674 | 1,366,664 | 1,381,491 | 1,306,111 |
| Transportation | 575,371 | 322,113 | 506,880 | 234,634 |
| Food service | 475,720 | (66,892) | 746,218 | (119,110) |
| Community services | 852,639 | 275,361 | 808,786 | 246,818 |
| Facilities acquisition and construction | 118,067 | 118,067 | 330,570 | (118,111) |
| Debt service: | | | | |
| Principal retirement | 600,000 | 600,000 | 630,000 | 630,000 |
| Interest and fees | 477,661 | 477,661 | 456,695 | 456,695 |
| Total Governmental Activities | <u>\$ 15,049,169</u> | <u>\$ 9,884,627</u> | <u>\$ 14,351,258</u> | <u>\$ 9,221,678</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 guidance and counseling, health services, as well as the costs of student attendance reporting.

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

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

Pupil 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 land or existing buildings; improvements of grounds; construction of buildings, remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

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

The District's Funds

The District's major funds are accounted for using the cash basis of accounting. All major funds had total revenues of \$15,508,690 and expenditures of \$15,049,169. The District's total fund balances increased by \$459,521.

General Fund Budgeting Highlights

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its budget. The amendments were due to changes in expenditure priorities. There was an increase of expenditures in instructional and staff support, due to the addition of a required paraprofessional, and position transitions. The District received new grant funding for specific expenditures. Additionally, changes continued to be made to the coding structure, as set forth by DESE.

The General Fund actual revenue was \$6,390,020 representing a \$27,761 decrease from the original budget estimate of \$6,417,781. Total actual General Fund expenditures were \$5,543,493, representing a \$459,596 decrease from the original budget estimate of \$6,003,089.

Debt Administration

The District had the following debt outstanding at June 30:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Series 2010A Qualified School Construction Bonds | \$ 1,586,000 | \$ 1,586,000 |
| Series 2020 General Obligation Bonds | 5,425,000 | 5,700,000 |
| Series 2021 General Obligation Refunding Bonds | 570,000 | 845,000 |
| Series 2022 Refunding and Improvement Certificates of Participation | <u>3,050,000</u> | <u>3,100,000</u> |
| | <u>\$ 10,631,000</u> | <u>\$ 11,231,000</u> |

The Series 2010A and 2010B bonds in the amount of \$4,000,000 financed the constructing, improving, furnishing and equipping of school facilities, including roofing replacements and repairs, heating and air conditioning repairs and replacements, and lighting and electrical upgrades.

The Series 2020 bonds in the amount of \$5,700,000 financed the site development, acquisition, construction, equipping, furnishing and betterment of school facilities, including, without limitation, a new commons area, a new kitchen, and renovations to the kindergarten classrooms and restrooms at the elementary school, renovations at the high school, district-wide heating, ventilation and air conditioning improvements, lighting upgrades, paving of parking lots, roof replacement, and enhanced student and faculty safety with Americans with Disabilities Act (ADA) compliance and, to the extent funds are available, complete other repairs and improvements to existing facilities of the District.

The Series 2021 bonds in the amount of \$975,000 financed the refunding of the Series 2010B bonds.

The Series 2022 Refunding and Improvement Certificates of Participation of \$3,150,000 financed costs of refunding the Series 2017 Track and Field Lease Purchase and the costs of constructing, improving, renovating, and furnishing and equipping school facilities, including constructing an administrative center, improving athletic facilities and completing capital improvements throughout the District.

Current Financial Issues and Concerns

The Lexington R-V School District has shown a slight increase in our unrestricted reserve balances this year, at 32.17%. This is in part due to funds received for COVID relief, which is coming to an end. The Lexington R-V Board of Education and Administration have operated financially with two guiding concepts; calculate revenues conservatively and strive to not deficit spend. These guiding concepts have created consistency in unrestricted reserve balances over several fiscal years. The fiscal stability of the District continues to improve.

Our collaborative effort to control expenditures has enabled us to significantly adjust our expenditures, while investigating and realizing new revenues. This process included District and building level administration, as well as teachers and non-certified staff working diligently to provide cost-reduction alternatives while still providing the best education and support services possible to our students.

The Lexington R-V School District maintains its programs to support the Board approved Comprehensive School Improvement Plan (CSIP). The District continues to make significant, ongoing efforts to ensure the improvement of the school environment, and improvement of the District's facilities and infrastructure. We are continuing work with new instructional initiatives to provide an equitable comprehensive plan to improve the current level of student achievement, and to increase it in the future through an emphasis on student literacy and math achievement at all levels, and through the use of data to drive instruction.

The budget estimate for 2023-2024 included a step increase for both certified and non-certified staff. The following are assumptions calculated in the 2024-2025 budget estimate:

- Addition of .5 Alternative Education position at LHS
- Re-instatement of Career Services Coordinator position at LLRTC
- Full-Time Parent's As Teachers Educator
- "Step" raise for certified, non-certified, and administrative staff
- Administrative Salary Schedule – 3% increase to the base
- Certified Salary Schedule – 6% increase to the base, Teacher Baseline Salary Grant to \$40,000 (State paid at 100%)
- Classified Staff Salary Schedule – 5% increase to the base
- Continued Implementation of the Career Ladder Program
- Continued SRO partnership with the Lexington Police Department at 50%, without car lease payment
- Continued contracted SLP, OT, and PT Services
- Lease purchase for Long Range Facility Plan – Phase 2
- Timely maintenance of District Facilities (paint, tiling, etc....)
- 4.5% Transfer to Capital Projects Fund
- The district's paid benefits are budgeted at a rate of \$700.00 per month, per participating employee, with the employee selecting their choice of benefits. Additionally the District is covering the cost of Cancer Care at \$0.85, Basic Life Insurance at \$1.54, and \$6.50 for Health Joy per employee per month.

The District medical claims account balance is healthy. The Health Fund continues to be held by, and claims distributed from, the TPA. Retirees are direct billed through IMS as well.

The District received COVID related funding. These monies were expended on updated technology infrastructure/equipment, virtual education, cleaning supplies/materials/equipment, transportation, HVAC, cameras, instructional improvement, post-secondary planning, and mental health initiatives. Remaining funds will be expended in the same areas during the first quarter.

The District approved a lease purchase in May 2022. Funds were received and expended in 2023 and 2024 per the approved project list. This work will continue in fiscal year 2025. A Capital Projects Fund plan is in place, which focuses on growing this balance each year for upcoming project needs, allowing our annual transfer to build the fund instead of reimbursing funds already spent. The District has implemented an investment strategy for General Fund dollars to generate additional monies in that fund.

In conclusion, the Lexington R-V School District continues our commitment to maintaining or improving our financial status. The overall status of the local, state, and national economy will be conservatively calculated into projected revenues. Our ability to spend within these parameters is what defines our continued commitment to ensure the District's future financial stability. District staff, students, parents, patrons, and Board of Education members will work together to ensure that students are provided the highest quality educational services with the resources that are available.

Contacting the District's Financial Management

This financial report is designed to provide our taxpayers 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 contact Sarrah Morgan, Superintendent of Schools, 817 South Business Highway 13, Lexington, MO 64067.

LEXINGTON R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2024

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 5,824,235</u> |
| NET POSITION | |
| Restricted for: | |
| Capital outlay | \$ 270,326 |
| Debt service | 1,150,979 |
| Unrestricted | <u>4,402,930</u> |
| Total net position | <u>\$ 5,824,235</u> |

See accompanying notes to the basic financial statements.

**LEXINGTON R-V SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024**

| | Expenses | Program Revenues | | | Net (Expense) Revenue And Change In Net Position Governmental |
|---|---------------------|-------------------------|---|---|---|
| | | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Instruction | \$ 6,671,366 | \$ 609,388 | \$ 2,376,088 | \$ 131,047 | \$ (3,554,843) |
| Student activities | 767,883 | 341,769 | 31,200 | - | (394,914) |
| Student services | 874,308 | - | 207,510 | - | (666,798) |
| Instructional staff support | 523,644 | - | 83,382 | - | (440,262) |
| General administration and central services | 879,383 | - | - | - | (879,383) |
| Building administration | 855,453 | - | - | - | (855,453) |
| Operation of plant | 1,377,674 | - | 11,010 | - | (1,366,664) |
| Pupil transportation | 575,371 | - | 253,258 | - | (322,113) |
| Food service | 475,720 | 142,040 | 395,572 | 5,000 | 66,892 |
| Community services | 852,639 | 368,544 | 186,022 | 22,712 | (275,361) |
| Facilities acquisition and construction | 118,067 | - | - | - | (118,067) |
| Debt service: | | | | | |
| Principal retirement | 600,000 | - | - | - | (600,000) |
| Interest and fees | 477,661 | - | - | - | (477,661) |
| Total Governmental Activities | \$15,049,169 | \$ 1,461,741 | \$ 3,544,042 | \$ 158,759 | (9,884,627) |

General Revenues:

| | |
|-------------------------------|-------------------|
| Basic formula | 3,973,333 |
| Property taxes | 3,746,916 |
| Sales tax | 1,347,885 |
| State assessed utilities | 837,733 |
| Earnings on investments | 214,340 |
| M&M surtax | 83,793 |
| Fines and escheats | 76,873 |
| Financial institution tax | 1,157 |
| Other revenue | 62,118 |
| Total General Revenues | 10,344,148 |

| | |
|---------------------------------|---------------------|
| Change in net position | 459,521 |
| Net Position Beginning of Year | 5,364,714 |
| Net Position End of Year | \$ 5,824,235 |

See accompanying notes to the basic financial statements.

**LEXINGTON R-V SCHOOL DISTRICT
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTALS GOVERNMENTAL FUNDS |
|---------------------------|---------------------|----------------------------|-------------------------|-----------------------------|---------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | <u>\$ 4,402,930</u> | <u>\$ -</u> | <u>\$ 1,150,979</u> | <u>\$ 270,326</u> | <u>\$ 5,824,235</u> |
| FUND BALANCES | | | | | |
| Restricted | \$ - | \$ - | \$ 1,150,979 | \$ - | \$ 1,150,979 |
| Assigned | 707,444 | - | - | 270,326 | 977,770 |
| Unassigned | <u>3,695,486</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,695,486</u> |
| Total fund balances | <u>\$ 4,402,930</u> | <u>\$ -</u> | <u>\$ 1,150,979</u> | <u>\$ 270,326</u> | <u>\$ 5,824,235</u> |

See accompanying notes to the basic financial statements.

LEXINGTON R-V SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTALS GOVERNMENTAL FUNDS |
|---|---------------------|----------------------------|-------------------------|-----------------------------|---------------------------------|
| REVENUES: | | | | | |
| Local | \$ 4,048,678 | \$ 1,347,885 | \$ 897,706 | \$ 5,000 | \$ 6,299,269 |
| County | 690,386 | 76,873 | 150,549 | - | 917,808 |
| State | 371,213 | 4,929,914 | - | - | 5,301,127 |
| Federal | 1,237,889 | 945,054 | 39,783 | 153,759 | 2,376,485 |
| Other | 41,854 | 567,534 | - | 4,613 | 614,001 |
| Total Revenues | <u>6,390,020</u> | <u>7,867,260</u> | <u>1,088,038</u> | <u>163,372</u> | <u>15,508,690</u> |
| EXPENDITURES: | | | | | |
| Instruction | 1,081,099 | 5,536,781 | - | 53,486 | 6,671,366 |
| Student activities | 536,128 | 231,755 | - | - | 767,883 |
| Student services | 143,592 | 730,716 | - | - | 874,308 |
| Instructional staff support | 152,030 | 371,614 | - | - | 523,644 |
| General administration & central services | 713,200 | 166,183 | - | - | 879,383 |
| Building level administration | 272,179 | 581,415 | - | 1,859 | 855,453 |
| Operation of plant | 1,270,201 | - | - | 107,473 | 1,377,674 |
| Pupil transportation | 557,674 | 17,697 | - | - | 575,371 |
| Food service | 470,509 | - | - | 5,211 | 475,720 |
| Community services | 346,881 | 505,758 | - | - | 852,639 |
| Facilities acquisition and construction | - | - | - | 118,067 | 118,067 |
| Debt service: | | | | | |
| Principal retirement | - | - | 550,000 | 50,000 | 600,000 |
| Interest and fees | - | - | 351,218 | 126,443 | 477,661 |
| Total Expenditures | <u>5,543,493</u> | <u>8,141,919</u> | <u>901,218</u> | <u>462,539</u> | <u>15,049,169</u> |
| Revenues Over (Under) Expenditures | <u>846,527</u> | <u>(274,659)</u> | <u>186,820</u> | <u>(299,167)</u> | <u>459,521</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers | <u>(536,977)</u> | <u>274,659</u> | <u>-</u> | <u>262,318</u> | <u>-</u> |
| Net change in fund balances | 309,550 | - | 186,820 | (36,849) | 459,521 |
| Fund balance, beginning | <u>4,093,380</u> | <u>-</u> | <u>964,159</u> | <u>307,175</u> | <u>5,364,714</u> |
| Fund balance, ending | <u>\$ 4,402,930</u> | <u>\$ -</u> | <u>\$ 1,150,979</u> | <u>\$ 270,326</u> | <u>\$ 5,824,235</u> |

See accompanying notes to the basic financial statements.

LEXINGTON R-V SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
JUNE 30, 2024

| | SCHOLARSHIP FUND | HEALTH CARE FUND | TRUST FUNDS |
|---------------------------|---------------------|---------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 36,722 | \$ 216,123 | \$ 49,253 |
| Certificates of deposit | 206,121 | - | - |
| Investments, at cost | - | - | 684,043 |
| Total Assets | \$ 242,843 | \$ 216,123 | \$ 733,296 |
| NET POSITION | | | |
| Held in trust | \$ 242,843 | \$ 216,123 | \$ 733,296 |

See accompanying notes to the basic financial statements.

LEXINGTON R-V SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

| | SCHOLARSHIP FUND | HEALTH CARE FUND | TRUST FUNDS |
|---------------------------|---------------------|---------------------|-------------------|
| Additions | | | |
| Contributions - District | \$ - | \$ 1,092,022 | \$ - |
| Contributions - Employee | - | 222,040 | - |
| Donations | 700 | - | - |
| Investment earnings | <u>9,132</u> | <u>2,646</u> | <u>16,633</u> |
| Total additions | <u>9,832</u> | <u>1,316,708</u> | <u>16,633</u> |
| Deductions | | | |
| Benefit claims | - | 1,369,149 | - |
| Scholarship distributions | <u>6,600</u> | <u>-</u> | <u>12,000</u> |
| Total deductions | <u>6,600</u> | <u>1,369,149</u> | <u>12,000</u> |
| Change in Net Position | 3,232 | (52,441) | 4,633 |
| Net Position, beginning | <u>239,611</u> | <u>268,564</u> | <u>728,663</u> |
| Net Position, ending | <u>\$ 242,843</u> | <u>\$ 216,123</u> | <u>\$ 733,296</u> |

See accompanying notes to the basic financial statements.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 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 agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the District's financial statements.

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, except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses 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 expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - 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 fund types 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.

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.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Fiduciary Funds:

Scholarship Fund: Accounts for memorial gifts received from outside parties. The fund provides for the awarding of scholarships to specified individuals in accordance with the terms of the scholarship trust.

Health Care Fund: Accounts for the District's self-funded health care plan for the purpose of providing benefits to eligible employees.

Trust Funds: Trust funds have been established to account for certain trusts which are to benefit the District. Income from the trust assets are to be used for educational purposes according to the trust agreements.

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the current financial resources measurement focus. 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. 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 does not differ from the manner in which the governmental activities of the district-wide financial statements are prepared.

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 the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District's Treasurer. Interest income received is allocated to contributing funds based on cash and temporary investment balances. The investment pool 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).

Vacation and Sick Leave: Vacation time, personal days, and sick leave are considered as expenditures in the year paid. Vacation time is not allowed to be accumulated from year to year. Employees will be paid \$35 per day at the end of the school year for unused vacation days. Sick leave amounts unused and which are vested in the employee are payable upon retirement up to a maximum of 90 days. For days accumulated in excess of 90 days, employees will be paid \$35 per day at the end of the school year.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPEB Liabilities: As the District uses the cash basis of accounting, OPEB liabilities are not reported in these financial statements. The District has not provided for an estimate of this liability to be performed.

NOTE B - CASH AND CASH EQUIVALENTS

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, 2024, the bank balances of the District's deposits totaled \$3,923,028. Of this amount \$250,000 was covered by FDIC insurance and the remaining balance was collateralized with pledged securities.

Custodial credit risk - Fiduciary Fund: 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, 2024, the bank balances of the scholarship and health care funds' deposits totaled \$359,719. Of this amount \$250,575 were supported by FDIC insurance and the remaining balance was collateralized with pledged securities.

Certificates of Deposit - Fiduciary Fund: Certificates of deposit with maturities in excess of three months are reported separately but are considered deposits for custodial risk determination. As of June 30, 2024, the scholarship fund certificates of deposit of \$206,121 were supported by FDIC insurance.

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 counterparts to an investment in debt securities will not fulfill its obligation.

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.

Escrow Funds: The District has an escrow fund to which intercepted state aid is credited to pay the debt service requirement of the District's outstanding Series 2010A General Obligation Qualified School Construction Bonds. At June 30, 2024, the escrow fund balance was \$249,123 and was invested in State and Local Government bonds.

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 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 \$167,837 invested with MOHEFA at June 30, 2024.

NOTE C - 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 maintains commercial insurance to protect itself from such risks. Such coverage allows for liability claims up to \$3,500,000, property claims to various amounts and worker's compensation claims to statutory limits.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE D - INVESTMENTS

Fiduciary fund investments of the District at June 30, 2024 are as follows:

| <u>Investment Type</u> | <u>Maturity</u> | <u>Cost</u> |
|------------------------------------|-------------------------|-------------------|
| Trust funds: | | |
| Exchange traded & Closed End Funds | n/a | \$ 612,923 |
| Municipal bonds | 03/01/2029 - 02/15/2034 | 50,815 |
| Government securities | 9/28/2029 | 20,305 |
| Total Trust Funds | | <u>\$ 684,043</u> |

Municipal bonds and Government securities: The fiduciary funds are invested in Federal Home Loan Bank and taxable and tax-exempt municipal bonds.

NOTE E - 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. Lafayette County collects the property tax and remits it to the District. The District also receives sales tax collected by the state and remitted 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 2023.

The assessed valuation of the tangible taxable property for the calendar year 2023 for purposes of local taxation was:

| | |
|-------------------|----------------------|
| Real Estate: | |
| Residential | \$ 37,755,036 |
| Agricultural | 2,586,157 |
| Commercial | 7,465,126 |
| Personal Property | 20,668,146 |
| | <u>\$ 68,474,465</u> |

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2023 for purposes of local taxation was:

| | <u>Unadjusted</u> | <u>Adjusted</u> |
|-----------------------|-------------------|------------------|
| General Fund | \$ 4.0168 | \$ 4.0168 |
| Special Revenue Fund | - | - |
| Debt Service Fund | 1.1912 | 1.1912 |
| Capital Projects Fund | - | - |
| | <u>\$ 5.2080</u> | <u>\$ 5.2080</u> |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2024, aggregated approximately 105 percent of the current assessment computed on the basis of the levy as shown above.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE F - SELF-FUNDED GROUP HEALTH BENEFIT PLAN

Effective July 1, 2010, the District adopted a self-funded health care plan for the purpose of providing medical, dental, and prescription benefits to eligible employees. The administration of the plan is provided through a third party claims administrator. Plan contributions for employee and dependent coverage are made by the District and employees. Benefits are paid directly from the plan through the claims administrator. For the year ended June 30, 2024, the District made contributions of \$1,092,022 and employees contributed \$222,040 to the plan.

NOTE G - RETIREMENT PLAN

PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psrspcers.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 members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrspcers.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 2024. 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, 2024 was \$825,229. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2024 was \$38,393.

**LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE G - RETIREMENT PLAN (continued)

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

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 2024. 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, 2024 was \$157,036.

NOTE H - LONG-TERM DEBT

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

| | Balance July 1, 2023 | Additions | Retirements | Balance June 30, 2024 | Amount Due Within One Year |
|-------------------------------------|-------------------------|-------------|-------------------|--------------------------|----------------------------------|
| General Obligation Bonds | \$ 8,131,000 | \$ - | \$ 550,000 | \$ 7,581,000 | \$ 170,000 |
| Lease Certificates of Participation | 3,100,000 | - | 50,000 | 3,050,000 | 50,000 |
| Total | <u>\$ 11,231,000</u> | <u>\$ -</u> | <u>\$ 600,000</u> | <u>\$ 10,631,000</u> | <u>\$ 220,000</u> |

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE I - BONDS PAYABLE

Bonds payable at June 30, 2024, consist of:

| | |
|---|--------------|
| Series 2010-A (QSCB) general obligation building bonds due on March 1, 2027; interest at 5.90% | \$ 1,586,000 |
| Series 2020 general obligation bonds due in varying annual installments through March 1, 2040; interest at 3.0 to 5.0% | 5,425,000 |
| Series 2021 general obligation refunding bonds due in varying annual installments through March 1, 2027; interest at 2.0% | 570,000 |
| | \$ 7,581,000 |

Debt service requirements to maturity are:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|--------------|--------------|---------------|
| 2025 | \$ 170,000 | \$ 312,224 | \$ 482,224 |
| 2026 | 195,000 | 308,824 | 503,824 |
| 2027 | 1,791,000 | 304,924 | 2,095,924 |
| 2028 | 350,000 | 207,250 | 557,250 |
| 2029 | 375,000 | 196,750 | 571,750 |
| 2030 | 375,000 | 185,500 | 560,500 |
| 2031 | 400,000 | 174,250 | 574,250 |
| 2032 | 400,000 | 162,250 | 562,250 |
| 2033 | 425,000 | 150,250 | 575,250 |
| 2034 | 425,000 | 137,500 | 562,500 |
| 2035 | 450,000 | 124,750 | 574,750 |
| 2036 | 450,000 | 111,250 | 561,250 |
| 2037 | 475,000 | 88,750 | 563,750 |
| 2038 | 500,000 | 65,000 | 565,000 |
| 2039 | 525,000 | 40,000 | 565,000 |
| 2040 | 275,000 | 13,750 | 288,750 |
| Total | \$ 7,581,000 | \$ 2,583,222 | \$ 10,164,222 |

On August 16, 2023, the District approved a resolution for the defeasance and redemption of \$275,000 Series 2020 bonds maturing March 1, 2040 on redemption date of October 3, 2023. The District transferred \$275,000 of surplus funds available in its Debt Service Fund to the escrow paying agent to complete this redemption.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J - LEASE CERTIFICATES OF PARTICIPATION

On June 1, 2022, the District entered into Series 2022 Lease Certificates of Participation for \$3,150,000 for the purpose of constructing, improving, renovating, and furnishing and equipping school facilities, including constructing an administrative center, improving athletic facilities and completing capital improvements throughout the District. In addition, the lease refunded the remaining \$399,667 Series 2017 Track and Field Lease Purchase. This lease requires various annual lease payments including interest from 4.00% to 4.25% through April 1, 2042.

Debt service requirements to maturity are:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 50,000 | \$ 124,900 | \$ 174,900 |
| 2026 | 50,000 | 122,900 | 172,900 |
| 2027 | 50,000 | 120,900 | 170,900 |
| 2028 | 150,000 | 118,900 | 268,900 |
| 2029 | 150,000 | 112,900 | 262,900 |
| 2030 | 155,000 | 106,900 | 261,900 |
| 2031 | 160,000 | 100,700 | 260,700 |
| 2032 | 170,000 | 94,300 | 264,300 |
| 2033 | 175,000 | 87,500 | 262,500 |
| 2034 | 185,000 | 80,500 | 265,500 |
| 2035 | 190,000 | 73,100 | 263,100 |
| 2036 | 200,000 | 65,500 | 265,500 |
| 2037 | 205,000 | 57,500 | 262,500 |
| 2038 | 215,000 | 49,300 | 264,300 |
| 2039 | 225,000 | 40,162 | 265,162 |
| 2040 | 230,000 | 30,600 | 260,600 |
| 2041 | 240,000 | 20,825 | 260,825 |
| 2042 | 250,000 | 10,625 | 260,625 |
| Total | <u>\$ 3,050,000</u> | <u>\$ 1,418,012</u> | <u>\$ 4,468,012</u> |

NOTE K - LEASE COMMITMENTS

On June 1, 2011, the District entered into a building lease for 25 years with payments of \$1,600 per month. On March 24, 2022, the District entered into a copier lease for 60 months with payments of \$2,838 per month.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - LEASE COMMITMENTS (continued)

The future lease payments are as follows:

| Year Ending June 30, | Copiers | Building | Total |
|-------------------------|------------------|-------------------|-------------------|
| 2025 | \$ 34,053 | \$ 19,200 | \$ 53,253 |
| 2026 | 34,053 | 19,200 | 53,253 |
| 2027 | 25,540 | 19,200 | 44,740 |
| 2028 | - | 19,200 | 19,200 |
| 2029 | - | 19,200 | 19,200 |
| 2030 | - | 19,200 | 19,200 |
| 2031 | - | 19,200 | 19,200 |
| 2032 | - | 19,200 | 19,200 |
| 2033 | - | 19,200 | 19,200 |
| 2034 | - | 19,200 | 19,200 |
| 2035 | - | 19,200 | 19,200 |
| 2036 | - | 19,200 | 19,200 |
| | <u>\$ 93,646</u> | <u>\$ 230,400</u> | <u>\$ 324,046</u> |

Lease expense for the year ended June 30, 2024 was \$53,253.

NOTE L - INTERFUND TRANSFERS

As allowed by DESE, the District made a \$274,659 transfer from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

In addition, the District made a \$262,318 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

NOTE M - 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.

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.

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 - externally imposed by creditors, grantors, contributors or imposed by law.

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

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

Assigned fund balance - Represents amounts constrained by the Board or official designated by the Board to be used for a specific purpose. For all governmental funds other than the General Fund - the amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned fund balance - Residual classification for the General Fund. In other funds there will be no unassigned fund balance, unless a negative fund balance exists.

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.

It is the District's expectation that substantial sources of revenue for the Special Revenue Fund (Teachers' Fund) will always be credited directly to the Teachers' Fund. Any remaining balance required to fulfill Teachers' Fund obligations will be transferred from the General Fund and the portion of state basic formula and Proposition C sales tax required by law. In addition, state rules for public school finance require that this 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. The Board elects to treat the Teachers' Fund as a Special Revenue Fund, and a major fund, in the financial statements.

The Board recognizes that the maintenance of a fund balance is essential to provide for unforeseen expenses or emergencies and to provide working capital in the first several months of the fiscal year, until sufficient revenues are available to fund operations. By maintaining an appropriate fund balance, the District can avoid excessive short term borrowing and the related interest expense, accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs, and demonstrate financial stability necessary to preserve or enhance its bond rating, thereby lowering debt issuance costs.

Because of the cyclical nature of district revenues and expenses, one purpose of the operating reserve is to cover cash flow needs for normal district operations during each fiscal year and avoid Tax Anticipation Note borrowing; e.g. expenditures exceed revenues each year until the first property tax receipts are received in mid-December. Prior state law had a provision that if a district's fund balances were 17% or less or less than half of local property tax revenue of the prior year, then the district would not be subject to certain salary compliance rules. Although this law no longer exists, it is an indication of the legislature's opinion about a level of reserves that is not excessive.

The undesignated operating fund balance on June 30 should not be less than 19% of the expenditures for these funds for the prior fiscal year. The desirable level of undesignated operating fund balances at fiscal yearend is a range of 20% to 25% of annual operating expenditures for the most recent year. If undesignated operating fund balances decline below the 20% floor, the administration should take action to recommend to the Board either or a combination of a levy election and/or significant budget reduction measures.

LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

As of June 30, 2024, fund balances are composed of the following:

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund |
|---------------------|-----------------|----------------------------|-------------------------|-----------------------------|
| Restricted: | | | | |
| Debt service | \$ - | \$ - | \$ 1,150,979 | \$ - |
| Assigned: | | | | |
| Student activities | 353,715 | - | - | - |
| Food service | 353,729 | - | - | - |
| Capital projects | - | - | - | 270,326 |
| Total Assigned | 707,444 | - | - | 270,326 |
| Unassigned | 3,695,486 | - | - | - |
| Total fund balances | \$ 4,402,930 | \$ - | \$ 1,150,979 | \$ 270,326 |

NOTE N - LITIGATION

As of June 30, 2024, the District was a defendant in pending litigation. At this time, an outcome cannot be predicted, however the District is vigorously defending against this claim.

SUPPLEMENTARY INFORMATION

**LEXINGTON R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

| | BUDGET | | ACTUAL | VARIANCE |
|---|---------------------|---------------------|---------------------|-------------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 3,919,275 | \$ 3,920,237 | \$ 4,048,678 | \$ 128,441 |
| County | 587,000 | 587,000 | 690,386 | 103,386 |
| State | 344,952 | 346,312 | 371,213 | 24,901 |
| Federal | 1,551,554 | 1,573,745 | 1,237,889 | (335,856) |
| Other | 15,000 | 15,000 | 41,854 | 26,854 |
| Total Revenues | <u>6,417,781</u> | <u>6,442,294</u> | <u>6,390,020</u> | <u>(52,274)</u> |
| EXPENDITURES: | | | | |
| Instruction | 1,162,188 | 1,205,768 | 1,081,099 | 124,669 |
| Student activities | 591,256 | 591,256 | 536,128 | 55,128 |
| Student services | 163,871 | 169,192 | 143,592 | 25,600 |
| Instructional staff support | 132,335 | 152,694 | 152,030 | 664 |
| General administration & central services | 598,260 | 604,744 | 713,200 | (108,456) |
| Building level administration | 316,716 | 327,958 | 272,179 | 55,779 |
| Operation of plant | 1,218,289 | 1,228,152 | 1,270,201 | (42,049) |
| Pupil transportation | 471,587 | 462,587 | 557,674 | (95,087) |
| Food service | 978,000 | 978,000 | 470,509 | 507,491 |
| Community services | 370,587 | 360,899 | 346,881 | 14,018 |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fees | - | - | - | - |
| Total Expenditures | <u>6,003,089</u> | <u>6,081,250</u> | <u>5,543,493</u> | <u>537,757</u> |
| Revenues Over (Under) Expenditures | 414,692 | 361,044 | 846,527 | 485,483 |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>(660,924)</u> | <u>(486,161)</u> | <u>(536,977)</u> | <u>(50,816)</u> |
| Net change in fund balance | (246,232) | (125,117) | 309,550 | 434,667 |
| Fund balance, beginning | <u>4,093,380</u> | <u>4,093,380</u> | <u>4,093,380</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 3,847,148</u> | <u>\$ 3,968,263</u> | <u>\$ 4,402,930</u> | <u>\$ 434,667</u> |

See accompanying notes to the budgetary comparison schedule.

**LEXINGTON R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024**

| | BUDGET | | ACTUAL | VARIANCE |
|---|------------------|------------------|------------------|------------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 1,311,578 | \$ 1,311,578 | \$ 1,347,885 | \$ 36,307 |
| County | 100,000 | 100,000 | 76,873 | (23,127) |
| State | 4,953,310 | 4,933,749 | 4,929,914 | (3,835) |
| Federal | 1,048,597 | 1,072,533 | 945,054 | (127,479) |
| Other | 550,000 | 550,000 | 567,534 | 17,534 |
| Total Revenues | <u>7,963,485</u> | <u>7,967,860</u> | <u>7,867,260</u> | <u>(100,600)</u> |
| EXPENDITURES: | | | | |
| Instruction | 5,721,508 | 5,658,127 | 5,536,781 | 121,346 |
| Student activities | 260,001 | 260,001 | 231,755 | 28,246 |
| Student services | 757,382 | 707,647 | 730,716 | (23,069) |
| Instructional staff support | 311,438 | 284,438 | 371,614 | (87,176) |
| General administration & central services | 159,289 | 160,389 | 166,183 | (5,794) |
| Building level administration | 590,879 | 590,879 | 581,415 | 9,464 |
| Operation of plant | - | - | - | - |
| Pupil transportation | 17,698 | 17,698 | 17,697 | 1 |
| Food service | - | - | - | - |
| Community services | 517,248 | 512,524 | 505,758 | 6,766 |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fees | - | - | - | - |
| Total Expenditures | <u>8,335,443</u> | <u>8,191,703</u> | <u>8,141,919</u> | <u>49,784</u> |
| Revenues Over (Under) Expenditures | (371,958) | (223,843) | (274,659) | (50,816) |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>371,958</u> | <u>223,843</u> | <u>274,659</u> | <u>50,816</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to the budgetary comparison schedule.

LEXINGTON R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

| | BUDGET | | ACTUAL | VARIANCE |
|---|---------------------|---------------------|---------------------|---------------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ 1,070,750 | \$ 1,070,750 | \$ 897,706 | \$ (173,044) |
| County | 121,000 | 121,000 | 150,549 | 29,549 |
| State | - | - | - | - |
| Federal | 80,000 | 80,000 | 39,783 | (40,217) |
| Other | - | - | - | - |
| Total Revenues | <u>1,271,750</u> | <u>1,271,750</u> | <u>1,088,038</u> | <u>(183,712)</u> |
| EXPENDITURES: | | | | |
| Instruction | - | - | - | - |
| Student activities | - | - | - | - |
| Student services | - | - | - | - |
| Instructional staff support | - | - | - | - |
| General administration & central services | - | - | - | - |
| Building level administration | - | - | - | - |
| Operation of plant | - | - | - | - |
| Pupil transportation | - | - | - | - |
| Food service | - | - | - | - |
| Community services | - | - | - | - |
| Facility acquisition and construction | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 275,000 | 550,000 | 550,000 | - |
| Interest and fees | <u>332,474</u> | <u>332,524</u> | <u>351,218</u> | <u>(18,694)</u> |
| Total Expenditures | <u>607,474</u> | <u>882,524</u> | <u>901,218</u> | <u>(18,694)</u> |
| Revenues Over (Under) Expenditures | 664,276 | 389,226 | 186,820 | (202,406) |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 664,276 | 389,226 | 186,820 | (202,406) |
| Fund balance, beginning | <u>964,159</u> | <u>964,159</u> | <u>964,159</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 1,628,435</u> | <u>\$ 1,353,385</u> | <u>\$ 1,150,979</u> | <u>\$ (202,406)</u> |

See accompanying notes to the budgetary comparison schedule.

**LEXINGTON R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024**

| | BUDGET | | ACTUAL | VARIANCE |
|---|------------------|-------------------|-------------------|-------------------|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local | \$ - | \$ 5,000 | \$ 5,000 | \$ - |
| County | - | - | - | - |
| State | - | - | - | - |
| Federal | 260,539 | 275,338 | 153,759 | (121,579) |
| Other | - | - | 4,613 | 4,613 |
| Total Revenues | <u>260,539</u> | <u>280,338</u> | <u>163,372</u> | <u>(116,966)</u> |
| EXPENDITURES: | | | | |
| Instruction | 62,915 | 97,254 | 53,486 | 43,768 |
| Student activities | - | - | - | - |
| Student services | - | - | - | - |
| Instructional staff support | - | - | - | - |
| General administration & central services | - | - | - | - |
| Building level administration | - | - | 1,859 | (1,859) |
| Operation of plant | 199,906 | 199,906 | 107,473 | 92,433 |
| Pupil transportation | - | - | - | - |
| Food service | 5,000 | 5,000 | 5,211 | (211) |
| Community services | - | - | - | - |
| Facility acquisition and construction | 389,454 | 246,454 | 118,067 | 128,387 |
| Debt service: | | | | |
| Principal retirement | 50,000 | 50,000 | 50,000 | - |
| Interest and fees | 126,900 | 126,900 | 126,443 | 457 |
| Total Expenditures | <u>834,175</u> | <u>725,514</u> | <u>462,539</u> | <u>262,975</u> |
| Revenues Over (Under) Expenditures | (573,636) | (445,176) | (299,167) | 146,009 |
| Other Financing Sources (Uses): | | | | |
| Transfers | <u>288,966</u> | <u>262,318</u> | <u>262,318</u> | <u>-</u> |
| Net change in fund balance | (284,670) | (182,858) | (36,849) | 146,009 |
| Fund balance, beginning | <u>307,175</u> | <u>307,175</u> | <u>307,175</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 22,505</u> | <u>\$ 124,317</u> | <u>\$ 270,326</u> | <u>\$ 146,009</u> |

See accompanying notes to the budgetary comparison schedule.

**LEXINGTON R-V SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2024**

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 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 cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTALS |
|--------------------------------------|---------------------|----------------------------|-------------------------|-----------------------------|----------------------|
| LOCAL: | | | | | |
| Property tax | \$ 2,889,800 | \$ - | \$ 857,116 | \$ - | \$ 3,746,916 |
| Sales tax | - | 1,347,885 | - | - | 1,347,885 |
| Financial institution tax | 1,157 | - | - | - | 1,157 |
| M&M surtax | 83,793 | - | - | - | 83,793 |
| Tuition | 315,999 | - | - | - | 315,999 |
| Earnings on investments | 173,750 | - | 40,590 | - | 214,340 |
| Food service | 142,040 | - | - | - | 142,040 |
| Student activities | 334,818 | - | - | - | 334,818 |
| Community services | 52,545 | - | - | - | 52,545 |
| Other local revenue | 54,776 | - | - | 5,000 | 59,776 |
| Total Local | <u>4,048,678</u> | <u>1,347,885</u> | <u>897,706</u> | <u>5,000</u> | <u>6,299,269</u> |
| COUNTY: | | | | | |
| Fines and escheats | - | 76,873 | - | - | 76,873 |
| State assessed utilities | 687,916 | - | 149,817 | - | 837,733 |
| Federal properties | 2,470 | - | 732 | - | 3,202 |
| Total County | <u>690,386</u> | <u>76,873</u> | <u>150,549</u> | <u>-</u> | <u>917,808</u> |
| STATE: | | | | | |
| Basic formula | - | 4,013,468 | - | - | 4,013,468 |
| Transportation | 107,513 | - | - | - | 107,513 |
| Early childhood special education | 148,933 | - | - | - | 148,933 |
| Basic formula - Classroom trust fund | - | 402,149 | - | - | 402,149 |
| Career education | 65,148 | 281,668 | - | - | 346,816 |
| Career Ladder | - | 112,800 | - | - | 112,800 |
| Educational screening program | 45,423 | - | - | - | 45,423 |
| Food service | 2,369 | - | - | - | 2,369 |
| Teacher Baseline Grant | - | 61,690 | - | - | 61,690 |
| Missouri Quality Preschool Grant | - | 58,139 | - | - | 58,139 |
| Other state revenue | 1,827 | - | - | - | 1,827 |
| Total State | <u>371,213</u> | <u>4,929,914</u> | <u>-</u> | <u>-</u> | <u>5,301,127</u> |
| FEDERAL: | | | | | |
| Title I | 55,943 | 169,789 | - | - | 225,732 |
| Title II | - | 40,690 | - | - | 40,690 |
| Title IV | 1,000 | 17,317 | - | - | 18,317 |
| Perkins Basic Grant | 161,813 | 11,239 | - | - | 173,052 |
| Medicaid | 103,423 | - | - | - | 103,423 |
| Individuals with Disabilities | 133,176 | 199,177 | - | - | 332,353 |
| Early childhood special education | 3,544 | 16,819 | - | - | 20,363 |
| Child Nutrition Program | 354,540 | - | - | - | 354,540 |
| Dept of Health Food Service Program | 38,663 | - | - | - | 38,663 |
| Education Stabilization Fund | 358,201 | 418,821 | - | 18,674 | 795,696 |
| Childcare Development Fund | 14,452 | 22,836 | - | 22,712 | 60,000 |
| Other federal revenue | 13,134 | 48,366 | 39,783 | 112,373 | 213,656 |
| Total Federal | <u>1,237,889</u> | <u>945,054</u> | <u>39,783</u> | <u>153,759</u> | <u>2,376,485</u> |
| OTHER: | | | | | |
| Net Insurance Recovery | - | - | - | 4,613 | 4,613 |
| Payments from other districts | 41,854 | 567,534 | - | - | 609,388 |
| Total Other | <u>41,854</u> | <u>567,534</u> | <u>-</u> | <u>4,613</u> | <u>614,001</u> |
| Total Revenues Collected | <u>\$ 6,390,020</u> | <u>\$ 7,867,260</u> | <u>\$ 1,088,038</u> | <u>\$ 163,372</u> | <u>\$ 15,508,690</u> |

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL ASSISTANCE LISTING | PASS-THROUGH GRANTOR NUMBER | PASSED THROUGH TO SUBRECIPIENTS | TOTAL FEDERAL EXPENDITURES |
|--|----------------------------------|--------------------------------|---------------------------------------|----------------------------------|
| U.S. Department of Agriculture | | | | |
| Child Nutrition Cluster: | | | | |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | | |
| School Breakfast Program | 10.553 | 054-045 | \$ - | \$ 92,154 |
| National School Lunch Program | 10.555 | 054-045 | - | 262,386 |
| Non-Cash: Food Distribution | 10.555 | 054-045 | - | 39,747 |
| Passed-through Missouri Department of Health and Senior Services: | | | | |
| Summer Food Service Program | 10.559 | ERS4661947S | - | 33,482 |
| Total Child Nutrition Cluster | | | <u>-</u> | <u>33,482</u> |
| Passed-through Missouri Department of Health and Senior Services: | | | | |
| Child and Adult Care Food Program | 10.558 | ERS46201947 | - | 5,181 |
| Total U.S. Department of Agriculture | | | <u>-</u> | <u>432,950</u> |
| U.S. Department of the Treasury | | | | |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 054-045 | - | 112,373 |
| 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 | 054-045 | - | 272,024 |
| Special Education - Preschool Grants | 84.173 | 054-045 | - | 14,055 |
| Total Special Education Cluster (IDEA) | | | <u>-</u> | <u>286,079</u> |
| Title I - Grants to Local Educational Agencies | 84.010 | 054-045 | - | 249,396 |
| Career and Technical Education - Basic Grants to States | 84.048 | 054-045 | 40,000 | 120,642 |
| Passed-through Metropolitan Community College: | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | | - | 11,239 |
| Total Career and Technical Education - Basic Grants to States | | | <u>40,000</u> | <u>131,881</u> |
| Supporting Effective Instruction State Grants | 84.367 | 054-045 | - | 40,690 |
| Student Support & Academic Enrichment Program | 84.424 | 054-045 | - | 18,317 |
| Education Stabilization Fund: | | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief (GEER) Fund | 84.425C | 054-045 | - | 21,467 |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | 054-045 | - | 2,407 |
| COVID-19 - Emergency Assistance to Non-Public Schools (CRRSA EANS) Fund | 84.425R | 054-045 | - | 37,092 |
| COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 054-045 | - | 656,947 |
| COVID-19 - Elementary and Secondary School Emergency Relief (ARP HCY) Fund | 84.425W | 054-045 | - | 6,186 |
| Total Education Stabilization Fund | | | <u>-</u> | <u>724,099</u> |
| Direct: | | | | |
| Student Financial Assistance Cluster: | | | | |
| Federal Pell Grant Program | 84.063 | | - | 120,102 |
| Federal Direct Student Loans | 84.268 | | - | 114,233 |
| Total Student Financial Assistance Cluster | | | <u>-</u> | <u>234,335</u> |
| Total U.S. Department of Education | | | <u>40,000</u> | <u>1,684,797</u> |
| U.S. Department of Health and Human Services | | | | |
| Passed-through Missouri Department of Elementary and Secondary Education: | | | | |
| CCDF Cluster: | | | | |
| COVID-19 - Child Care and Development Block Grant | 93.575 | 054-045 | - | 60,000 |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | 054-045 | - | 2,200 |
| Passed-through Missouri Department of Health and Senior Services: | | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | AOC16380081 | - | 28,930 |
| Total U.S. Department of Health and Human Services | | | <u>-</u> | <u>91,130</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 40,000</u> | <u>\$ 2,321,250</u> |

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the 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. The District has elected not to use the 10-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 Lexington R-V School District under programs of the federal government for the year ended June 30, 2024. 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 Lexington R-V School District, it is not intended to and does not present the financial position, change in net position or cash flows of Lexington R-V School District.

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Education
Lexington R-V School District

We have examined the administration's assertion, included in its representation letter dated August 29, 2024 that Lexington R-V 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 2023 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2024; 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, 2024. 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, 2024, 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
August 29, 2024

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2024**

County District Number: 054-045

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 |
|-------------|-------------|-----------|--------------------|---------------------|------|------------------|
| 4040 | PK | 04 | | 6.6000 | 158 | 1,036.90 |
| 3000 | 05 | 08 | | 6.6000 | 158 | 1,036.80 |
| 1050 | 09 | 12 | | 6.6000 | 158 | 1,036.80 |

2. ATTENDANCE HOURS

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

| School Code | Grade Level | Full-Time | Part-Time | Remedial Hours | Other | Summer School | Total |
|--------------------|-------------|-------------------|-----------------|----------------|-------|------------------|-------------------|
| 4040 | PK-04 | 302,782.60 | 3,699.42 | | | 8,247.60 | 314,729.62 |
| 3000 | 05-08 | 239,478.72 | | | | 3,825.96 | 243,304.68 |
| 1050 | 09-12 | 290,684.06 | | 32.50 | | 8,180.50 | 298,897.06 |
| Grand Total | | 832,945.38 | 3,699.42 | 32.50 | | 20,254.06 | 856,931.36 |

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 |
|--------------------|-------------|---------------|-------------|-------|---------------|
| 4040 | PK-04 | 347.00 | 9.00 | | 356.00 |
| 3000 | 05-08 | 253.00 | | | 253.00 |
| 1050 | 09-12 | 320.00 | | | 320.00 |
| Grand Total | | 920.00 | 9.00 | | 929.00 |

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2024**

County District Number: 054-045

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

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

| School Code | Free Lunch | Reduced Lunch | Deseg In Free | Deseg In Reduced | Total |
|--------------------|---------------|---------------|---------------|------------------|---------------|
| 4040 | 150.00 | 20.00 | | | 170.00 |
| 3000 | 115.00 | 8.00 | | | 123.00 |
| 1050 | 121.00 | 16.00 | | | 137.00 |
| Grand Total | 386.00 | 44.00 | | | 430.00 |

5. FINANCE

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

| Section | Question | Answer |
|---------|--|--------|
| 5.1 | The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported. | True |
| 5.2 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation 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 | N/A |
| | Cooperative Occupational Education (COE) or Supervised Occupational Experience Program | True |
| | Dual enrollment | True |
| | Homebound instruction | True |
| | Missouri Options | True |
| | Prekindergarten eligible to be claimed for state aid | True |
| | Remediation | True |
| | Sheltered Workshop participation | N/A |
| | Students participating in the school flex program | True |

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2024**

County District Number: 054-045

| | | |
|-------------|---|----------|
| | Traditional instruction (full and part-time students) | True |
| | Virtual instruction (MOCAP or other option) | True |
| | Work Experience for Students with Disabilities | N/A |
| 5.3 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations. | True |
| 5.4 | The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations. | True |
| 5.5 | As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required 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 |
| 5.6 | 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 |
| 5.7 | The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools) | True |
| 5.8 | Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable. | True |
| 5.9 | 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 |
| 5.10 | The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. | True |
| 5.11 | The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.) | True |
| 5.12 | The amount spent for approved professional development committee plan activities was: | \$46,722 |

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2024**

County District Number: 054-045

| | | |
|-------------|---|------|
| 5.13 | The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo. | True |
|-------------|---|------|

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

| Section | Question | Answer |
|------------|--|--------|
| 6.1 | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. | True |
| 6.2 | The district's/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 |
| 6.3 | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: | |
| | Eligible ADT | 316.0 |
| | Ineligible ADT | 30.0 |
| 6.4 | The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. | True |
| 6.5 | Actual odometer records show the total district/charter-operated and contracted mileage for the year was: | 88,347 |
| 6.6 | Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was: | |
| | Eligible Miles | 50,236 |
| | Ineligible Miles (Non-Route/Disapproved) | 38,111 |
| 6.7 | Number of days the district/charter school operated the school transportation system during the regular school year: | 158 |

**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
Lexington R-V School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lexington R-V School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
August 29, 2024

**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
Lexington R-V School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lexington R-V 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, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lexington R-V 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, 2024.

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 Lexington R-V 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
August 29, 2024

**LEXINGTON R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X 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 - Grants to Local Educational Agencies AL No. 84.010
Education Stabilization Fund AL No. 84.425

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING dated as of [_____, 2025] (the “Continuing Disclosure Undertaking”), is executed and delivered by LEXINGTON R-V SCHOOL DISTRICT (the “District”).

RECITALS

1. This Continuing Disclosure Undertaking is being executed and delivered in connection with the delivery by the District of \$_____ **General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2025** (the “Bonds”), pursuant to a resolution adopted by the governing body of the District on December 18, 2024 and a Certificate of Final Terms dated _____, 2025 (collectively, the “Resolution”).

2. The District is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order 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 Resolution, 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 Bonds 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds 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 Bonds required to comply with the Rule in connection with the offering of the Bonds.

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, 2025, 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 Bonds. 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 Bonds, 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 Bonds, 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 Bonds (“**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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, 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 Bonds. 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 Bonds, 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. The 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 Bond 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, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) 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 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 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 Bonds 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 Resolution or the Bonds, 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 the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Bonds 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 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

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lexington R-V School District (the “**District**”)

Name of Bond Issue: \$_____ General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2025 (the “**Bonds**”)

Date of Issuance: [_____, 2025]

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking dated as of [_____, 2025] by the District. [The District anticipates that the Annual Report will be provided by _____, 20__.]

Dated: _____ ___, 20__

LEXINGTON R-V SCHOOL DISTRICT

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the District believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the District, the Paying Agent or the Underwriter. The District, the Paying Agent and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

General. Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the “**Book-Entry Only System**”) maintained by The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository for the Bonds. Initially, the Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC 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, 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the “**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 Bonds 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by 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 the Bonds 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 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of bonds 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of principal of or redemption price and interest on the Bonds 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 or the Paying Agent, on 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, its nominee, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of or redemption price and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the District or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to 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, Bond certificates will be printed and delivered to DTC.

None of the Underwriter, the Paying Agent nor the District will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the

accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

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