PRELIMINARY OFFICIAL STATEMENT DATED MAY 28, 2025

NEW ISSUE **S&P GLOBAL RATINGS: Program Rating: "AA+"**
Book-Entry Only **Underlying Rating: "AA-"**
See "BONDS RATINGS" herein.

*In the opinion of the Hardwick Law Firm, LLC, as 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 have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See the section captioned **"TAX MATTERS"** in this Official Statement.*

$18,000,000 SMITHVILLE R-II SCHOOL DISTRICT OF CLAY COUNTY, MISSOURI
GENERAL OBLIGATION SCHOOL BUILDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2025

Dated: Date of Issuance **Due: March 1, as shown on the inside cover**

The General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2025 (the **"Bonds"**) will be issued by Smithville R-II School District (the **"District"**) for the purpose of providing funds to (1) pay the costs of the Project (defined herein), as further described herein under the caption **"PLAN OF FINANCING – Authorization and Purpose of the Bonds"** and (2) pay the costs of issuing the Bonds.

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 Security Bank of Kansas City, Kansas City, Kansas, as paying agent for the Bonds. DTC is required to remit such payments to DTC Participants (defined herein) for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on March 1 and September 1, beginning on March 1, 2026.

The Bonds are subject to redemption prior to maturity as described herein under the caption **"THE BONDS - Redemption Provisions."**

THE BONDS AND INTEREST THEREON WILL CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES WHICH MAY BE LEVIED WITHOUT LIMITATION AS TO RATE OR AMOUNT UPON ALL OF THE TAXABLE TANGIBLE PROPERTY, REAL AND PERSONAL, WITHIN THE TERRITORIAL LIMITS OF THE DISTRICT. THE BONDS ARE ENTITLED TO THE BENEFITS OF THE DIRECT DEPOSIT AGREEMENT AND THE PLEDGE OF STATE AID PAYABLE TO THE DISTRICT MADE THEREUNDER. See the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein.

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

THE BONDS ARE SUBJECT TO CERTAIN RISKS. SEE THE CAPTION **"RISK FACTORS"** IN THIS OFFICIAL STATEMENT.

The Bonds are offered when, as and if issued by the District, subject to the approval of legality by the Hardwick Law Firm, LLC., Kansas City, Missouri, as Bond Counsel to the District. Certain legal matters related to the Official Statement will be passed upon by Hardwick Law Firm, LLC., Kansas City, Missouri, as disclosure counsel to the District. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about on or about June 27, 2025.

RAYMOND JAMES®

$18,000,000
SMITHVILLE R-II SCHOOL DISTRICT
OF CLAY COUNTY, MISSOURI
GENERAL OBLIGATION SCHOOL BUILDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2025

MATURITY SCHEDULE

Serial Bonds

Maturity March 1	Principal Amount*	Interest Rate	Yield	CUSIP[2]
2041	$ 680,000			183513
2042	830,000			18513
2043	1,935,000			18513
2044	6,890,000			18513
2045	7,665,000			18513

* Preliminary; subject to change. Serial maturities may be aggregated into one or more term certificates with mandatory sinking fund payments per the serial maturity schedule.

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(1) Yield calculated to the first optional redemption date of March 1, 2034.

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

SMITHVILLE R-II SCHOOL DISTRICT
655 S. Commercial Ave.
Smithville, Missouri 64089
(816) 532-0406

Board of Education

Scott Jacoby, President and Member
Whitney Carlile, Vice President and Member
Susan Whitacre, Member
Stacia Cudd, Member
Patrick Nichols, Member
Brooke Perkins, Member
Johanna Pruitt, Member

Karen Kopp, Business Services Specialist/Board Secretary

Administration

Dr. Mark Maus, Superintendent
Dr. Patrick McGinnis, Executive Director of Grades 7-14
Denise Harwood, Executive Director of Grades PK-6
Dr. Justin Collins, Executive Director of Operations & Safety
Ms. Andrea Ambroson, Director of Special Services
Mrs. Julie Corless, Director of Human Resources

UNDERWRITER

Raymond James & Associates, Inc.
Leawood, Kansas

BOND COUNSEL AND DISCLOSURE COUNSEL

Hardwick Law Firm, LLC
Kansas City, Missouri

PAYING AGENT

Security Bank of Kansas City
Kansas City, Kansas

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 overallot 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 INVOLVE 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.***

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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:	Smithville R-II School District of Clay County, Missouri.
Issue:	$18,000,000 General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2025.
Dated Date:	Date of issuance of the Bonds.
Interest Payment Dates:	March 1 and September 1, beginning March 1, 2026.
Principal Due:	On March 1 in the years as detailed on the inside cover page of this Official Statement.
Redemption:	***Optional Redemption.*** At the option of the District, the Bonds or portions thereof maturing on March 1, 2035, and thereafter, may be called for redemption and payment prior to their Stated Maturity on March 1, 2034, and thereafter, in whole or in part, at any time at the Redemption Price (as defined herein) of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein). See the section captioned **"THE BONDS – Redemption Provisions – *Optional Redemption*"** herein.
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 26 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended, and an election duly held in the District on April 8, 2025.
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 section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein.
Credit Ratings:	***Program Rating:*** S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC (**"S&P"**), has assigned the Bonds the program rating shown on the cover page hereof based on the District's participation in the Missouri Direct Deposit Program conditioned upon the execution and delivery of the Direct Deposit Agreement described under the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments"** herein. ***Underlying Rating:*** S&P has also assigned the Bonds the underlying rating shown on the cover page hereof based upon the underlying credit worthiness of the District without regard to the Direct Deposit Agreement. See also the section captioned **"BOND RATINGS"** herein.

Purpose:	The Bonds are being issued to provide funds to (1) pay the costs of the Project (defined herein) utilizing all $18,000,000 principal amount of general obligation bonds approved by the required number of qualified voters of the District voting on the general obligation bond question at an election held in the District on April 8, 2025, and (2) pay the costs of issuing the Bonds. See also the section captioned **"PLAN OF FINANCING"** herein.
Tax Exemption:	Hardwick Law Firm, LLC, as Bond Counsel to the District, will provide an opinion as to the tax exemption of the interest on the Bonds as discussed under the section captioned **"TAX MATTERS"** in this Official Statement.
Not Bank-Qualified:	The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See the caption **"TAX MATTERS"** in this Official Statement.
Paying Agent:	Security Bank of Kansas City, Kansas City, Kansas.
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.

OFFICIAL STATEMENT

$18,000,000 SMITHVILLE R-II SCHOOL DISTRICT OF CLAY COUNTY, MISSOURI

GENERAL OBLIGATION SCHOOL BUILDING 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) Smithville R-II School District (the **"District"**), and (2) the General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2025 (the **"Bonds"**) of the District to be issued in the aggregate principal amount of $18,000,000 and dated the date of issuance and and delivery.

The District

The District is a seven-director school district and political subdivision organized and existing under the laws of the State of Missouri. The District encompasses approximately 67 square miles and is located primarily in the northwest portion of Clay County, Missouri, with a portion of the District located in eastern Platte County, Missouri, and a very small portion of the District located southwest Clinton County, Missouri. See the section captioned **"GENERAL INFORMATION CONCERNING THE DISTRICT"** in ***Appendix A*** to this Official Statement for further information regarding the District.

Purpose of the Bonds

The Bonds in the principal amount of $18,000,000 constitute the entire principal amount of general obligation bonds that were authorized by the required majority of the qualified voters of the District voting on a general obligation bond question at an election held in the District on April 8, 2025 (the **"2025 Election"**).

The Bonds are being issued pursuant to the authority approved by the voters of the District at the 2025 Election and resolutions approved by the Board of Education of the District on April 16 and June [18], 2025 (collectively, the **"Bond Resolution"**), for the purpose of constructing, improving, renovating or demolishing, repairing, furnishing and equipping school facilities, including improve safety and security at the main entrance, classrooms, library/media center and restrooms at Smithville High School; improve classrooms, library/media center, locker rooms and restrooms at Smithville Middle School; modernize softball and baseball facilities to include turf and site amenities; and expand all-weather playing surfaces at Horizon, Maple, and Eagle Heights Elementary Schools (the "Project") as further described under the section captioned **"PLAN OF FINANCING"** herein and (2) paying the costs of issuing the Bonds. *All capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Bond Resolution.*

Security and Source of Payment for the Bonds

The Bonds will constitute general obligations of the District and will be payable as to principal of and interest on the Bonds from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable tangible property, real and personal, within the territorial limits of the District. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General"** in this Official Statement. In addition, the District will enter into a Direct Deposit Agreement whereby the District will pledge its State Aid (hereinafter defined) 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 Paying Agent (hereinafter defined) for the Bonds in order to provide for payment of debt service on the Bonds. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct Deposit of State Aid Payments"** herein.

Other Outstanding Obligations Payable

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

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., Richmond, Missouri, independent certified public accountants, to the extent and for the period indicated in their report which is also included in ***Appendix B*** to this Official Statement

Continuing Disclosure Information

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

The District adopted a Tax and Securities Law Compliance Procedure on December 16, 2020, setting forth written policies and procedures to promote compliance with federal tax law and with the District's continuing disclosure undertakings for certain taxable, tax-exempt and other tax-advantaged obligations of the District after issuance of such bonds and obligations.

Bond Ratings

The District has received the program rating set forth on the cover page of this Official Statement from S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC (**"S&P"),** based upon the District's participation in the Missouri Direct Deposit Program conditioned upon the execution and delivery of the Direct Deposit Agreement described under the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments"** in this Official

Statement. The District has also received the underlying rating on the Bonds set forth on the cover page of this Official Statement from S&P based upon the underlying credit worthiness of the District without regard to the Direct Deposit Agreement. See also the section captioned **"BOND RATINGS"** in this Official Statement.

Description of Documents

Brief descriptions of the Bonds, the security for the Bonds and certain other matters are included in this Official Statement. Such information, summaries and descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds and the Bond Resolution are qualified in their entirety by reference to such documents.

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

The Bonds are being issued in the aggregate principal amount of $18,000,000. The Bonds are dated as of the date of original delivery of and payment for such Bonds. Principal is payable on March 1 in the years and in the principal amount set forth on the inside cover page of this Official Statement, subject to redemption and payment prior to maturity upon the terms and conditions described under the section below captioned **"Redemption Provisions."** Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds is payable from the date thereof or the most recent date to which interest has been paid and is payable semiannually on March 1 and September 1 (each an **"Interest Payment Date"**), beginning March 1, 2026.

The interest payable on each Bond on any Interest Payment Date will be paid to the person in whose name such Bond is registered (the **"Registered Owner"**) as shown on the registration books (the **"Bond Register"**) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date (the **"Record Date"**) for such interest (a) by check or draft mailed by Security Bank of Kansas City, Kansas City, Kansas (the "**Paying Agent**"), to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (b) 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 payment, containing the electronic transfer instructions including the name and address of the bank, its ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee may be applicable.

The principal or Redemption Price (as defined herein) of each Bond will be paid by check or draft to the Registered Owner at the Maturity thereof, upon presentation and surrender of such Bond at the payment office of the Paying Agent, or such other office designated by the Paying Agent.

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. See also the caption **"Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System."**

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 Upon Discontinuance of Book-Entry Only System

The District will cause the Bond Register to be kept at the payment office of the Paying Agent or such other office designated by the Paying Agent for the registration, transfer and exchange of the Bonds as provided in the Bond Resolution. Upon surrender of any Bond at the payment office of the Paying Agent, or at such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond as provided in the Bond Resolution.

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 or 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. If 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 (i) to register the transfer or exchange of any Bond after notice calling such bond or portion thereof for redemption has been mailed by the Paying Agent in accordance with the Bond Resolution and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (ii) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving writt6en 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 or portions thereof maturing on March 1, 2035, and thereafter may be called for redemption and payment prior to their Stated Maturity on March 1, 2034, and thereafter, in whole or in part, at any time at the Redemption Price (as defined herein) of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein).

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed from Stated Maturities selected by the District, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in $5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

In the case of a partial redemption of Bonds at the time Outstanding in denominations greater than \$5,000, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the price which such Bonds are to be redeemed (the **"Redemption Price"**) and interest to the date fixed for redemption (the **"Redemption Date"**) of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Notice of 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 and each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Paying Agent receives written notice from the District that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

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 in the Bond Resolution to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a 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 Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

Effect of Call for Redemption. Official notice of redemption having been given as provided in the Bond Resolution, 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. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Bond Resolution for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent shall prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided in the Bond Resolution. All Bonds that have been surrendered for redemption shall be canceled and destroyed by the Paying Agent pursuant to the Bond Resolution and shall not be reissued.

The failure of any Registered Owner to receive the foregoing notice or any immaterial defect therein shall not invalidate any redemption.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Bonds.

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 of and interest on the Bonds 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 under the heading **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – 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 *et seq.* of the Revised Statutes of Missouri, as amended, and related statutes (the **"Deposit Law"**), the State of Missouri (the **"State"**) and the District may agree to 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 **"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 Deposit Agreement, the District will pledge its State Aid to the payment of the Bonds. The Direct Deposit Agreement will provide that (a) one-fifth ($1/5^{th}$) of the annual debt service to be paid on the Bonds during the bond year ending March 1, 2026, will be deposited with the Deposit Trustee in each of the five (5) months of August 2025 through September 2025 (excluding October 2025 and November 2025) and December 2025 through February 2026, (b) one-tenth (1/10th) of the annual debt service to be paid on the Bonds in the bond year ending March 1, 2026, will be deposited with the Deposit Trustee in each of the ten (10) months of March 2026 through September 2026 (excluding October 2026 and November 2026) and in December 2026 through February 2026 and (c) for each bond year thereafter, one-tenth (1/10th) of the annual debt service to be paid on the Bonds will be deposited with the Deposit Trustee in each of the ten similar months of March through September (excluding October and November) and December through February for each bond year after the Bonds are issued as 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 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 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. The Deposit Trustee will transfer to the Paying Agent the amount necessary for payment of debt service on the Bonds not later than the 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 Deposit Agreement relieves the District of its obligation to make payments of principal of 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 may 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 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.

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 26 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended.

At the 2025 Election, the qualified voters of the District voting on the general obligation bond question approved by 66.58% (1,297 voting "yes" to 651 voting "no")") the question authorizing the District to issue general obligation bonds (1) in the amount of $18,000,000 for the purpose of paying the costs of constructing, improving, renovating or demolishing, repairing, furnishing and equipping school facilities, including improve safety and security at the main entrance, classrooms, library/media center and restrooms at Smithville High School; improve classrooms, library/media center, locker rooms and restrooms at Smithville Middle School; modernize softball and baseball facilities to include turf and site amenities; and expand all-weather playing surfaces at Horizon, Maple, and Eagle Heights Elementary Schools. The District has not issued any of the general obligation bonds authorized by the voters at the 2025 Election and the Bonds in the principal amount of $18,000,000 will constitute the entire authorized principal amount of general obligation bonds approved by the voters at the 2025 Election.

The Bonds are being issued pursuant to the Bond Resolution for the purpose of (1) paying the costs of the Project and (2) paying the costs of issuing the Bonds.

The Project

The major components of the Project expected to be financed with proceeds of the Bonds include the following:

- Improve safety and security at the main entrance, classrooms, library/media center and restrooms at Smithville High School.
- Improve classrooms, library/media center, locker rooms and restrooms at Smithville Middle School.
- Modernize softball and baseball facilities to include turf and site amenities.

Expand all-weather playing surfaces at Horizon, Maple and Eagle Heights Elementary Schools.The District expects construction of most components of the Project to be completed by August 2027.

Sources and Uses of Funds

The estimated sources and uses of the proceeds of the Bonds are as follows:

Sources of Funds:

Principal Amount of the Bonds	$18,000,000.00*
Plus Net Original Issue Premium	
Total	

Uses of Funds:

Deposit to Capital Projects Fund	$_____________
Costs of issuance, including Underwriter's Discount	
Total	$

* Preliminary, subject to change.

RISK FACTORS

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, 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 the section captioned **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Major Property Taxpayers"** in ***Appendix A*** to 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 or 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 **"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 of and interest on the Bonds on all taxable tangible property in the District.

Ratings

S&P has assigned the Bonds the program rating, and the District the underlying rating, set forth on the cover page of this Official Statement as further reflected under the section captioned **"BOND RATINGS"** in this Official Statement. Such ratings reflect only the view of S&P, 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 the ratings will not be revised, either downward or upward, or withdrawn entirely, by S&P 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.

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 (1) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (2) the application of equitable principles, and (3) 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: (1) The Public School Retirement System of Missouri and (2) The Public Education Employee Retirement System of Missouri. See the sections captioned **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans"** in ***Appendix A*** to this Official Statement. The District also provides other post-employment benefits as part of the total compensation offered to attract and retain the services of qualified employees. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Other Employment Benefits; Self-Insurance Pool"** 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

For the fiscal year ended June 30, 2024, approximately 30.57% of the District's revenue was derived from moneys provided by the State of Missouri as State Aid. See the sections captioned **"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.

Payments" in this Official Statement. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments 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 section captioned **"GENERAL INFORMATION CONCERNING 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 (1) extend the maturity of any payment of principal or interest due upon any Bond; (2) alter the optional redemption provisions of any Bond; (3) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond; (4) permit preference or priority of any Bond over any other Bond; or (5) 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 section captioned **"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 the section captioned **"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 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.

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or, to the District's knowledge, 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 Hardwick Law Firm, LLC, Kansas City, Missouri, as bond counsel to the District (**"Bond Counsel"**). Certain 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.

BOND RATINGS

S&P has assigned the Bonds the program rating as shown on the cover page of this Official Statement based upon the District's participation in the Missouri Direct Deposit Program conditioned upon the execution and delivery of the Deposit Agreement described under the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments"** herein. In addition, S&P has assigned the Bonds an underlying rating shown on the cover page of this Official Statement based on S&P's evaluation of the credit worthiness of the District without regard to the Deposit Agreement and the District's participation in the Missouri Direct Deposit Program.

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

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 the Hardwick Law Firm, LLC, as Bond Counsel to the District, 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. The 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.

Bank Qualification. The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning 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"** in this Official Statement.

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 actually or constructively 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 for tax years beginning after December 31, 2022, the 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.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to a Continuing Disclosure Undertaking to be entered into by the District in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the **"Rule"**), the District has agreed to provide to the Municipal Securities Rulemaking Board (the **"MSRB"**), *via* the EMMA system, not later than **December 31st** after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025, (1) the audited financial statements of the District for that fiscal year and (2) certain operating data of the District (the **"Annual Report"**). The financial statements of the District are audited by the District's independent certified public accountants. The District has also agreed to provide prompt notice of the occurrence of certain enumerated events with respect to the Bonds. See **"FORM OF CONTINUING DISCLOSURE UNDERTAKING"** attached as ***Appendix C*** to this Official Statement.

Compliance with Prior Undertakings Under the Rule

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

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 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

Hardwick Law Firm, LLC, as Bond Counsel to the District, has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter 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, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Bonds and the Bond Resolution do not purport to be complete and are qualified in their entirety by reference thereto.

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, Smithville R-II School District, 655 S. Commercial Ave., Smithville, Missouri 64089, (816) 532-0406, Attn: Superintendent, or from the Underwriter, Raymond James & Associates, Inc. , 11551 Ash Street, Suite 250, Leawood, Kansas 66211, Attn: Mike Reik (email: Mike.Reik@RaymondJames.com; phone: 913-374-3348).

SMITHVILLE R-II SCHOOL DISTRICT

By: ____________________________________
President of the Board of Education

APPENDIX A

SMITHVILLE R-II SCHOOL DISTRICT

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

APPENDIX A

SMITHVILLE R-II SCHOOL DISTRICT

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

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GENERAL INFORMATION CONCERNING THE DISTRICT

General Description

The District encompasses approximately 67 square miles on the northern edge of the Kansas City metropolitan area. Most of the District is located in northwest Clay County, Missouri (**"Clay County"**) (highlighted in map at right) with a portion of the District located in eastern Platte County, Missouri (**"Platte County"**) and a very small portion of the District located southwest Clinton County, Missouri (**"Clinton County"**). The District's schools are located in the City of Smithville, Missouri (**"City of Smithville"**), which is approximately 25 miles north of the City of Kansas City, Missouri (**"Kansas City"**).

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. 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 as follows:

			Current Term	
Name	**Office**	**First Elected**	**Began**	**Expires**
Scott Jacoby	President and Member	2022	2025	2028
Whitney Carlile	Vice-President and Member	2022	2025	2028
Susan Whitacre	Member	2020	2023	2026
Patrick Nichols	Member	2023	2023	2026
Stacia Cudd	Member	2023	2023	2026
Brooke Perkins	Member	2024	2024	2027
Johanna Pruitt	Member	2024	2024	2027

The Board has appointed Karen Kopp, who is employed by the District as Business Services Specialist to serve as Secretary of the Board and Amy Anderson, who is employed by the District as an Administrative Assistant-Payroll Specialist, to serve as Treasurer of 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. In December 2022, the Board appointed Dr. Mark Maus to serve as the Superintendent beginning on July 1, 2023. Prior to his appointment as Superintendent of the District, Dr. Maus recently served as the Executive Director of College and Career Readiness at North Kansas City School District. Dr. Maus has extensive experience in education and leadership. He began his career in education as a secondary math teacher and then later served as a high school assistant principal, high school principal and director of human resources before eventually being assessed valuation

School District.

Dr. Maus earned a Bachelor's Degree in Education with minors in Mathematics and Science and a Master's Degree in Educational Leadership from Northwest Missouri State University. Dr. Maus also earned a Specialist Degree in Educational Leadership and a Doctorate in PK-12 Educational Leadership from the University of Missouri - Kansas City.

Additional members of the administrative staff of the District are appointed by the Board upon recommendation by the Superintendent. The District has a total of 366 employees, including 19 administrative personnel, 221 teachers and 126 non-certificated employees and support staff.

Professional Staff

On average, teachers employed by the District have 12.8 years of teaching experience, compared to a statewide average of 13.1 years, and 68.6% of the District's staff hold advanced degrees. For the 2024-2025 school year, the average salary for all teaching staff was $55,020, compared to a statewide average salary for teaching staff of $55,632.

Educational Facilities

The District operates the schools reflected in the table below. The total estimated replacement cost of the current physical facilities of the District, including the various schools listed below and other physical facilities owned by the District, as most recently determined for insurance purposes is $149,291,817.

]Name of School	Grades
Eagle Heights Elementary School	K-6
Horizon Elementary School	K-6
Maple Elementary School	K-6
Smithville Middle School	7-8
Smithville High School	9-12

Source: The District.

History of Enrollment

The following table shows student enrollment in the District as of the last Wednesday in September, for each of the previous four school years and the current 2024-2025 school year.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Elementary	1,282	1,259	1,246	1,250	1,228	1,277
Middle	430	448	431	403	409	398
High	917	936	910	908	856	857
Total	2,647	2,626	2,550	2,567	2,511	2,512

Source: The District

Other District Statistics

The following table shows additional information about the District compiled by the Missouri Department of Elementary and Secondary Education (**"DESE"**) for the last five completed fiscal years.

	2019-20	2020-21	2021-22	2022-23	2023-24
Ave. Daily Attendance (ADA)	2,565	2,509	2,452	2,409	2,384
Proportional Rate of Attendance(1)	90.0%	94.6%	84.6%	83.8%	85.1%
Current Expenditures per Pupil	$9,955	$10,606	$11,020	$11,648	$12,980
Students per Teacher	15	15	15	14	14
Students per Classroom Teacher	18	18	18	18	17

Source: Missouri Department of Elementary and Secondary Education.

(1) Beginning with the 2017-2018 fiscal year, DESE began calculating proportional student attendance rates reflecting the percentage of students who had an individual attendance rate of 90% or higher. The percentages reflected above provide the District's proportional rate of attendance, which reflects the overall percentage of District students who had an individual attendance rate of 90% or higher.

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 2020-2021 school year.

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

ECONOMIC INFORMATION CONCERNING THE DISTRICT

Population

The following table shows population figures for the District, the City of Smithville, Clay County and Platte County and the State of Missouri from the last three decennial censuses and the most recent estimates available:

	2000	2010	2020	2023
Smithville R-II	8,522	11,921	13,686	14,847(1)(2)
City of Smithville	5,514	8,425	10,406	10,552(3)
Clay County	184,006	221,939	253,335	259,772
Platte County	73,781	89,322	106,718	111,940
State of Missouri	5,596,683	5,988,927	6,154,913	6,196,156

Source: U.S. Census Bureau; Missouri Census Data Center.

(1) Reflects estimated District population for 2023 based upon data from U.S. Census Bureau – Small Area Income and Poverty Estimate (SAIPE) – School District Estimates for 2023.

(2) Reflects estimated District population for 2023 based upon data from U.S. Census Bureau – Small Area Income and Poverty Estimate (SAIPE) – School District Estimates for 2023.
(3) Estimated population of City of Smithville as of January 1, 2023 from U.S. Census Bureau.

Employment

Major Employers. Because of the District's location employment opportunities for residents of the District are available both within the District and throughout the Kansas City metropolitan area. Listed below are some of the major employers located in the Kansas City metropolitan area.

Employer	Industry	Approximate No. of Employees
Federal Government	Government	20,846
Children's Mercy Hospitals and Clinics	Healthcare	8,382
Cerner Corporation	Healthcare IT solutions	6,879
Honeywell	Manufacturing	5,000
Saint Luke's Health System	Healthcare	4,638
Internal Revenue Service	Government	4,600
City of Kansas City, Missouri	Government	4,411
Truman Medical Centers	Healthcare	3,579
SS&C	Healthcare management services	3,125
Burns & McDonnell	Engineering/architects	2,907

Source: Kansas City Economic Development Corporation (last updated February 2021).

Employment Data. The following table shows employment data for Clay County and Platte County for the last four calendar years and a portion of this current calendar year.

Clay County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployed Rate
2025(1)	142,876	136975	5,901	4.1%
2024(2)	142,322	137,742	4,580	3.2
2023	140,139	136,342	3,797	2.7
2022	138,233	134,352	3,881	2.8
2021	138,370	131,555	6,815	4.9

Platte County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployed Rate
2025(1)	61,612	59,337	2,275	3.7%
2024(2)	61,682	59,720	1,962	3.2
2023	60,678	59,116	1,562	2.6
2022	59,702	58,254	1,448	2.4
2021	59,458	57,052	2,406	4.0

Source: MERIC (Missouri Economic Research and Information Center).
(1) Average of January and February 2025.
(2) Average of January through December 2024.

Income and Housing Values

The following tables show the latest available data reflecting the estimated (1) per capita personal income and median household income and (2) median value of owner-occupied housing units in the City of Smithville, Clay County, Platte County and the State of Missouri.

Median Household Income and Per Capita Income
(2019-2023 Estimate)

	Median Household Income	Per Capita Income
City of Smithville	$99,925	$40,542
Clay County	$86,150	$42,336
Platte County	$95,748	$49,273
State of Missouri	$68,920	$38,497

Median Housing Value of Owner-Occupied Housing Units
(2019-2023 Estimate)

City of Smithville	$272,500
Clay County	$256,400
Platte County	$317,600
State of Missouri	$215,600

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

Medical and Recreational Facilities

There are many general practitioners and specialists who provide medical care in the Kansas City metropolitan area. In addition to St. Luke's Northland Hospital, Smithville Campus, the District residents have access to all the medical and health facilities in the Kansas City metropolitan area, the closest of which are St. Luke's Northland Hospital, Barry Road Campus, in Kansas City, Missouri, Liberty Hospital in Liberty, Missouri, and North Kansas City Hospital in North Kansas City, Missouri.

There are many recreational and entertainment facilities in the City of Smithville area. The downtown business district of Smithville is only a short distance from Smithville Lake, a 7,200-acre body of water with 175 miles of shoreline. Clay County operates several parks, campgrounds, marinas and a golf course at Smithville Lake. Residents of the District also have easy access to the wide variety of recreational and entertainment facilities located in the Kansas City metropolitan area.

Municipal Services and Utilities

The electric and natural gas utility services in the District are primarily provided by Evergy (formerly KCP&L) and Spire (formerly Missouri Gas Energy). Telephone service to residents of the District is primarily provided by AT&T, Spectrum and Vonage and internet services are provided by a variety of internet/telecommunications service providers. The City of Smithville provides water and sewer service to District facilities.

Transportation Facilities

The residents of the District have access to the interstate highway system with Highway 169 as a north-south artery to I-29 serving all parts of the Kansas City metropolitan area. The City of Smithville's proximity to the Kansas City metropolitan area provides residents with a wide variety of transportation carriers, including air and rail transport. The City of Smithville is approximately 10 miles from Kansas City International Airport, which provides air transportation across the United States and internationally. Kansas City also ranks as one of the largest rail centers in the United States, with numerous railroad lines accommodating passenger trains (including Amtrak) and freight trains daily.

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DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District following issuance of the Bonds, except as otherwise noted below. This information should be reviewed in conjunction with the information contained in this section and the financial statements of the District for fiscal year ended June 30, 2024, attached as ***Appendix B*** to this Official Statement.

2024 Assessed Valuation(1)	$416,835,439
2024 Estimated Actual Valuation(2)	$1,882,290,978
Outstanding General Obligation Bonds (**"Direct Debt"**)(3)	$68,919,000
Outstanding Lease Obligations (**"Lease Obligations"**)(4)	$18,810,000
Total Direct Debt and Lease Obligations	$87,729,000
Estimated Population (2023)	14,847
Per Capita Direct Debt	$4,641.95
Ratio of Direct Debt to Assessed Valuation	16.55%
Ratio of Direct Debt to Estimated Actual Valuation	3.66%
Ratio of Direct and Lease Obligations to Assessed Valuation	21.05%
Ratio of Direct and Lease Obligations to Estimated Actual Valuation	4.66%
Overlapping and Underlying General Obligation Debt (**"Indirect Debt"**)(5)	$2,491,100
Total Direct Debt, Lease Obligations and Indirect Debt	$90,220,100
Per Capita Direct Debt, Lease Obligations and Indirect Debt	$6,076.65
Ratio of Direct Debt, Lease Obligations and Indirect Debt to Assessed Valuation	20.95%
Ratio of Direct Debt, Lease Obligations and Indirect Debt to Estimated Valuation	4.66%

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(1) Includes assessed valuations for calendar year 2024 of real and personal property provided by the Clay, Platte and Clinton County Clerks, after Board of Equalization adjustments, but excludes assessed valuation in the amount of $6,075,540 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District and excludes assessed valuations attributable to state assessed railroad and utility property. For further details see **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT"** herein.

(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 the section captioned **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT"** herein.

(3) Includes the Bonds in the principal amount of $18,000,000 (to be issued on June 27, 2025), as well as the other outstanding general obligation bonds of the District currently outstanding in the aggregate principal amount of $50,919,000.

(4) Reflects the outstanding principal amount of the District's outstanding Series 2015 Certificates, Series 2017 Certificates and Series 2018 Certificates. See the section captioned **"DEBT STRUCTURE OF THE DISTRICT – Other Obligations of the District"** herein.

(5) For further details see the section captioned **"DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying General Obligation Indebtedness"** herein.

Current Long-Term General Obligation Indebtedness

The following table sets forth the outstanding principal amount of all general obligation indebtedness of the District as of April 8, 2025:

Category of Indebtedness	Date of Bonds	Amount Outstanding
General Obligation QSCBs, Series 2010A	08/05/2010	$ 2,339,000
General Obligation Refunding, Series 2015	09/28/2015	1,600,000
General Obligation Building, Series 2017	04/12/2017	9,375,000
General Obligation Refunding, Series 2017A	12/28/2017	5,075,000
General Obligation Building, Series 2018	04/25/2018	3,125,000
General Obligation Building, Series 2020	11/10/2020	14,100,000
General Obligation Building, Series 2023	06/06/2023	15,305,000
	Total:	$50,919,000

Source: The District.

History of General Obligation Indebtedness

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

As of June 30	Total Outstanding Debt(1)	Debt as % of Assessed Value(2)
2024	$53,054,000	12.22%
2023	57,049,000	16.41
2022	41,449,000	12.82
2021	43,174,000	15.20
2020	30,669,000	11.20

Source: The District

(1) Excludes the principal amounts of the District's general obligation bonds that were previously refunded and paid from moneys and escrowed securities on deposit in escrow funds pursuant to escrow trust agreements. Also, does not include the amount in the District's Debt Service Fund available to pay principal on general obligation bonds which may be taken into account in determining the principal amount of the District's general obligation bonds outstanding for debt limitation purposes. For more information see the caption **"Legal Debt Capacity"** herein.

(2) The assessed valuation used is the assessed valuation of the District of the calendar year prior to the fiscal year shown. Excludes the assessed valuation in each year that is attributable to (a) state assessed railroad and utility property and (b) the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas located within the District. If state assessed railroad and utility property and the incremental increase in the assessed value of property within TIF Redevelopment Areas were taken into account, the debt as a percentage of total assessed valuation would be lower than the percentages shown. For more information see the caption **"Legal Debt Capacity"** herein.

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

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.

	Outstanding Bonds			Bonds Being Offered		
Fiscal Year Ended June 30	**Principal**	**Interest**	**Subsidy(1)**	**Principal**	**Interest**	**Total**
2026	$2,014,000.00	$1,385,968.90	(173,596.24)			
2027	2,015,000.00	1,168,975.00	-			
2028	2,225,000.00	1,105,025.00	-			
2029	2,335,000.00	1,016,025.00	-			
2030	1,375,000.00	922,625.00	-			
2031	1,600,000.00	867,625.00	-			
2032	1,750,000.00	803,625.00	-			
2033	2,000,000.00	733,625.00	-			
2034	2,250,000.00	633,625.00	-			
2035	2,750,000.00	563,625.00	-			
2036	2,800,000.00	453,625.00	-			
2037	3,025,000.00	341,625.00	-			
2038	3,700,000.00	226,500.00	-			
2039	3,850,000.00	115,500.00	-			
2040	-	-	-			
2041	-	-	-	$680,000.00		
2042	-	-	-	830,000.00		
2043	-	-	-	1,935,000.00		
2044				6,890,000.00		
2045				7,665,000.00		

(1) Reflects the direct-payment subsidy the District expects to receive from the United States Treasury that will be used to off-set a portion of the interest payments made by the District during each of those fiscal years on the District's outstanding Taxable General Obligation Qualified School Construction Bonds (Missouri Direct Deposit Program), Series 2010A (Direct Payment) (the **"Series 2010A Bonds"**). At the time the Series 2010A Bonds were issued, the District expected to receive subsidy payments from the United States Treasury in an amount equal to approximately 96% of the amount of each interest payment on the Series 2010A Bonds. Under the Balanced Budget and Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions in the amounts of subsidy payments have occurred since March 1, 2013. For the federal fiscal years ending September 30, 2025 through September 30, 2030, the subsidy payments were reduced by 5.7% as a result of automatic cuts in federal spending commonly referred to as **"Sequestration."** The subsidy payments for fiscal years ending June 30, 2024 through June 30, 2027, reflect the amount of the subsidy payments the District would expect to receive to offset a portion of the interest payments due on the Series 2010A Bonds in each of those fiscal years based upon the sequestration rate of 5.7% (meaning the District expects to receive a subsidy equal to approximately 90.3% of the interest paid on the Series 2010A Bonds in each of those fiscal years). If this assumption remains constant, the District will be required to pay approximately $18,648 in interest annually on the Series 2010A Bonds until final maturity on March 1, 2027.

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 the section captioned **"FINANCIAL INFORMATION CONCERNING THE DISTRICT"** herein.

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 general municipal, primary or general election held in even-numbered years or two-thirds voter approval on any other election date. In accordance with Missouri law, the assessed valuation in the amount of $6,075,540 attributable to the incremental increase in assessed valuation over the established assessed valuation base of property within TIF Redevelopment Areas located within the District for the 2024 calendar year is included for purposes of determining the 15% limitation even though property taxes on such incremental increase in assessed valuation of such property within TIF Redevelopment Areas may be diverted to pay obligations issued to finance improvements related to TIF Redevelopment Area projects.

The legal debt limitation and debt margin of the District as of April 8, 2025, which is the date the election was held in the District at which the required majority of the qualified voters approved the issuance of the Bonds, is as follows:

Legal Debt Limitation and Debt Margin

Constitutional Debt Limitation under Article VI, Section 26(b) (*15% of 2024 assessed valuation $65,098,111.98*[1]*, plus assessed valuation of a portion of state assessed railroad and utility property in the amount of $11,076,434.20 for a total 2024 assessed valuation of $433,987,413.20*)

General Obligation Bonds Outstanding as of April 8, 2025	$50,919,000[2]
Plus Debt Service Fund Balance on April 8, 2025	7,695,113.72[3]
(*Less)* interest to be paid on Outstanding General Obligation Bonds on September 1, 2025	(962,613)[4]
(Less)General Obligation Bonds Authorized But Not Issued as of April 8, 2025	(18,000,000)[4]

Legal Debt Margin under Article VI, Sections 26(b)(*equal to constitutional debt limit of $65,098,111.98; minus $50,919,000 Net General Obligation Bonds Outstanding as of April 8, 2025; plus Debt Service Fund Balance on April 8, 2025; minus interest to be paid on Outstanding General Obligation Bonds on September 1, 2025; minus General Ogliation Bonds Authorized But Not Issued*) $2,911,594.70

(1) Includes 2024 assessed valuation in the amount of $6,075,540 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF `Redevelopment Areas located within the District as provided by the County Clerk of Clay County.

(2) Includes $18,000,000 aggregate principal amount of the Bonds being issued, which were approved by the voters of the District at the election held on April 8, 2025, plus the District's other general obligation bonds outstanding in the aggregate principal amount of $50,919,000 as of April 8, 2025.

(3) Equal to the District's Debt Service Fund balance of $7,695,113.72 as of April 8, 2025, which funds are available to pay principal of and interest on the District's outstanding general obligation bonds as of April 8, 2025, the date which the Bonds were approved by voters of the District.

(4) Includes aggregate principal amount of the Bonds being issued, which were approved by the voters of the District at the election held on April 8, 2025

The District's debt margin would be greater if all (*and not just a portion*) of the value attributable to state assessed railroad and utility property were included in the calculation. 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 district would exceed its legal debt limit. It was not necessary for the District to determine the value of *all* state assessed railroad and utility property because, based on the value of a portion of such state assessed and utility property that was calculated, the District was able to provide evidence that the issuance of the Bonds would not cause the net principal amount of all of the District's general obligation bonds to exceed the constitutional limitation of 15% of the valuation of all taxable tangible property located within the District.

Other Obligations of the District

Lease Certificates of Participation. The District has previously approved the delivery of (1) Refunding Certificates of Participation, Series 2015, on September 28, 2015, in the original principal amount of $1,600,000 (the **"Series 2015 Certificates"**), the proceeds of which were used to refund a series of the District's then outstanding lease participation certificates originally issued in 2007; (2) Certificates of Participation, Series 2017, on April 12, 2017, in the original principal amount of $15,750,000 (the **"Series 2017 Certificates"**), the proceeds of which were finance a portion of the construction of Eagle Heights Elementary School, and (3) Certificates of Participation, Series 2018, on April 28, 2018, in the original principal amount of $5,655,000 (the **"Series 2018 Certificates,"** collectively, the **"Certificates"**), the proceeds of which were used to complete the construction of Eagle Heights Elementary School. 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 Purchase Agreement dated as of September 1, 2015, as amended and supplemented by a First Supplemental Lease Purchase Agreement dated as of April 1, 2017, and a Second Supplemental Lease Purchase Agreement dated as of April 1, 2018 (collectively, the **"Lease"**), each between the District, as lessee, and Security Bank of Kansas City, as lessor and trustee. Proceeds of the Series 2015 Certificates were used to refund the District's then-outstanding

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.

	Series 2015 COPs		Series 2017 COPs		Series 2018 COPs		
Fiscal Year Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	$150,000.00	$14,250.00	$530,000.00	$447,031.26	-	$256,350.00	$1,397,631.26
2027	150,000.00	9,750.00	550,000.00	431,131.26	-	256,350.00	1,397,231.26
2028	175,000.00	5,250.00	560,000.00	414,631.26	-	256,350.00	1,411,231.26
2029	-	-	575,000.00	391,131.26	$185,000.00	256,350.00	1,413,481.26
2030	-	-	600,000.00	378,443.76	210,000.00	248,950.00	1,437,393.76
2031	-	-	625,000.00	358,193.76	215,000.00	240,550.00	1,438,743.76
2032	-	-	640,000.00	336,318.76	240,000.00	231,950.00	1,448,268.76
2033	-	-	665,000.00	313,118.76	250,000.00	222,350.00	1,450,468.76
2034	-	-	690,000.00	288,181.26	275,000.00	213,350.00	1,465,531.26
2035	-	-	715,000.00	262,306.26	290,000.00	201,350.00	1,468,656.26
2036	-	-	740,000.00	234,600.00	310,000.00	189,750.00	1,474,350.00
2037	-	-	770,000.00	205,000.00	325,000.00	177,350.00	1,477,350.00
2038	-	-	805,000.00	174,200.00	340,000.00	164,350.00	1,483,550.00
2039	-	-	835,000.00	142,000.00	360,000.00	150,750.00	1,487,750.00
2040	-	-	870,000.00	108,600.00	380,000.00	132,750.00	1,491,350.00
2041	-	-	905,000.00	73,800.00	400,000.00	113,750.00	1,492,550.00
2042	-	-	940,000.00	37,600.00	425,000.00	93,750.00	1,496,350.00
2043	-	-	-	-	1,450,000.00	72,500.00	1,522,500.00
Total	$475,000.00	$29,250.00	$12,015,000.00	$4,596,287,60	$5,655,000.00	$3,478,850.00	$26,249,387.60

Operating Leases. As of the date of this Official Statement, the District has the following operating leases outstanding:

Solar Lease. In August 2013, the District entered into a 20-year Solar Lease and Easement Agreement (the **"Solar Lease"**) under which Brightergy Leasing, LLC (**"Brightergy"**), has installed a grid-connected photovoltaic solar electric generating system at the District's high school, middle school and elementary school buildings. Under the Solar Lease, the District makes monthly lease payments of $1,140 for the use of the solar panels (increasing annually by 2%) and Brightergy guarantees that the amount of the lease payments will be less than the cost the District would have paid its electric utility company for the electricity generated by the solar panels. The remaining lease payments under the Solar Lease scheduled to become due in future fiscal years are as follows:

Fiscal Year Ended June 30	Total Lease Payments
2024	$16,458
2025	15,787
2026	17,123
2027	90,890
2028-2034	143,128
Total	$284,386

Laptop Lease. In April 2020, the District entered into a 51-month lease agreement for the purchase of Lenovo Chromebooks (the **"Laptop Lease"**). The Laptop Lease requires four annual lease payments of $74,210, which commenced July 2020 with the final lease payment due in July 2025. The remaining lease payments under the Laptop Lease scheduled to become due in future fiscal years are as follows:

Fiscal Year Ended June 30	Total Lease Payments
2024	$74,210
Total	$74,210

Copier Lease. In May 2021, the District entered into a 48-month copier lease agreement (the **"Copier Lease"**). The Copier Lease requires monthly lease payments of $4,098, which commenced June 2021 with the final monthly lease payment due in May 2025. The remaining lease payments under the Copier Lease scheduled to become due in future fiscal years are as follows:

Fiscal Year Ended June 30	Total Lease Payments
2024	$49,176
2025	45,077
Total	$94,253

Future Borrowing Plans

The District is using the last of its voted General Obligation authorization in this financing. The District expects to submit other capital projects to the voters in future years but has taken no formal action to schedule future elections. The District intends to issue approximately $4,000,000 par amount of Lease Purchase Debt in 2025 to fund certain improvements associated with HVAC equipment.

Overlapping or Underlying General Obligation Indebtedness

The following table sets forth overlapping and underlying general obligation indebtedness of political subdivisions with boundaries overlapping the District as of the date of this Official Statement (May 18, 2025), and the percent attributable (on the basis of assessed valuation figures for calendar year 2024) to the District. The table was compiled from public information furnished by the jurisdictions responsible for the debt, and the District has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which may be unknown to the District at this time and are not included below.

Jurisdiction[1]	Outstanding General Obligation Debt	Approx. Percent Attributable to the District	Amount Attributable to the District
Smithville Area Fire Protection District	$825,000	86.8%	$716,100
City of Smithville	1,775,000	100.0	1,775,000
		Total:	$2,491,100

Source: State Auditor of Missouri – Bond Registration Reports; most recent information available from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system; State Auditor of Missouri – Property Tax Rates Reports for calendar year ended 2024.

(1) The southern boundaries of the District overlap with a very small portion of the boundaries of the City of Kansas City, Missouri. Given the insignificant size of the overlap, the general obligation indebtedness of the City of Kansas City, Missouri, is not reflected.

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 noncertificated 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 teachers' 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 fiscal 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, including the Bond proceeds, 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 were 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 the 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 the section captioned **"Certain Permitted Fund Transfers –** ***Transfers from the Incidental Fund to the Debt Service Fund and/or the Capital Projects Fund*****"** herein.

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 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 their revenue from state and federal aid amounts rather than local taxes.

For the fiscal year ended June 30, 2024, the District's sources of revenue were as follows:

Source	Amount	%
Local Revenue:		
Property Taxes	$19,409,310	44.80%
Proposition “C” Sales Tax	3,550,465	8.20
Food Service	778,857	1.80
Student Activities	171,259	0.40
Other	2,341,155	5.40
County Revenue:		
Railroad & Utility Property Taxes	824,261	1.90
Fines, Forfeitures & Other	746,436	1.72
State Revenue	13,670,600	31.56
Federal Revenue	1,808,367	4.17
Other	21,483	0.05
Total Revenue	$43,322,193	100.00%

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

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 June 30	**Proposition C Revenue (Per Pupil)**
2024	$1,413
2023	1,314
2022	1,214
2021	1,046
2020	1,006

For the current 2024-2025 fiscal year, each school district is expected to receive approximately $1,514 per pupil from Proposition C revenues; 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. For fiscal years 2017 and 2018, DESE revised the thresholds downward as required under Senate Bill 586, which modified the definition of State Adequacy Target to require that a future recalculation of the State Adequacy Target never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018. For fiscal years 2019 and 2020, DESE revised the thresholds downward for FRL and IEP and upward for LEP. Beginning with the 2018-2019 fiscal year, certain school districts who operate early childhood education programs, such as the District, 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 thereaftersubsequent to fiscal year 2018.

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

Fiscal Year Ended June 30	**State Adequacy Target**
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 2020-2021 and 2021-2022 was 1.0780 and 1.0780, respectively. The DVM for the District for 2022-2023 is 1.0800 and the DVM for the District for 2023-2024 will be 1.0780.

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	$453
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 $621; 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.

Senate Bill 727. Several provisions of Semate Bill 727 passed by the Missouri Legislature ("**SB 727**") in the last session ("**SB 727**") will take effect in FY 2026, including the minimum teacher salary of $40,000 and the minimum salary of $46,000 for teachers with a master's degree and at least 10 years of experience.

Another provision of SB 727 is an incentive to maintain a calendar of at least 169 days. This incentive provision does not include any allowances for weather forgiveness, but weather makeup and forgiveness provisions do remain in place for minimum calendar compliance. AMI days count as days of instruction toward the 169-day incentive requirement since they replace a regular day of instruction for cancellations due to weather or other emergency circumstances. The incentive in FY 2026 is one percent (1%) of the prior year's state aid. The one percent (1%) amount for district LEAs will be determined based on Line 17 of the June 2025 Foundation Formula payment. Such funds are required to be used to increase teacher salaries. To qualify for the incentive for FY 2026, districts are required to provide a calendar that includes 169 days of instruction in school year 2024-25**.** The incentive will also be one percent (1%) in FY 2027, then two percent (2%) starting in FY 2028.

SB 727 also includes a provision to use weighted membership as part of the student count in the Foundation Formula, which phases in beginning in FY 2026. For the first year, 90% of the WADA calculation will be based on average daily attendance, and 10% will be based on weighted membership. The percentage based on weighted membership will increase by 10% annually until it represents 50% in FY 2030. The Basic Formula Calculation Tool has been updated to assist LEAs with future projections utilizing the provisions in SB 727.

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: (1) proceeds of general obligation bonds, such as the Bonds (which are repaid from a Debt Service Fund levy) and lease financings; (2) revenue from the school district's local property tax levy for the Capital Projects Fund; (3) certain permitted transfers from the Incidental Fund; and (4) a portion of the funds distributed to school districts from the Classroom Trust Fund.

Capital Projects Fund Levy. Prior to setting tax rates for the Teachers' and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers' and Incidental Funds to an amount below $2.75. For the current fiscal year ending June 30, 2025, the District's Capital Projects Fund levy is $0.5200 per $100 of assessed valuation.

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

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. The District made no transfer from the Incidental Fund to the Capital Projects Fund under this provision during the 2023-2024 fiscal year.

Fund Balances Summary

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District's audited financial statements for the fiscal years ended June 30, 2018 through 2022. The statement set forth below should be read in conjunction with the audited financial statements for fiscal year ended June 30, 2022, set forth in ***Appendix B*** to this Official Statement and the prior fiscal year financial statements on file at the District's office.

	2020	2021	2022	2023	2024
General (Incidental) Fund					
Balance--Beginning of Year	$4,754,986	$4,260,291	$4,832,245	$6,487,432	$7,691,741
Revenues	11,079,555	11,954,698	14,526,591	15,113,024	15,883,657
Expenditures	11,479,466	11,382,744	12,871,404	13,908,715	15,281,383
Transfers In (Out)	(94,784)	--	--	--	(509,223)
Balance--End of Year	$4,260,291	$4,832,245	$6,487,432	$7,691,741	$7,784,792
Special Rev. (Teachers') Fund					
Balance--Beginning of Year	$--	$--	$481,673	--	--
Revenues	15,930,945	17,392,759	16,101,871	17,970,163	18,969,707
Expenditures	16,025,729	16,911,086	16,583,544	17,970,163	19,478,930
Transfers In (Out)	94,784	--	--		509,223
Balance--End of Year	$--	$481,673	$--	--	--
Debt Service Fund					
Balance--Beginning of Year	$8,812,831	$4,287,044	$4,439,040	$4,991,051	$5,771,092
Revenues	3,372,893	2,955,374	3,858,930	4,217,560	5,655,608
Expenditures	7,898,680	2,803,378	3,306,919	3,437,519	6,072,232
Balance--End of Year	$4,287,044	$4,439,040	$4,991,051	$5,771,092	$5,354,468
Capital Projects Fund					
Balance--Beginning of Year	$2,579,361	$1,773,221	$14,136,413	$4,814,656	$18,893,661
Revenues	1,762,816	17,341,881[2]	2,191,871	3,000,630	3,746,264
Expenditures	2,568,956	4,978,689	11,513,628	6,421,625	12,806,542
Transfers In (Out)	--	--	--		
Balance--End of Year	$1,773,221	$14,136,413	$4,814,656	$18,893,661	$9,833,383
Total Funds					
Balance--Beginning of Year	$16,147,178	$10,320,556	$23,889,371	$16,293,139	$32,356,494
Revenues	32,146,209	49,644,712	36,679,263	40,301,377	44,255,236
Expenditures	37,972,831	36,075,897	44,275,495	41,738,022	53,639,087
				17,500,000[3]	
Balance--End of Year	$10,320,556	$23,889,371	$16,293,139	$32,356,494	$22,972,643
Ending Operating Fund [1] Balances as % of Operating Fund Disbursements	15.49%	18.78%	22.02%	20.35%	22.39%

Source: District's audited financial statements for fiscal years ended June 30, 2020 through 2024.

[1] The Operating Fund is defined to be the General (Incidental) Fund and Special Revenue (Teachers') Fund only.

[2] Includes proceeds of the District's General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2020, issued on November 10, 2020, in the principal amount of $14,100,000.

[3] Includes proceeds of the District's General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2024, issued on June 6, 2023, in the principal amount of $17,500,000.

Risk Management

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 maintained commercial insurance to protect itself from such risks. In addition, the District carries excess liability insurance in the amount of $2,000,000 for claims exceeding the general liability limit of $3,000,000.

Pension and Employee Retirement Plans

General. The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri (**"PSRS"**), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of school districts and certain other educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri (**"PEERS"**), which provides retirement and disability benefits to employees of school districts and certain other educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169 of the Revised Statutes of Missouri, as amended. 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, 2024.

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, 2024 (the **"2024 PSRS/PEERS Annual Financial Report"**), the comprehensive financial report for the plans, is available at https://www.psrs-peers.org/. The link to the 2024 PSRS/PEERS Annual Financial Report is provided for general background information only, and the information in the 2022 PSRS/PEERS Annual Financial Report is not incorporated by reference herein. The 2024 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, 2024, 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, 2024, 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 pre-funded ratios of 87.2% and 88.1%, respectively, as of June 30, 2024, according to the 2024 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 2024 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

	PSRS			PEERS		
Year Ended June 30	**Actuarially Determined Contribution**	**Actual Employer Contribution**	**Contribution Excess/ (Deficiency)**	**Actuarially Determined Contribution**	**Actual Employer Contribution**	**Contribution Excess/ (Deficiency)[1]**
2024	$832,366,273	$819,926,016	(12,440,257)	$163,252,197	$162,777,627	(474,570)
2023	771,873,895	792,646,705	20,772,810	145,744,095	147,463,789	1,719,694
2022	756,968,491	$764,348,407	$7,379,916	$134,786,669	$135,180,782	$394,113
2021	702,442,650	745,638,245	43,195,595	123,733,066	126,877,255	3,144,189
2020	679,495,757	724,995,473	45,499,716	119,461,270	124,544,728	5,08,458

Source: "Schedules of Employer Contributions" in the Financial Section of the 2024 PSRS/PEERS ACFR.

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

Schedule of Funding Progress

(Dollar amounts in thousands)

	PSRS			PEERS		
Year Ended June 30	**Actuarial Value of Assets**	**Actuarial Accrued Liability**	**Funded Ratio**	**Actuarial Value of Assets**	**Actuarial Accrued Liability**	**Funded Ratio**
2024	$51,430,822	$58,971,485	87.2%	$6,881,439	$7,810,188	88.1%
2023	49,122,410	57,193,631	85.9	6,459,684	7,401,637	87.3
2022	47,185,300	55,405,260	85.2	6,113,154	6,998,708	87.3
2021	45,033,548	52,834,297	85.2	5,756,526	6,560,854	87.7
2020	41,705,059	49,641,020	84.0	5,257,847	6,089,401	86.3

Source: "Schedules of Employer Contributions" in the Financial Section of the 2024 PSRS/PEERS ACFR.

As stated in the District's audited financial statements and the GASB 68 footnote disclosure 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

Fiscal Year Ended June 30	PSRS Annual Contribution*	PSRS Contribution (% of Payroll)	PEERS Annual Contribution*	PEERS Contribution (% of Payroll)
2024	$2,234,307	12.84%	$364,625	6.86%
2023	2,118,434	13.35	329,173	6.86
2022	1,961,928	14.49	290,359	6.86
2021	1,978,702	14.49	283,386	6.86
2020	1,929,395	14.43	269,163	6.86

Source: District's audited financial statements for fiscal years ended June 30, 2020 through June 30, 2024; Financial Statement Information Related to the Public School and Education Employee Retirement Systems of Missouri, prepared by PSRS and PEERS in about June 2022 for the District (Unaudited).

* The annual contributions equaled the amounts required by the PSRS Board for each year. 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.

The District's contribution to PSRS and PEERS during the fiscal year ended June 30, 2024 constituted approximately 4.85% of the District's total expenditures during the fiscal year. The District will be required to contribute 6.86% 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 year ended 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, the District's contribution to PSRS and PEERS represented 14.50% and 6.86, respectively, of the overall contributions to PSRS and PEERS during the fiscal year. Detailed information about the calculation of the net pension liability of the plans, including information about the assumptions used, is available in Note 6 of the 2024 PSRS/PEERS ACFR.

The net pension liability of PSRS and PEERS is based on a 7.3% discount rate, which was also the assumed investment rate of return for the plans effective for the fiscal year ended June 30, 2024. 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, 2025 (measured as of June 30, 2024) would be as follows:

Proportionate Share of Net Pension Liability Sensitivity

	1.0% Decrease (6.3%)	Current Discount Rate (7.3%)	1.0% Increase (8.3%)
District's proportionate share of PSRS net pension liability/(asset)	$14.365,678,623	$6,923,126,988	$760,740,888
District's proportionate share of PEERS net pension liability/(asset)	$1,818,041,384	$862,040,636	$65,453,746

For additional information regarding the District's pensions and employee retirement plans, see *Note D* to the District's financial statements for fiscal year ended June 30, 2024, included in ***Appendix B*** to this Official Statement. For additional information regarding PSRS and PEERS, see the 2024 PSRS/PEERS Annual Financial Report.

Other Employment Benefits; Self-Insurance Pool

The District participated in a self-insurance pool (the **"Self-Insurance Pool"**) for fiscal year ended June 30, 2022, which consisted of five Missouri school districts. The Self-Insurance Pool provides health and dental benefits for eligible employees of the District and their eligible dependents. The Self-Insurance Pool of Greater Kansas City (the **"Plan"**) is a Public Benefit Corporation formed under Missouri not-for-profit corporate statutes. The Missouri Department of Insurance has granted the Plan a Certificate of Authority as a Self-Insured Political Subdivision Assessable. The District is a voting member of the Plan on all Plan matters including the development of funding methods and the payment of claims in accordance with the approved Plan documents. These responsibilities also include the setting of the rate structure annually based upon actuarial projections and the Plan benefits. The Plan has the right to assess participating entities additional premiums when premiums do not produce sufficient funds to make claim payment due for the year, and may also issue refunds when revenues exceed expenses and adequate reserves.

The District's funding to the Plan for fiscal year ended June 30, 2024, was as follows:

Employer (District) contributions	$2,353,159
Employee contributions	561,667
COBRA/Retiree	252,167
Total Contributions	$3,165,993

Source: District's audited financial statements for fiscal year ended June 30, 2024.

For additional information regarding the District's participation in the Self-Insurance Pool and Plan, see *Note E* to the District's financial statements for fiscal year ended June 30, 2024, included in ***Appendix B*** to this Official Statement.

Employee Relations

Teachers in the District belong to the Missouri State Teachers Association, the Missouri National Education Association or are not affiliated. The Board of Education makes the final decisions on all matters of policy, salaries and working conditions without fact finding, mediation or arbitration.

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 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%

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; poultry, 12%; and certain tools and equipment used for pollution control, used in retooling for the purpose of introducing new product lines or used for making improvements to existing products by certain types of companies specified by state law, 25%.

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, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

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

Current Assessed Valuation. The following table shows the total locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District) according to the assessments, after Board of Equalization adjustments, for property owned as of January 1, 2024.

Type of Property	Total Assessed Valuation	Assessment Rate	Total Estimated Actual Valuation	% of Actual Valuation
Real:				
Residential	$288,799,842	19.00%	$1,510,999,168	69.28%
Agricultural	2,997,289	12.00%	24,977,408	0.72%
Commercial	40,843,105	32.00%	127,634,703	9.81%
Total Real	$332,640,236		$1,663,611,279	79.81%
Personal	84,123,806	33.33%	252,371,418	20.19%
Total Real & Personal	$416,835,439[3]		$1,915,982,697	100.00%

Source: Notices of 2024 Assessed Valuation, after of Equalization adjustments, provided by the County Clerks of Clay, Platte and Clinton Counties.

(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.

(3) Total Real and Personal includes RR&U Locally Assessed Real and Personal Property totalling $71,397.

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, after Board of Equalization adjustments, in each of the following years has been as follows:

Calendar Year	Assessed Valuation	% Change
2024	$416,835,439	2.624%
2023	406,190,262	16.80
2022	347,750,185	7.53
2021	323,411,444	13.88
2020	283,989,519	3.72

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2020 through 2024.

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 1.5% 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 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.

Currently, certain portions of the District are located in tax increment financing redevelopment areas (**"TIF Redevelopment Areas"**). Tax increment financing does not diminish the amount of property tax revenues collected by the District in an affected area compared to prior to the establishment of a TIF Redevelopment Area but instead acts to freeze such revenues at current levels (the **"Base"**) 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 above the Base (the **"TIF Increment"**). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

According to the Clay County Assessor's office, the assessed valuation of the TIF Increment within the TIF Redevelopment Areas within the District is approximately $6,075,540 for the 2024 tax year. See **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – *Current Assessed Valuation*"** and **"– *History of Property Valuations*."** For additional information regarding tax increment financing within the District.

Tax Rates

Debt Service Levy. The District's debt service levy for the current fiscal year ending June 30, 2025, is $1.2163 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 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.

In an election held April 8, 2025, District voters approved a proposition authorizing an increase the operating tax levy ceiling by $0.30 per $100 of assessed valuation according to the 2025 assessment for operating expenses of the District, including increasing compensation for employees in order to attract and retain faculty and staff. With the passage of this proposition the adjusted operating levy of the District will be $3.8341 per one hundred dollars of assessed valuation.

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 nonreassessment 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 $3.5341 per $100 of assessed valuation, which is equal to the District's tax rate ceiling for said fiscal year.

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	$2.1341	$1.0500	$1.2163	$0.3500	$4.7504
2024	1.9452	1.0500	1.2552	0.5000	4.7504
2023	2.1799	1.0500	1.0905	0.5200	4.8404
2022	2.1692	1.0500	1.1012	0.5200	4.8404
2021	2.5288	1.0500	1.0012	0.5200	5.1000
2020	2.3765	1.0500	1.1535	0.5200	5.1000

Source: For fiscal year ending June 30, 2024, Missouri State Auditor Property Tax Rate Report for the calendar year 2023 property tax rates; for fiscal years ended June 30, 2019 through 2024, District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2019 through 2024.

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 during the following five fiscal years ended June 30, 2020 through June 30, 2024:

Fiscal Year Ended June 30	Total Levy	Total Taxes Levied[1]	Current & Delinquent Taxes Collected[2] Amount	%
2024	$4.7504	$16,697,399	$19,409,310	116.24
2023	4.8404	16,832,500	16,696,924	99.19
2022	4.8404	15,654,408	15,585,899	99.56
2021	5.1000	14,483,465	14,424,838	99.60
2020	5.1000	13,961,030	13,753,378	98.51

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2020 through 2024

[1] Total Taxes Levied is calculated by dividing Assessed Valuation for the previous calendar year by 100 and multiplying by the Total Levy.

[2] Delinquent taxes are shown in the year payment is actually received, which may cause percentage of Current and Delinquent Taxes Collected to exceed 100%.

Major Property Taxpayers

Real Property Taxpayers. The following table sets forth the largest real property taxpayers in the District based on the valuation of real property owned as of January 1, 2023, after Board of Equalization

Owner	Type of Use	2023 Assessed Valuation	Approx. Percentage of District's Total 2024 Assessed Valuation
IIP-MO I LLC	Self-storage Facilities	$6,746,270	23.74%
Development Associates Smithville LLC	Commercial real estate development	3,820,280	13.44%
Laclede Gas Co.	Natural gas utility	3,118,840	10.97%
Equestrian Life Clay Creek LLC	Townhomes/apartments	2,832,160	9.97%
Alto Asset Company 4 LLC	Townhomes/apartments	1,566,240	5.51%
Platte-Clay Electric Co-Op	Electric utility	1,462,340	5.15%
Kansas City Properties & Invest., LLC	Property investments	1,125,590	3.96%
Pratt Land LLC	Unknown	1,112,480	3.91%
Kansas City Garage Storage Op, LLC	Storage	1,096,990	3.86%
Alto Asset Company 2 LLC	Townhomes/apartments	876,740	3.08%
Second Wind Reserve LLC	Real estate holding company	780,230	2.75%
Essers INC	Plumbing	715,210	2.52%
North I 435 Storage LLC	Storage	714,320	2.51%
RecNation MO 1 LLC	RV & Boat Storage	694,590	2.44%
Major Lumber Co Inc	Lumber yard	599,870	2.11%
Romeo Homes Kansas LLC	Homes	580,060	2.04%
Muth Properties LLC	Home & Storage Building	578,080	2.03%
	Total:	$28,420,290	

Source: Clay County Assessor's Office

Personal Property Taxpayers. The following table sets forth the largest personal property taxpayers in the District based on the valuation of personal property owned as of January 1, 2023, after Board of Equalization adjustments. The District has not independently verified the accuracy or completeness of such information:

Owner	Type of Use		2023 Assessed Valuation	Approx. Percentage of District's Total 2024 Assessed Valuation
Major Ronald H	Lumber yard		$707,930	14.55%
Littleton L David	Car dealer		700,090	14.39%
Porter Linda L	Hardware, lumber		688,540	14.15%
Great Central Truck Leasing Inc.	Freight truck leasing		518,422	10.65%
Consentino Enterprises Inc.	Grocery retail		348,576	7.16%
DS Bus Lines, Inc.	School buses		288,390	5.93%
Minder Plumbing Inc	Plumbing services		279,372	5.74%
Clarkson Equipment LLC	Agricultural equipment		273,813	5.63%
Spire Energy	Natural Gas Utility		247,768	5.09%
Blue Moon Hauling LLC	Excavation, demolition		219,746	4.52%
Farm Credit Leasing Services Corp	Leasing		162,738	3.34%
Brinkley Construction Co Inc	Home construction		123,580	2.54%
SpecPro Environmental Services LLC	Facility & Fuel Infrastructure		107,677	2.21%
Jayhawk Foods, LLC	Foods Distribution		100,000	2.05%
169 Café	Diner		100,000	2.05%
		Total:	$4,866,642	

Source: Clay County Assessor's Office

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APPENDIX B

SMITHVILLE R-II SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SMITHVILLE R-II SCHOOL DISTRICT
SMITHVILLE, MISSOURI

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2024

SMITHVILLE R-II SCHOOL DISTRICT
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WESTBROOK & CO., P.C.
Certified Public Accountants
"Consistently Exceeding Expectations"

749 Driskill Drive
Richmond, MO 64085

306 North Mason
Carrollton, MO 64633

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Smithville R-II School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Smithville R-II 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 modified cash basis financial position of the governmental activities and each major fund of Smithville R-II School District as of June 30, 2024, and the respective changes in modified cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note A.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Member, American Institute of Certified Public Accountants; Missouri Society of Certified Public Accountants

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, on pages 4 through 11, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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
December 9, 2024

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F: (816) 532-4192
SmithvilleSchoolDistrict.net

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

The discussion and analysis of Smithville R-II School District's financial performance provides an overview of the District's financial activities for the fiscal year that ended on June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the basic financial statements, notes to the financial statements and other supplemental information to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2024 fiscal year are as follows:

1) Operating fund balances for the District (General Fund and Special Revenue Fund) increased by $93,051 from $7,691,741 to $7,784,792. The District's unrestricted ending fund balance ratio decreased to 22.40% from the previous year's ratio of 24.07%.

2) District operating funds revenues increased by $1,770,177 from $33,083,187 to $34,853,364. The increase was the result of increased assessed valuation.

3) District operating funds expenditures increased by $2,881,435 from $31,878,878 to $34,760,313. This increase was primarily related to increased personnel costs from the previous year.

4) The District's long-term debt decreased by $4,620,000 from $76,484,000 to $71,864,000. The decrease was a result of annual principal payments.

5) The ending balance in the Capital Projects Fund decreased by $9,060,278 from $18,893,661 to $9,833,383. The decrease was related to the construction costs relate to the projects included in the Series 2023 GO bond. These funds were restricted to the projects listed in the bond project.

Using this Annual Report

This annual report consists of two distinct series of financial statements: the district-wide reports and fund financials.

Government-wide Financial Reports: Provide both *short-term* and *long-term* information about the District's overall financial status. Government-wide statements include the Statement of Net Position and Statement of Activities. Fund Financial Statements: Focus on *individual funds* of the District, reporting activities in *more detail*. These statements show how services were financed in the short-term as well as what remains for future spending.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why" or "Why not." The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The statements include *all assets* and *liabilities* using the *modified cash basis of accounting*.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting, under which revenues are recorded when received rather than when susceptible to accrual, and expenditures are recorded when paid rather than when the fund liability is incurred, except for teachers' salaries. Such teachers' salaries are recorded as expenditures paid in the fiscal year in which the obligations under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year.

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

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

Reporting the District's Most Significant Funds

Fund financial reports provide detailed information about the District's major funds. 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:

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.

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.

The District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary and comparison of the District's net position for 2024 and 2023:

TABLE 1	Governmental Activities	
	2024	2023
ASSETS		
Cash and cash equivalents	$ 22,972,643	$ 32,356,494
NET POSITION		
Restricted for:		
Professional development	$ -	$ 18,495
Capital outlay	9,833,383	18,893,661
Debt service	5,354,468	5,771,092
Unrestricted	7,784,792	7,673,246
Total Net Position	$ 22,972,643	$ 32,356,494

Total assets on June 30, 2024 were reported at $22,972,643.

Unrestricted net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements was $7,784,792. The District has also restricted net position of $5,354,468 to comply with requirements imposed by creditors; and $9,833,383 restricted for capital outlay.

Table 2 shows the change in net position for fiscal years 2024 and 2023.

TABLE 2 **REVENUES**	2024	2023
Program Revenues:		
Charges for services	$ 1,754,417	$ 1,747,208
Operating grants and contributions	4,564,535	4,346,503
Capital grants and contributions	16,311	111,087
Total Program Revenues	6,335,263	6,204,798
General Revenues:		
Basic formula	11,591,605	11,607,859
Property taxes	19,409,311	16,696,924
Sales tax	3,550,464	3,300,842
Earnings on investments	1,717,506	1,207,774
State assessed utilities	824,261	679,530
M & M surtax	448,576	379,832
Federal properties	45,246	17,980
Fines and escheats	32,673	57,930
Other revenue	300,331	147,908
Total General Revenues	37,919,973	34,096,579
Special item - proceeds from bonds	-	17,500,000
Total General Revenues and Special item	37,919,973	51,596,579

Total Revenues	44,255,236	57,801,377
PROGRAM EXPENSES		
Instruction	17,395,300	15,864,469
Student activities	2,032,986	1,982,479
Student services	1,937,007	1,804,562
Instructional staff support	988,540	988,926
Building administration	2,259,279	2,089,678
General administration and central services	3,626,406	3,205,046
Operation of plant	3,911,882	3,371,065
Transportation	1,744,233	1,780,710
Food service	1,132,867	946,359
Community services	469,969	417,832
Facility acquisition and construction	10,683,987	4,460,463
Debt service:		
Principal retirement	4,620,000	2,510,000
Interest and fees	2,836,631	2,316,433
Total Governmental Activities Expenses	53,639,087	41,738,022
CHANGE IN NET POSITION	(9,383,851)	16,063,355
Net Position Beginning of Year	32,356,494	16,293,139
Net Position End of Year	$ 22,972,643	$ 32,356,494

Governmental Activities

Revenues

General revenues totaled $37,919,973. The three largest sources of general revenue for Smithville R-II School District are generated from local property taxes $19,409,311, the State Basic Foundation Formula $11,591,605 and Proposition C sales tax $3,550,464. Program specific revenues in the form of operating grants totaled $4,564,535. State and federal reimbursement for transportation and food service were $888,239 and $380,106, respectively. Charges for services, including student activities and food service, totaled $1,754,417.

Expenditures

Expenditures for governmental activities totaled $53,639,087. Only $6,335,263 was offset by program specific charges for services, grants or contributions. General revenues, primarily property taxes, sales tax, the basic formula and to a lesser extent state assessed utilities, fines and earnings on investments provided for program activities.

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	$ 17,395,300	$ 14,207,674	$ 15,864,469	$ 13,049,007
Student activities	2,032,986	1,302,932	1,982,479	1,195,965
Student services	1,937,007	1,937,007	1,804,562	1,804,562
Instructional staff support	988,540	882,943	988,926	726,186
Building administration	2,259,279	2,259,279	2,089,678	2,089,678
General administration and central services	3,626,406	3,626,406	3,205,046	3,205,046
Operation of plant	3,911,882	3,901,887	3,371,065	3,371,065
Transportation	1,744,233	840,849	1,780,710	890,778
Food service	1,132,867	(26,096)	946,359	(355,975)
Community services	469,969	230,325	417,832	270,016
Facility acquisition and construction	10,683,987	10,683,987	4,460,463	4,460,463
Debt service:		-		-
Principal retirement	4,620,000	4,620,000	2,510,000	2,510,000
Interest and fees	2,836,631	2,836,631	2,316,433	2,316,433
Total Governmental Activities	$ 53,639,087	$ 47,303,824	$ 41,738,022	$ 35,533,224

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 pupils.

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

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

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

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

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

Community services includes expense related to 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 purpose of motivation, enjoyment and skill improvement.

Facility acquisition and construction includes expenditures for land or existing buildings, improvement 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 funds are accounted for using the modified cash basis of accounting. All governmental funds had total revenues of $44,255,236 and total expenditures of $53,639,087. The net change in fund balances for the year was a decrease of $9,383,851.

General Fund Budgeting Highlights

Missouri statutes are very specific regarding public school finance. These laws establish funds which must be used in the accounting process and place certain limits upon the use of revenue and expenditure transactions allowed in these funds. The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis. The most significant budgeted fund is the General Fund. During the course of the year, the District amended the General Fund budget numerous times.

Major reasons for budget amendments during the 2024 fiscal year are as follows:

- The preliminary budget must be constructed before final local property tax and state revenue figures are available. Final assessed valuation numbers, which directly impact property tax revenue, as expected, varied from preliminary projections.
- Adjustments in certified staff placement on the salary schedule as a result of advance graduate hours.
- Increased instructional costs associated with special programs.
- Changes in enrollment which result in fluctuations in revenue and expenses.
- All funds budgeted in the General Fund were not expended.

General Fund actual revenues were $15,883,657, representing a $676,088 increase over the original budget estimate of $15,207,569. General Fund actual expenditures were $15,281,383 representing a $839,022 increase from the original budget estimate of $14,442,361. Most of the variance is due to reasons cited above. In general, the District follows a practice of budgeting for revenue conservatively low and for expenditures conservatively high.

Debt Administration

As of June 30, 2024, the District had $71,864,000 in outstanding debt. This represents a decrease of $4,620,000 from the $76,484,000 in outstanding debt that existed as of June 30, 2023.

TABLE 4

Outstanding Debt

	2024	2023
Series 2010A Taxable QSBC General Obligation Bonds	$ 3,489,000	$ 3,489,000
Series 2012 General Obligation Refunding Bonds	-	850,000
Series 2014 General Obligation Refunding Bonds	-	735,000
Series 2015 General Obligation Refunding Bonds	2,300,000	2,800,000
Series 2017 General Obligation Building Bonds	9,375,000	9,375,000
Series 2017A General Obligation Refunding Bonds	5,075,000	5,075,000
Series 2018 General Obligation Building Bonds	3,125,000	3,125,000
Series 2020 General Obligation Building Bonds	14,100,000	14,100,000
Series 2023 General Obligation Building Bonds	15,590,000	17,500,000
Series 2015 Refunding Certificates of Participation	625,000	750,000
Series 2017 Certificates of Participation	12,530,000	13,030,000
Series 2018 Certificates of Participation	5,655,000	5,655,000
	$ 71,864,000	$ 76,484,000

The Series 2010A Bonds in the amount of $3,489,000 were utilized to construct, improve, furnish and equip school facilities, including a performing arts center, practice gymnasium, parking improvements, and renovation of existing facilities.

The Series 2015 General Obligation Refunding bonds in the amount of $7,825,000, refunded the remaining portions of the Series 2007 and 2009 bonds. This refunding resulted in an economic gain of $817,613.

The Series 2017 General Obligation Building bonds in the amount of $9,375,000 were issued for the purpose of District renovations at the Primary Elementary School, classroom additions and renovations at the High School, roofing and asphalt improvements, and security enhancements.

The Series 2017A General Obligation Refunding bonds in the amount of $5,075,000 refunded the Series 2010B bonds. This refunding resulted in an economic gain of $886,612.

The Series 2018 General Obligation Building bonds in the amount of $3,125,000 were issued for the purpose of constructing, improving, furnishing and equipping school facilities, including renovating the Primary Elementary school, classroom additions and renovations at the High School.

The Series 2020 General Obligation Building Bonds in the amount of $14,100,000 were issued for the purpose of constructing, improving, renovating, furnishing and equipping school facilities, including the construction of six additional classrooms at Eagle Heights Elementary School; the construction of a field house/activity center at the stadium; the construction and installation of playground improvements and the installation of various mechanical improvements.

The Series 2023 General Obligation Building Bonds in the amount of $17,500,000 were issued for the purpose of constructing, improving, renovating, furnishing and equipping school facilities, including constructing a new transportation/maintenance facility, installing safety and security upgrades, improving sidewalks, installing new HVAC units, converting the Smithville Middle School athletic field and renovating the Smithville High School gymnasium.

The Series 2015 Refunding Certificates of Participation in the amount of $1,525,000 refunded the Series 2007 Certificates of Participation.

The Series 2017 Certificates of Participation in the amount of $15,750,000 were for the purpose of constructing, improving, furnishing and equipping school facilities, and renovating and equipping District buildings for energy conservation purposes.

The Series 2018 Certificates of Participation in the amount of $5,655,000 were for the purpose of constructing, furnishing and equipping a third elementary school.

Current Financial Issues and Concerns

The Smithville R-II School District is financially sound, but like many school districts across the nation, is facing increasing budgetary pressure, most notable items include:

- uncertain enrollment as housing prices create an entry barrier to young families with children entering the District;
- the need for salary increases in order to be competitive with surrounding school districts and employers in attracting highly qualified employees;
- continued projected increases in the cost of employee health and dental benefits;
- budget reductions already realized leave less budget flexibility for offsetting unexpected costs or any new initiatives;
- inflationary costs associated with operating a school district including, but not limited to, utility costs, supplies, contracted services, learning resources, and technology;
- Implementation of the strategic plan continues and will guide the District for the next 4 years. New strategies developed from this plan may have long term expenditures currently not identified.
- Finally, uncertain funding from state and local government.

The District opened the FY25 school year with 22.40% reserves in the General and Special Revenues Funds, down from the previous year's balance of 24.07%. As approximately 60% of FY25 revenue will be received from local sources, the Smithville R-II School District continues to heavily depend on its property taxpayers to provide funding for its schools. The District is appreciative and proud of the support it receives from the Smithville community.

In conclusion, the Smithville R-II School District has committed itself to maintaining sound financial practices. In addition, the school district's system for financial planning, budgeting and internal controls are well regarded. The school district plans to continue its sound and prudent fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, investors and creditors with a general overview of Smithville R-II School 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 Dr. Mark Maus, Superintendent of Schools, at 655 South Commercial, Smithville, Missouri 64089.

SMITHVILLE R-II SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	$ 22,972,643
NET POSITION	
Restricted for:	
Capital outlay	$ 9,833,383
Debt service	5,354,468
Unrestricted	7,784,792
Total net position	$ 22,972,643

See accompanying notes to the basic financial statements.

SMITHVILLE R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

		PROGRAM REVENUES			Net (Expenditures) Revenues and Change in Net Position
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govermental
GOVERNMENTAL ACTIVITIES					
Instruction	$ 17,395,300	$ 220,366	$ 2,950,949	$ 16,311	$ (14,207,674)
Student activities	2,032,986	730,054	-	-	(1,302,932)
Student services	1,937,007	-	-	-	(1,937,007)
Instructional staff support	988,540	-	105,597	-	(882,943)
Building administration	2,259,279	-	-	-	(2,259,279)
General administration and central services	3,626,406	-	-	-	(3,626,406)
Operation of plant	3,911,882	9,995	-	-	(3,901,887)
Transportation	1,744,233	15,145	888,239	-	(840,849)
Food service	1,132,867	778,857	380,106	-	26,096
Community services	469,969	-	239,644	-	(230,325)
Facility acquisition and construction	10,683,987	-	-	-	(10,683,987)
Debt service:					
Principal retirement	4,620,000	-	-	-	(4,620,000)
Interest and fees	2,836,631	-	-	-	(2,836,631)
Total Governmental Activities	$ 53,639,087	$ 1,754,417	$ 4,564,535	$ 16,311	(47,303,824)

General Revenues:	
Basic formula	11,591,605
Property taxes	19,409,311
Sales tax	3,550,464
Earnings on investments	1,717,506
State assessed utilities	824,261
M & M surtax	448,576
Federal properties	45,246
Fines and escheats	32,673
Other revenue	300,331
Total General Revenues	37,919,973
Change in net position	(9,383,851)
Net Position Beginning of Year	32,356,494
Net Position End of Year	$ 22,972,643

See accompanying notes to the basic financial statements.

SMITHVILLE R-II SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 7,784,792	$ -	$ 5,354,468	$ 9,833,383	$ 22,972,643
FUND BALANCES					
Fund balances:					
Restricted	$ -	$ -	$ 5,354,468	$ 7,395,318	$ 12,749,786
Assigned	1,246,249	-	-	2,438,065	3,684,314
Unassigned	6,538,543	-	-	-	6,538,543
Total fund balances	$ 7,784,792	$ -	$ 5,354,468	$ 9,833,383	$ 22,972,643

See accompanying notes to the basic financial statements.

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	$ 12,059,365	$ 6,174,043	$ 5,303,764	$ 3,646,920	$ 27,184,092
County	1,063,882	246,085	177,697	83,033	1,570,697
State	1,773,787	11,880,499	-	16,311	13,670,597
Federal	965,140	669,080	174,147	-	1,808,367
Other	21,483	-	-	-	21,483
Total Revenues	15,883,657	18,969,707	5,655,608	3,746,264	44,255,236
EXPENDITURES:					
Instruction	3,424,360	13,854,704	-	116,236	17,395,300
Student activities	1,305,289	727,697	-	-	2,032,986
Student services	851,476	1,078,506	-	7,025	1,937,007
Instructional staff support	254,456	731,773	-	2,311	988,540
Building level administration	670,647	1,586,630	-	2,002	2,259,279
General administration & central services	2,092,089	1,367,334	-	166,983	3,626,406
Operation of plant	3,493,298	-	-	418,584	3,911,882
Pupil transportation	1,656,454	87,779	-	-	1,744,233
Food service	1,108,499	-	-	24,368	1,132,867
Community services	424,815	44,507	-	647	469,969
Facility acquisition and construction	-	-	-	10,683,987	10,683,987
Debt service:					
Principal retirement	-	-	3,995,000	625,000	4,620,000
Interest and fees	-	-	2,077,232	759,399	2,836,631
Total Expenditures	15,281,383	19,478,930	6,072,232	12,806,542	53,639,087
Revenues Over (Under) Expenditures	602,274	(509,223)	(416,624)	(9,060,278)	(9,383,851)
Other Financing Sources (Uses):					
Transfers	(509,223)	509,223	-	-	-
Net change in fund balances	93,051	-	(416,624)	(9,060,278)	(9,383,851)
Fund balance, beginning	7,691,741	-	5,771,092	18,893,661	32,356,494
Fund balance, ending	$ 7,784,792	$ -	$ 5,354,468	$ 9,833,383	$ 22,972,643

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has determined that no other 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. The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District’s governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

Major Governmental Funds:

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Government-wide Financial Statements: The government-wide financial statements are prepared using the total economic 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 modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions. Salaries for teachers are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Pooled Cash: 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. Sick leave amounts unused and which are vested in the employee are payable upon retirement or separation. On an annual basis, accumulated sick leave in excess of 110 days, up to 12 days, is paid at the rate of 45% to 75% of the regular substitute rate of pay, based on years of service.

Teachers’ Salaries: Payroll checks written and held at June 30, 2024, for July and August 2024 payrolls from 2023-2024 contracts in the amount of $3,008,366 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2024, the bank balances of the District's deposits totaled $5,377,132. Of this amount, $250,000 was covered by FDIC insurance and $5,127,132 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

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

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation.

The District 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 $1,170,789 invested with MOHEFA at June 30, 2024.

The District also has an escrow fund to which intercepted state aid is credited to pay the debt service requirements of the District's outstanding Series 2010A General Obligation Qualified School Construction Bonds. At June 30, 2024, the escrow fund balance was $539,152.

The Missouri Securities Investment Program (MOSIP) is professionally managed by PFM Asset Management LLC, a registered investment adviser, who is one of the nation's largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAA by Standard and Poor's and meet the permitted investment statutes for Missouri Schools. The District has $2,497,084 invested with MOSIP at June 30, 2024.

MOCAAT is professionally managed by PMA Financial Network, a registered investment adviser, who is one of the nations' largest administrators of local government investment programs. All investments in the MOCAAT pool are rated AAA by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. The District had $18,104,736 invested with MOCAAT at June 30, 2024.

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

NOTE C - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties of Clinton, Clay and Platte collect the property taxes and remit them 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	$ 283,707,291
Agricultural	2,978,682
Commercial	45,899,267
Personal property	73,605,022
Total	$ 406,190,262

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

	Unadjusted	Adjusted
General Fund	$ 1.9452	$ 1.9452
Special Revenue Fund	1.0500	1.0500
Debt Service Fund	1.2552	1.2552
Capital Projects Fund	0.5000	0.5000
	$ 4.7504	$ 4.7504

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2024, aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

NOTE D - RETIREMENT PLAN

The Public School Retirement System of Missouri (PSRS), is a mandatory cost-sharing multiple-employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, 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, knows as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The member's benefits are further calculated at two-thirds the normal benefit amount. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psrs-peers.org.

NOTE D - RETIREMENT PLAN (continued)

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

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 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, were $2,119,377 equal to the required contributions. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2024, were $114,930, equal to the required contributions.

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

NOTE D - RETIREMENT PLAN (continued)

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.psrs-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 statuary 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, were $364,625, equal to the required contributions.

NOTE E - 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 maintained commercial insurance to protect itself from such risks. In addition, the District carries excess liability insurance in the amount of $2,000,000 for claims exceeding the general liability limit of $3,000,000.

<u>Self-Insurance Pool</u>: The District participated in a self-insurance pool for 2024, which consisted of five Missouri School Districts. The Pool provides health and dental benefits for eligible employees of the District and their eligible dependents.

The Self-Insurance Pool of Greater Kansas City (the Plan) is a Public Benefit Corporation formed under Missouri not-for-profit corporate statutes. The Missouri Department of Insurance has granted the Plan a Certificate of Authority as a Self-Insured Political Subdivision Assessable. The District is a voting member of the Plan on all Plan matters including the development of funding methods and the payment of claims in accordance with the approved Plan documents. These responsibilities also include the setting of the rate structure annually based upon actuarial projections and the Plan benefits.

The Plan has the right to assess participating entities additional premiums when premiums do not produce sufficient funds to make claim payment due for the year, and may also issue refunds when revenues exceed expenses and adequate reserves.

NOTE E - INSURANCE (continued)

The District's funding to the Plan for 2024 was as follows:

Employer contributions	$ 2,352,159
Employee contributions	561,667
COBRA/Retiree	252,167
Total contributions	$ 3,165,993

NOTE F - TAX ABATEMENTS

The District's 2023 property tax revenues were reduced by $288,011 under agreements provided by City of Smithville.

NOTE G - 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 in one year
Bonds payable	$ 57,049,000	$ -	$ 3,995,000	$ 53,054,000	$ 985,000
Certificates of participation	19,435,000	-	625,000	18,810,000	665,000
Total	$ 76,484,000	$ -	$ 4,620,000	$ 71,864,000	$ 1,650,000

NOTE H - BONDS PAYABLE

Bonds payable at June 30, 2024, consist of:

Series 2010A taxable general obligation qualified school construction bonds due in varying annual installments through March 1, 2027; interest at 5.51%	$ 3,489,000
Series 2015 general obligation refunding bonds due in varying annual installments through March 1, 2027; interest at 3%	2,300,000
Series 2017 general obligation school building bonds due in varying annual installments through March 1, 2036; interest at 4%	9,375,000
Series 2017A general obligation school refunding bonds due in varying annual installments through March 1, 2030; interest at 3.00-4.00%	5,075,000
Series 2018 general obligation school building bonds due in varying annual installments through March 1, 2038; interest at 4.00-4.50%	3,125,000
Series 2020 general obligation building bonds due in varying annual installments through March 1, 2040; interest at 3.00-4.00%	14,100,000
Series 2023 general obligation building bonds due in varying annual installments through March 1, 2043; interest at 4.00-5.25%	15,590,000
	$ 53,054,000

NOTE H - BONDS PAYABLE (continued)

Debt service requirements to maturity are:

Year Ending June 30,	Principal	Interest	Total
2025	$ 985,000	$ 1,950,236	$ 2,935,236
2026	1,165,000	1,914,986	3,079,986
2027	4,314,000	1,872,236	6,186,236
2028	2,015,000	1,839,113	3,854,113
2029	2,225,000	1,775,163	4,000,163
2030	2,485,000	1,686,163	4,171,163
2031	1,750,000	1,585,263	3,335,263
2032	1,985,000	1,511,513	3,496,513
2033	2,240,000	1,428,263	3,668,263
2034	2,505,000	1,332,538	3,837,538
2035	2,805,000	1,226,025	4,031,025
2036	3,080,000	1,106,888	4,186,888
2037	3,145,000	979,563	4,124,563
2038	3,155,000	849,450	4,004,450
2039	3,700,000	727,500	4,427,500
2040	3,850,000	616,500	4,466,500
2041	3,500,000	501,000	4,001,000
2042	3,875,000	326,000	4,201,000
2043	4,275,000	171,000	4,446,000
Total	$ 53,054,000	$ 23,399,400	$ 76,453,400

NOTE I - CERTIFICATES OF PARTICIPATION

On September 28, 2015, the District issued $1,600,000 Series 2015 Lease Refunding Certificates of Participation to refinance the Series 2007 Lease Certificates of Participation. The lease is for thirteen years requiring varying annual installments through April 1, 2028, interest ranging from 2.0% to 3.0%.

On April 12, 2017, the District issued $15,750,000 Series 2017 Lease Certificates of Participation to finance the cost of constructing, improving, furnishing and equipping school facilities. The lease is for twenty-five years requiring varying annual installments through April 1, 2042; interest ranging from 3.0% to 4.0%.

On April 25, 2018, the District issued $5,655,000 Series 2018 Lease Certificates of Participation to finance the cost of constructing, improving, furnishing and equipping school facilities. The lease is for twenty-five years requiring varying annual installments through April 1, 2043; interest ranging from 4.0% to 5.0%.

NOTE I - CERTIFICATES OF PARTICIPATION (continued)

Debt service requirements to maturity:

Year Ending June 30,	Principal	Interest	Total
2025	$ 665,000	$ 737,581	$ 1,402,581
2026	680,000	717,631	1,397,631
2027	700,000	697,231	1,397,231
2028	735,000	676,231	1,411,231
2029	760,000	653,481	1,413,481
2030	810,000	627,394	1,437,394
2031	840,000	598,744	1,438,744
2032	880,000	568,269	1,448,269
2033	915,000	535,469	1,450,469
2034	965,000	500,531	1,465,531
2035	1,005,000	463,656	1,468,656
2036	1,050,000	424,350	1,474,350
2037	1,095,000	382,350	1,477,350
2038	1,145,000	338,550	1,483,550
2039	1,195,000	292,750	1,487,750
2040	1,250,000	241,350	1,491,350
2041	1,305,000	187,550	1,492,550
2042	1,365,000	131,350	1,496,350
2043	1,450,000	72,500	1,522,500
Total	$ 18,810,000	$ 8,846,968	$ 27,656,968

NOTE J - LEASE COMMITMENTS

On August 26, 2013, the District entered into a 20-year lease and easement agreement for the installation of solar panels at the high school, middle school and elementary school buildings. The lease requires initial monthly payments of $1,140 increasing annually by 2%.

On May 21, 2021, the District entered into a 48-month copier lease agreement. The lease requires monthly installments of $4,098 starting June 2021.

The future required minimum lease payments on these leases are as follows:

Year Ending June 30,	Solar Panels	Copiers	Total
2025	$ 16,787	$ 49,176	$ 65,963
2026	17,123	-	17,123
2027	17,466	-	17,466
2028	17,815	-	17,815
2029	18,170	-	18,170
2030 and thereafter	89,678	-	89,678
Total	$ 177,039	$ 49,176	$ 226,215

Lease expense for the year ended June 30, 2024 was $139,843.

NOTE K - 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.

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

Nonspendable fund balance - Represents amounts that cannot be spent due to their form or are required to be maintained intact.

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

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

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

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

NOTE K - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

For all funds, when both restricted and unrestricted funds are available for expenditure, unrestricted funds should be spent first unless legal requirements disallow it. When committed, assigned and restricted funds are available for expenditures, assigned funds should be spent first, committed funds second and restricted funds last. The year-end audit process will establish the fund balance restriction recommendations for classifying remaining fund balances as required by GASB 54.

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

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

As fund balances approach 15% Board-established minimum reserve balance, the Board may determine necessary action to include, but not be limited to, a levy election or significant budget reduction measures.

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Restricted:				
Debt service	$ -	$ -	$ 5,354,468	$ -
Unspent bond proceeds	-	-	-	7,395,318
Total Restricted	-	-	5,354,468	7,395,318
Assigned:				
Student activities	528,420	-	-	-
Food service	717,829	-	-	-
Capital projects	-	-	-	2,438,065
Total Assigned	1,246,249	-	-	2,438,065
Unassigned	6,538,543	-	-	-
Total fund balances	$ 7,784,792	$ -	$ 5,354,468	$ 9,833,383

NOTE L - INTERFUND TRANSFERS

During the year, the District transferred $509,223 from the General Fund to the Special Revenue Fund to avoid defict spending in the Special Revenue Fund.

SUPPLEMENTARY INFORMATION

SMITHVILLE R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH
BASIS GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Local	$ 11,230,166	$ 11,977,418	$ 12,059,365	$ 81,947
County	979,705	997,661	1,063,882	66,221
State	2,324,914	1,717,350	1,773,787	56,437
Federal	670,784	994,749	965,140	(29,609)
Other	2,000	15,676	21,483	5,807
Total Revenues	15,207,569	15,702,854	15,883,657	180,803
EXPENDITURES:				
Instruction	3,093,705	3,641,596	3,424,360	217,236
Student activities	1,017,838	1,217,979	1,305,289	(87,310)
Student services	941,933	826,872	851,476	(24,604)
Instructional staff support	199,688	203,179	254,456	(51,277)
Building level administration	709,266	708,891	670,647	38,244
General administration & central services	2,082,819	2,102,095	2,092,089	10,006
Operation of plant	3,189,444	3,326,633	3,493,298	(166,665)
Pupil transportation	1,664,732	1,753,414	1,656,454	96,960
Food service	1,208,989	1,209,109	1,108,499	100,610
Community services	333,947	388,720	424,815	(36,095)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	14,442,361	15,378,488	15,281,383	97,105
Revenues Over (Under) Expenditures	765,208	324,366	602,274	277,908
Other Financing Sources (Uses):				
Transfers	-	(257,453)	(509,223)	(251,770)
Net change in fund balance	765,208	66,913	93,051	26,138
Fund balance, beginning	7,691,741	7,691,741	7,691,741	-
Fund balance, ending	$ 8,456,949	$ 7,758,654	$ 7,784,792	$ 26,138

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Local	$ 6,428,138	$ 6,420,116	$ 6,174,043	$ (246,073)
County	213,732	244,470	246,085	1,615
State	10,943,624	11,981,271	11,880,499	(100,772)
Federal	685,110	733,407	669,080	(64,327)
Other	-	15,000	-	(15,000)
Total Revenues	18,270,604	19,394,264	18,969,707	(424,557)
EXPENDITURES:				
Instruction	13,973,612	13,883,760	13,854,704	29,056
Student activities	598,597	648,552	727,697	(79,145)
Student services	1,128,782	1,157,620	1,078,506	79,114
Instructional staff support	881,201	841,770	731,773	109,997
Building level administration	1,587,517	1,633,345	1,586,630	46,715
General administration & central services	1,222,164	1,360,848	1,367,334	(6,486)
Operation of plant	-	-	-	-
Pupil transportation	90,745	80,595	87,779	(7,184)
Food service	-	-	-	-
Community services	58,678	45,227	44,507	720
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	19,541,296	19,651,717	19,478,930	172,787
Revenues Over (Under) Expenditures	(1,270,692)	(257,453)	(509,223)	(251,770)
Other Financing Sources (Uses):				
Transfers	-	257,453	509,223	251,770
Net change in fund balance	(1,270,692)	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ (1,270,692)	$ -	$ -	$ -

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

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Local	$ 4,121,855	$ 5,324,459	$ 5,303,764	$ (20,695)
County	166,931	228,888	177,697	(51,191)
State	(3,900)	-	-	-
Federal	-	174,200	174,147	(53)
Total Revenues	4,284,886	5,727,547	5,655,608	(71,939)
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instructional staff support	-	-	-	-
Building level administration	-	-	-	-
General administration & central services	-	-	-	-
Operation of plant	-	-	-	-
Pupil transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	1,900,000	3,995,000	3,995,000	-
Interest and fees	1,537,169	2,077,232	2,077,232	-
Total Expenditures	3,437,169	6,072,232	6,072,232	-
Revenues Over (Under) Expenditures	847,717	(344,685)	(416,624)	(71,939)
Fund balance, beginning	5,771,092	5,771,092	5,771,092	-
Fund balance, ending	$ 6,618,809	$ 5,426,407	$ 5,354,468	$ (71,939)

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE
REVENUES:				
Local	$ 2,248,250	$ 2,737,266	$ 3,646,920	$ 909,654
County	76,539	91,176	83,033	(8,143)
State	(17,400)	10,311	16,311	6,000
Federal	7,000	3,000	-	(3,000)
Other	2,000	-	-	-
Total Revenues	2,316,389	2,841,753	3,746,264	904,511
EXPENDITURES:				
Instruction	79,197	125,657	116,236	9,421
Student activities	-	-	-	-
Student services	18,417	20,653	7,025	13,628
Instructional staff support	6,890	6,890	2,311	4,579
Building level administration	9,750	9,750	2,002	7,748
General administration & central services	167,185	167,185	166,983	202
Operation of plant	410,000	460,000	418,584	41,416
Pupil transportation	8,450	9,250	-	9,250
Food service	6,000	25,000	24,368	632
Community services	1,000	1,000	647	353
Facility acquisition and construction	8,420,000	10,620,231	10,683,987	(63,756)
Debt service:				
Principal retirement	610,000	625,000	625,000	-
Interest and fees	841,781	797,231	759,399	37,832
Total Expenditures	10,578,670	12,867,847	12,806,542	61,305
Revenues Over (Under) Expenditures	(8,262,281)	(10,026,094)	(9,060,278)	965,816
Fund balance, beginning	18,893,661	18,893,661	18,893,661	-
Fund balance, ending	$ 10,631,380	$ 8,867,567	$ 9,833,383	$ 965,816

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 modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid, except for teachers' salaries.

Budgetary Compliance

Actual expenditures and transfers of $15,790,606 in the General Fund exceeded budgeted amounts of $15,635,941 by $154,665.

SMITHVILLE R-II 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	TOTAL
LOCAL:					
Property tax	$ 7,955,661	$ 4,292,822	$ 5,118,829	$ 2,041,999	$ 19,409,311
Sales tax	1,775,232	1,775,232	-	-	3,550,464
Financial institution tax	1	549	-	-	550
M & M surtax	-	-	-	448,576	448,576
In Lieu of Taxes	-	86,839	-	-	86,839
Earnings on investments	357,625	18,601	184,935	1,156,345	1,717,506
Food service	778,857	-	-	-	778,857
Student activities	730,054	-	-	-	730,054
Community services	220,366	-	-	-	220,366
Other local revenue	241,569	-	-	-	241,569
Total Local	12,059,365	6,174,043	5,303,764	3,646,920	27,184,092
COUNTY:					
Fines and escheats	-	32,673	-	-	32,673
Federal properties	18,528	10,001	11,955	4,762	45,246
State assessed utilities	376,837	203,411	165,742	78,271	824,261
Other county revenue	668,517	-	-	-	668,517
Total County	1,063,882	246,085	177,697	83,033	1,570,697
STATE:					
Basic formula	68,488	10,491,257	-	-	10,559,745
Transportation	887,657	-	-	-	887,657
Early Childhood Special Education	264,577	143,905	-	-	408,482
Career ladder	-	338,400	-	-	338,400
Basic formula - Classroom trust fund	284,364	853,093	-	-	1,137,457
Career education	30,319	-	-	16,311	46,630
Food service	5,766	-	-	-	5,766
Educational Screening program	174,250	-	-	-	174,250
Residential placement	2,369	-	-	-	2,369
High Need Fund	-	53,844	-	-	53,844
School Safety Grant	55,997	-	-	-	55,997
Total State	1,773,787	11,880,499	-	16,311	13,670,597
FEDERAL:					
Title I	90,998	106,510	-	-	197,508
Title II A	9,905	40,551	-	-	50,456
Title IV	16,989	-	-	-	16,989
Impact aid	100,807	54,414	-	-	155,221
IDEA grants	-	3,586	-	-	3,586
Early Childhood Special Education	12,141	46,268	-	-	58,409
Child Nutrition	374,340	-	-	-	374,340
ARP - ESSER III Funds	-	56,515	-	-	56,515
CRRSA - ESSER II Funds	10,500	19,100	-	-	29,600
IDEA Entitlement Funds, Part B IDEA	852	342,136	-	-	342,988
Governor’s Emergency Education Relief Fund (GEER II)	6,458	-	-	-	6,458
Other federal	342,150	-	174,147	-	516,297
Total Federal	965,140	669,080	174,147	-	1,808,367
OTHER:					
Sale of other property	6,338	-	-	-	6,338
Contracted educational services	15,145	-	-	-	15,145
Total Other	21,483	-	-	-	21,483
Total Revenues Collected	$ 15,883,657	$ 18,969,707	$ 5,655,608	$ 3,746,264	$ 44,255,236

SMITHVILLE R-II 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	EXPENDITURES
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	024-087	$ 49,810
National School Lunch Program	10.555	024-087	364,031
Non Cash - Food Distribution	10.555	024-087	79,101
Total Child Nutrition Cluster			492,942
Federal Communications Commission			
Direct:			
COVID-19 Emergency Connectivity Fund	32.009		335,200
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	024-087	495,254
Special Education - Preschool Grants	84.173	024-087	12,141
Total Special Education Cluster			507,395
Title I - Grants to Local Educational Agencies	84.010	024-087	264,953
Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief (GEER II Parent Reimbursement) Fund	84.425C	024-087	6,458
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	024-087	19,600
COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	024-087	57,213
Total Education Stabilization Fund			83,271
Direct:			
Impact Aid	84.041		155,221
Total U.S. Department of Education			1,010,840
U.S. Department of Health and Human Services			
Passed-through Missouri Department of Elementary and Secondary Education:			
Every Student Succeeds Act/Preschool Development Grants	93.434	024-087	6,950
Total Expenditures of Federal Awards			$ 1,845,932

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Smithville R-II School District has elected not to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Smithville R-II 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 Smithville R-II School District, it is not intended to and does not present the financial position, change in net position or cash flows of Smithville R-II School District.

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Education
Smithville R-II School District

We have examined the administration's assertion, included in its representation letter dated December 9, 2024, that Smithville R-II 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.

December 9, 2024

Member, American Institute of Certified Public Accountants; Missouri Society of Certified Public Accountants

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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
4020	K	6		6.5833	167	1,075.5833
4030	K	6		6.5833	167	1,075.5833
4040	K	6		6.5833	167	1,075.5833
3000	7	8		6.6667	167	1,089.5000
1050	9	12		6.5530	167	1,070.0166

2. ATTENDANCE HOURS

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
R-II	K-12	1,205.80					1,205.80
4020	K-6	340,788.22	87.58		167.83	32,038.49	373,082.12
4030	K-6	460,818.97	1,830.03		324.00	27,505.64	490,478.64
4040	K-6	439,015.88	25.25				439,041.13
3000	7-8	404,630.61	1,846.65		311.00	3,136.47	409,924.73
1050	9-12	739,804.67	90,260.73		201.00	18,133.00	848,399.40
Grand Total		2,386,264.15	94,050.24		1,003.83	80,813.60	2,562,131.82

3. SEPTEMBER MEMBERSHIP

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	PK-6	351.00	0.16		351.16
4030	PK-6	463.00	0.11		463.11

County District Number 024-

4040	PK-6	434.00	0.02		434.02
3000	7-8	398.00	0.87		398.87
1050	9-12	801.00	56.43		857.43
Grand Total		**2,447.00**	**57.59**		**2,504.59**

4 FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION RS

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
Resident II	1.00				1.00
4020	55.00	14.00			69.00
4030	57.00	22.00			79.00
4040	45.00	13.00			58.00
3000	34.19	13.00			47.19
1050	59.16	19.00			78.16
Grand Total	**251.35**	**81.00**			**332.35**

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 of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	True
	Career Exploration Program - Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True

	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The district/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:	$25,000
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

County District Number 024-

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:	$123,956
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	1,164.0
	Ineligible ADT	106.5
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:	278,736
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	212,511
	Ineligible Miles (Non-Route/Disapproved)	66,225
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	167

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

To the Board of Education
Smithville R-II 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 (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities and each major fund of Smithville R-II 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 December 9, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Member, American Institute of Certified Public Accountants; Missouri Society of Certified Public Accountants

Telephone: Richmond: (816) 776-3584 KC Line: (816) 470-3584 Carrollton: (660) 542-0102
Fax: Richmond: (816) 470-7100 Carrollton: (660) 542-3959
Website: www.westbrookcpa.com

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Westbrook & Co., P.C.

Richmond, Missouri
December 9, 2024

WESTBROOK & CO., P.C.
Certified Public Accountants
"Consistently Exceeding Expectations"

749 Driskill Drive
Richmond, MO 64085

18 North Folger
Carrollton, MO 64633

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

To the Board of Education
Smithville R-II School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Smithville R-II 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Smithville R-II 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 Smithville R-II 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
December 9, 2024

SMITHVILLE R-II 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 modified cash basis: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?	X	Yes		

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:

Child Nutrition Cluster	AL No. 10.553 and 10.555
Special Education Cluster	AL No. 84.027 and 84.173

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

Auditee qualified as low-risk auditee?		Yes	X	No

B. **FINDINGS - FINANCIAL STATEMENT AUDIT**

SIGNIFICANT DEFICIENCY

2024-001 - SEGREGATION OF DUTIES

Condition: The bookkeeper maintains the general ledger, has the ability to process cash disbursements, and performs the bank reconciliation.

Criteria: Accounting duties should be segregated to allow for internal control.

Cause: The District has not adopted policies and procedures designed to enhance internal control.

Effect: Inadequate accounting controls could allow for errors or fraud to occur.

Recommendation: Consideration should be given to reassigning duties in order to improve internal control.

Auditee's Response: We will review the assignment of accounting duties to determine if proper segregation can be achieved without significant additional personnel costs.

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

None

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of ____ ___, 2025 (this **"Continuing Disclosure Undertaking"**), is executed and delivered by **SMITHVILLE R-II SCHOOL DISTRICT** (the **"Issuer"**).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **$18,000,000 General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2025** (the **"Bonds"**), pursuant to a Resolution adopted by the governing body of the Issuer (the **"Resolution"**).

2. The Issuer 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 Issuer is the only **"obligated person"** with responsibility for continuing disclosure hereunder.

The Issuer 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 Issuer 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 Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer 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 Issuer as the Fiscal Year of the Issuer 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 Issuer shall, not later than **December 31st** immediately following the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with accounting principles described in the notes to the financial statements contained in *Appendix B* to the final Official Statement related to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided 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 provided 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 the final Official Statement related to the Bonds, as described in **Exhibit A,** in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

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 Issuer 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 Issuer 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; <u>provided</u> that the audited financial statements of the Issuer 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 Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the sixth month after the end of the Issuer's new fiscal year.

(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 Issuer 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 obligated person;
(13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB, in substantially the form attached hereto as **Exhibit B**, of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer'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 Issuer'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 Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer 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 Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. 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 Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer 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 Issuer with its written opinion that the undertaking of the Issuer 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 Issuer 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 Issuer. 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer, 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. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

SMITHVILLE R-II SCHOOL DISTRICT

By: ______________________________

Title: President of the Board of Education

EXHIBIT A TO CONTINUING DISCLOSURE UNDERTAKING

FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in the tables in the following sections in ***Appendix A*** to the final Official Statement relating to the Bonds:

GENERAL INFORMATION CONCERNING 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

EXHIBIT B TO CONTINUING DISCLOSURE UNDERTAKING

FORM OF FAILURE TO FILE NOTICE

Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: Smithville R-II School District

Issues to which this Notice relates: General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2025

CUSIP Numbers for Issue to which this Notice relates:

Maturity Date	CUSIP Number

Event Reported: **F**ailure to Timely File Annual Financial Information/Audited Financial Statements

The Obligated Person did not timely file its operating data for the fiscal year ended June 30, 20___. Such operating data [*will be*] [*was*] filed with the MSRB through EMMA on _______, 20__.

The Obligated Person did not timely file its audited financial statements for the fiscal year ended June 30, 20___. Such audited financial statements [*will be*] [*were*] filed with the MSRB through EMMA on ___________, 20___.

The information contained in this Notice has been submitted by the Obligated Person pursuant to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing contained in the undertaking or this Notice is, or should be construed as, a representation by the Obligated Person that the information included in this Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Obligated Person.

For additional information, contact:

Dr. Mark Maus, Superintendent
Smithville R-II School District
655 S. Commercial Ave.
Smithville, Missouri 64089
(816) 532-0406

Date Submitted: [Date]

SMITHVILLE R-II SCHOOL DISTRICT

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APPENDIX D

BOOK ONLY ENTRY SYSTEM

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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 a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com 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 as described in the Bond Resolution.

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. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described herein under the caption **"THE BONDS - Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System**."

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.