



CITY OF NORTH KANSAS CITY, MISSOURI

Annual Comprehensive Financial Report

For The Year Ended September 30, 2023

CITY OF NORTH KANSAS CITY, MISSOURI
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023



Prepared by:
Administration Department

Contents

	Page
Part I - Introductory Section:	
Letter Of Transmittal.....	i - ix
Certificate Of Achievement For Excellence In Financial Reporting	x
Organizational Chart	xi
Principal Officials	xii
 Part II - Financial Section:	
 Independent Auditors' Report	 1 - 3
 Management's Discussion And Analysis - Required Supplementary Information	 4 - 14
 Basic Financial Statements	
Government-Wide Financial Statements:	
Statement Of Net Position	15 - 16
Statement Of Activities	17
 Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	18
Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities	19
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	20
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	21
Proprietary Funds:	
Statement Of Net Position - Enterprise Funds	22
Statement Of Revenues, Expenses And Changes In Net Position - Enterprise Funds.....	23
Statement Of Cash Flows - Enterprise Funds	24
Fiduciary Funds:	
Statement Of Fiduciary Net Position - Pension Trust Funds	25
Statement Of Changes In Fiduciary Net Position - Pension Trust Funds	26
 Notes To Basic Financial Statements.....	 27 - 76

Contents

	Page
Required Supplementary Information	
Missouri Local Government Employees Retirement System	77 - 78
Police And Fire Retirement Plan	79 - 81
North Kansas City Hospital Pension Plan	82 - 84
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - General Fund	85
Note To Required Supplementary Information (Budgetary Comparison Information)	86
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	87
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances	88
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Special Revenue Funds	89
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Capital Projects Funds	90
Nonmajor Enterprise Funds:	
Combining Statement Of Net Position	91
Combining Statement Of Revenues, Expenses And Changes In Net Position	92
Combining Statement Of Cash Flows	93
Pension Trust Funds:	
Combining Statement Of Fiduciary Net Position	94
Combining Statement Of Changes In Fiduciary Net Position	95
Part III Statistical Section (Unaudited)	
Net Position By Component	96
Changes In Net Position	97 - 99
Fund Balances, Governmental Funds	100
Changes In Fund Balances, Governmental Funds	101
Tax Revenues By Source, Governmental Funds	102
Principal Sales Tax Industries	103
Legal Debt Margin Information	104
Pledged-Revenue Coverage	105
Direct And Overlapping Governmental Activities Debt	106
Debt Outstanding By Type	107
Demographic And Economic Statistics	108
Principal Employers	109
Full-Time Equivalent City Government Employees By Functions/Programs	110
Operating Indicators By Function/Program	111
Capital Asset Statistics By Function/Program	112

Introductory Section

March 28, 2024

Honorable Mayor, Members of the City Council, and
Citizens of the City of North Kansas City:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2023.

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

RubinBrown, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of North Kansas City, Missouri’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated as a village in 1912, became a fourth Class City in 1924 and a third Class City in 1954. The City currently has a land area of 4.6 square miles. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation; however, the City is landlocked by the Missouri River and surrounding cities.

The City operates under the mayor/council/administrator form of government. Policy making and legislative authority is vested in the governing body, which consists of a mayor and an eight-member council. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the city administrator. The city administrator is the chief administrative and budget officer of the City and is responsible for carrying out the policies and ordinances of the governing body and overseeing the day-to-day operations of the City. The council is elected on a nonpartisan basis. Council members are elected to two-year staggered terms with four council members elected every year. The mayor is elected to a four-year term. The council members are elected from within their respective wards. The mayor is elected at large.

The City is strategically located in the southwest portion of Clay County on the Missouri River, bordered by Kansas City, Missouri. Two interstate highways (I-29 and I-35) and three state highways (1, 9 and 210) serve the community. It is adjacent to the Kansas City Municipal Airport and just twenty minutes south of the Kansas City International Airport. The Kansas City Area Transportation Authority, which operates a metropolitan-wide bus system, provides frequent, low cost service to all sections of North Kansas City. Industry enjoys easy access to rail service. There are 4,510 people residing in the City with a working population of more than 20,000 persons. The business/industrial payroll is about \$1 billion.

With total governmental fund type revenue of \$34.5 million in fiscal 2023, use of which is prudently allocated by the City Council, the City provides many services not available elsewhere, such as one police officer for every 111 residents, two fire stations with 61 firefighters providing excellent ambulance and fire protection services and two refuse and recycling collections weekly for residential property at no charge to residents.

The City's fiscal year runs from October 1 to September 30. General operations are dependent primarily on a one-cent general sales tax, property taxes, occupation license fees, casino rent, utility franchise taxes and a half-cent public safety sales tax. For the 2022-2023 budget year, revenue totaled \$19.2 million compared to a budget amount of \$16.0 million. Revenue estimates for the budget were conservative factoring in economic uncertainty, however, sales tax performed significantly better than forecasted along with several other revenues coming in over budgeted amounts. Most general government capital improvements are financed from gaming revenue collections and are accounted for in the Gaming Fund. This Gaming Fund had a total fund balance on September 30, 2023 of approximately \$30 million, a decrease of \$7.3 million due to an increased transfer to the Water Fund for two large budgeted capital projects.

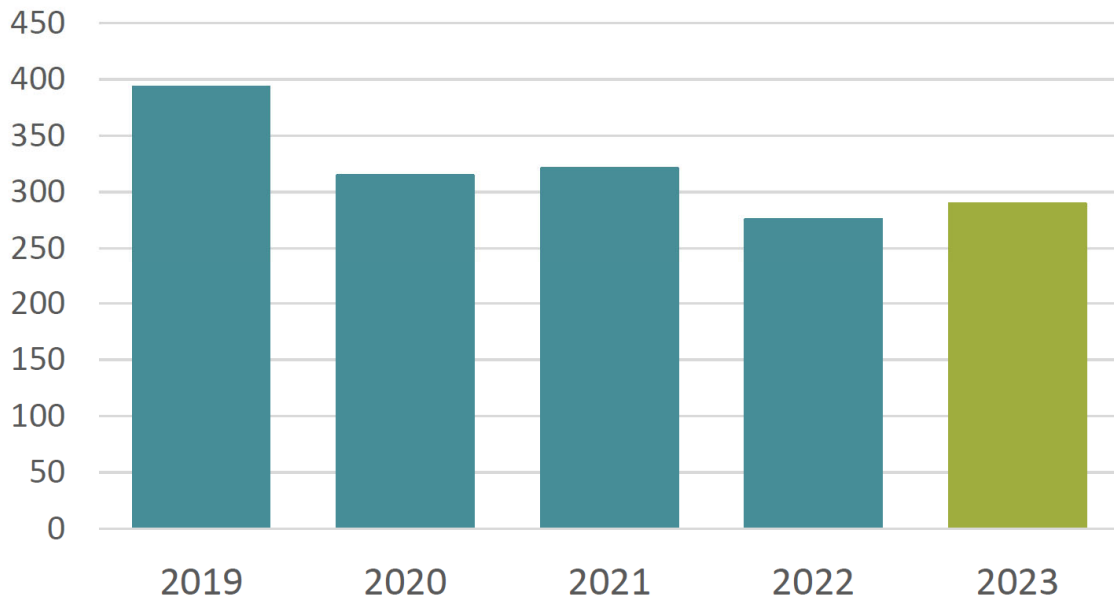
The North Kansas City Economy Year 2023 In Review

North Kansas City's business climate has experienced growth and change in the last several years with a number of new developments progressing in 2023.

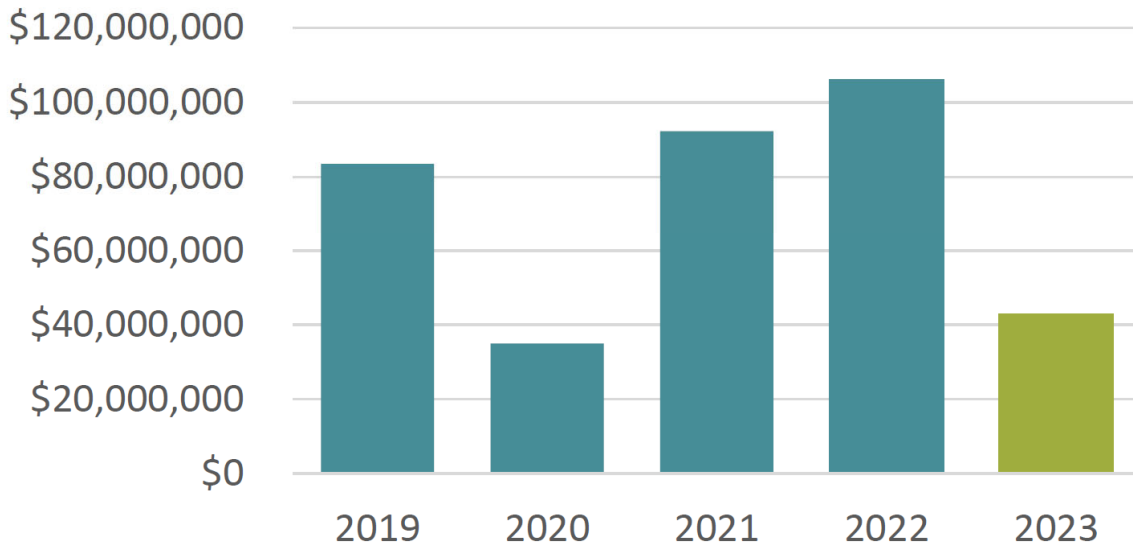
New Business Highlights

The Community Development Department continues to promote growth and development across the community. This year, under the City's economic development policy, significant investments in the rehabilitation and maintenance of the present housing stock have been observed, as well as new housing, commercial, and industrial projects. Total permit valuation was down in 2023, however the number of permits issued increased.

TOTAL PERMIT ISSUANCE



TOTAL PERMIT VALUATION



North Kansas City continued new residential construction in 2023. 18th and Swift, a \$40 million investment with 200 plus market rate apartments and amenities opened in FY 2023.

Future Opportunities

The success of North Kansas City’s business community is closely tied to macroeconomic conditions such as regional housing construction, consumer preferences, and national development trends. With overall economic uncertainty, general regional trends provide reasons for optimism. Millennials continue to show a stronger propensity to live in walkable urban areas which encourages greater consumer spending. Likewise, real estate developers have become more receptive to infill development. Together, these trends should continue to support new opportunities for North Kansas City.

In 2024, North Kansas City anticipates the continuation of our development boom, with several residential projects including development of the area at Swift and 23rd Avenue that will add nearly 300 apartments, and the Milhaus apartments in the One North TIF District area (six buildings of 36-80 multi-family housing units). Blume NKC, a community of owner-occupied vertical mixed-use townhomes and commercial buildings, combines European live/work design standards with a modern-industrial architecture style inspired by historic North Kansas City buildings was announced in late 2021 with the groundbreaking taking place in 2023. These projects will continue the redevelopment and revitalization of many areas in North Kansas City.

Planning For The Future

In partnership with the NKC Parks & Recreation Board, the City is moving forward with a new playground and park space in River Forest Park. River Forest Park would be the first park for residents in the fourth ward of the City, generally located on the east side of Interstate 35.

The City continues to work on a complete streets approach for the Burlington Road corridor that connects North Kansas City to downtown Kansas City, Missouri. The corridor is a major thoroughfare to the north of the Missouri River in the Kansas City metropolitan area. The project will include more bike and pedestrian friendly paths.

Major Initiatives

Over the past year, NKC has had the opportunity to welcome residents and visitors to our great community to highlight what makes NKC so unique. 2023 was the second year of the Citizens Academy, a program that allows residents to learn how their local government works, and how to get involved as a board or commission member. This 9-week program aims to train and inspire future leaders in our community. Two current Councilmembers are graduates of Citizens Academy.

Over the last few years, the City has reconfigured the budgeting process to involve more public participation earlier in the process. This year was the first Bounce and Balance event, where the budget process was taken outside City Hall's walls. This event was a success and will be continued in budget planning.

The Armour Road Complete Street Project was conceived with a vision to create a safer, more accessible, and aesthetically pleasing environment for all residents and visitors. By adopting a "complete streets" approach, the project strives to accommodate the diverse needs of the community, promoting not only vehicular traffic but also walking, cycling, and public transit.

The City was proud to cut the ribbon on the final phase of the Armour Road Complete Street project in April of 2023. Improvements included intersection and crosswalk improvements, beautification, and increased safety for pedestrians and cyclists along Armour Road. Armour Road is now a safe corridor that serves all users, incorporates sustainable measures, is visually appealing, and is economically vibrant.

The City continues our walking and biking enhancements including engineering, design and planning work for multiple different trails and paths. Preliminary engineering and design is underway to develop a shared-use path along Howell Street, spanning from 18th Street to 32nd Street. Attractions to non-motorized users of this area include several community assets and open spaces, such as the North Kansas City City Hall, North Kansas City Public Library, North Kansas City High School, and Macken Park. The ultimate vision for Howell Street between 32nd Avenue and Armour is a neighborhood connector that is safe, serves all users, incorporates sustainable measures, and is visually appealing.

North Kansas City is continuing to implement the 2020 Bicycle Master Plan with the launch of the North Kansas City Levee Trail Study. Trail connections along the Missouri River were the most strongly supported projects by public input during our Bicycle Master Planning Process.

This study is largely funded by another Planning Sustainable Places (PSP) grant from MARC and will assess the feasibility of multi-modal trail along the southern portion of our levee system considering potential barriers, restrictions, safety, and operations of the levee.

The potential trail would begin near the Heart of America Bridge at the Kansas City, Mo., border and extend eastward along the levee before heading north towards Armour Road at Walker Road, and branch eastward at Riverboat Drive toward the Chouteau Bridge.

Department Focus

In 2023, there was an increase in reported cases of property damage by 11%, attempted auto theft by 20%, auto theft by 33%, and traffic crashes by 17%. However, the police department noted a decrease in stealing by 18%, assaults by 2%, and catalytic converter thefts by 88%. The officers are committed to deterring and apprehending criminals in North Kansas City through various patrol operations.

The communications unit welcomed two new faces in 2023, who are currently in training and will soon be assigned to a shift. The animal shelter also has a new part-time employee who has completed their training and assists animal control officers with their daily duties.

In 2023, North Kansas City Fire Department continued to move forward, amassing over 15,000 training hours and responding to over 2,500 emergency requests and transported over 1,600 patients. The department had the pleasure of hiring three new FF/EMTs, and two members successfully completed paramedic school and became licensed paramedics.

2023 was an eventful year for Public Works! Beyond the daily responsibilities of leaf pick up, snow removal, mowing, patching potholes, street sweeping, garbage pickup, tree limbs down, planting flower beds, decorating for the seasons, and overseeing many construction projects, we were able to make some big improvements in the city.

The tree planting and tree maintenance budgets were increased to provide residents with a more robust tree program. The city currently maintains nearly 3,000 trees in its tree canopy. Due to the large number of trees requiring continual maintenance, Municipal Services staff and outside contractors work together to provide tree planting, pruning, and removal.

The multi-year renovation of the Water Treatment Plant facilities has been substantially completed. The project set out to address legacy pollution issues in the Missouri River aquifer and also included the rehabilitation of the structural, mechanical, and electrical facilities and structures. Improvements were made to the building, and two new wells, a new electrical system, new control system/SCADA improvements, new instrumentation, new HVAC systems, new chemical/electrical building, new high service pumps and piping, new filter valves and actuators, and a new chlorine storage and feed building were added.

Considerable progress was made on the on-going project to improve roadway curbs, public sidewalks, and storm drainage structures. ADA curb ramp improvements are a large part of this project. Most of these improvements have been constructed by the current on-call concrete contractor.

Financial And Budget Information

Management is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. North Kansas City budgets all funds and activities on an annual basis including the General Fund, Special Revenue funds, TIF and Grant funds, with the exception of the Police and Fire Pension Tax special revenue fund. The City of North Kansas City has a property tax levy for the Police and Fire Pension Tax fund, however, it is an unbudgeted fund. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. For more detailed financial information, please refer to the Management's Discussion and Analysis that begins on page four of this document.

Debt Administration

At year-end, the City had two Hospital revenue bond issues outstanding. These issues combined with hospital leases and subscription liabilities total to \$82.5 million in long-term debt. Otherwise, the City was debt free.

OTHER INFORMATION

Independent Audit

The governing body selected the firm of RubinBrown, LLP for the annual audit. This is the first year of a five-year contract. The auditors, in conducting the engagement, used auditing standards generally accepted in the United States of America. The auditor's report on the basic financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2022. To receive a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to express our appreciation to the City employees who contributed to the preparation of this report. Credit should also be given to the Mayor and the City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Nick Hawkins
Finance Manager



Michael Nichols
City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Kansas City
Missouri**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

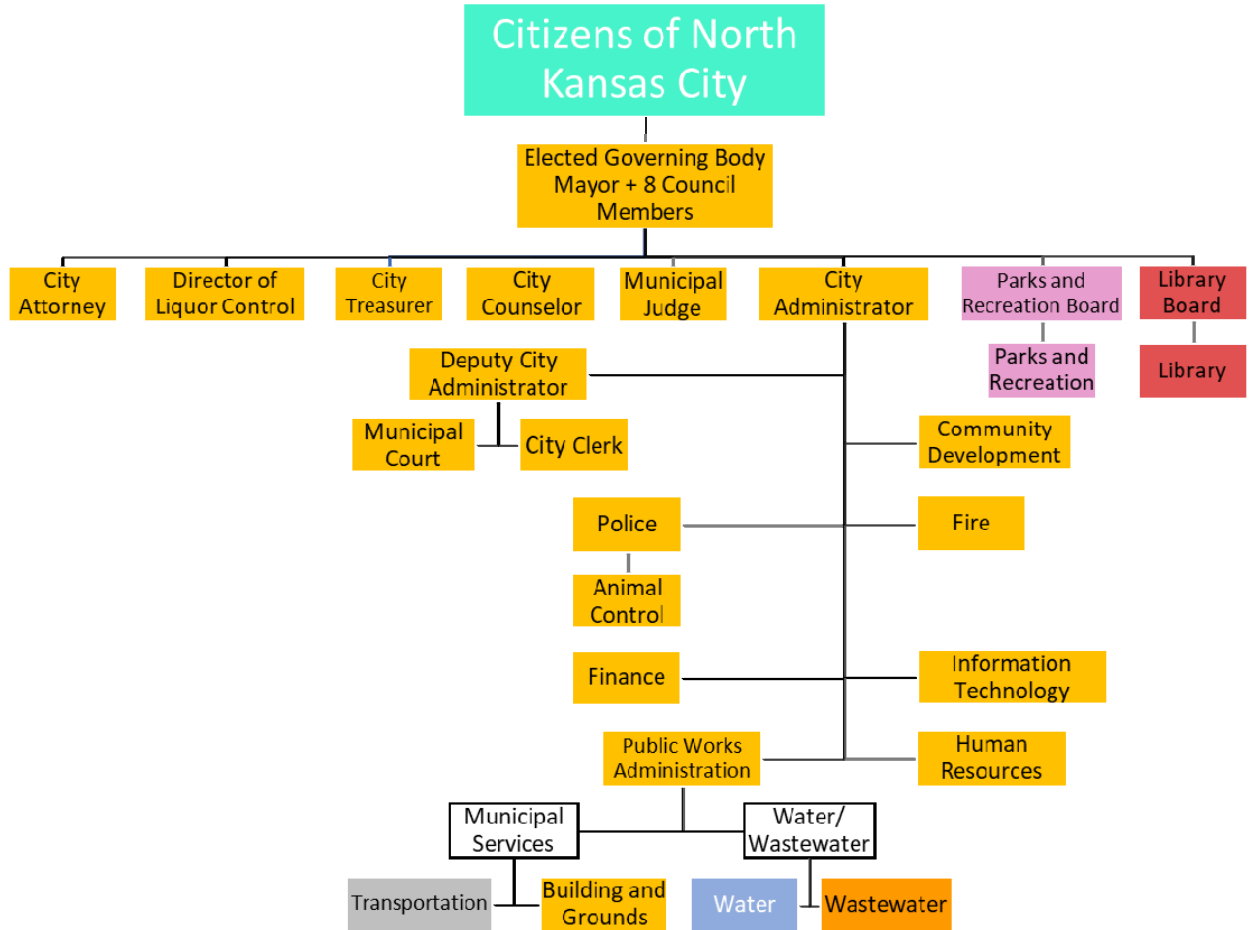
September 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF NORTH KANSAS CITY, MISSOURI

ORGANIZATIONAL CHART Year Ended September 30, 2023



CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL OFFICIALS

CITY OF NORTH KANSAS CITY LEADERSHIP

Elected Officials

Bryant DeLong	Mayor
Anthony Saper	Councilmember Ward I
Tabitha Todd	Councilmember Ward I
Jesse Smith	Councilmember Ward II
Lisa Schneider	Councilmember Ward II
Connor Fitzgerald	Councilmember Ward III
Linda Alvarez	Councilmember Ward III
Amie Clarke	Councilmember Ward IV
Katie Stokes	Councilmember Ward IV
David Silvers	City Treasurer

Management Team

Michael Nichols	City Administrator
Kim Nakahodo	Deputy City Administrator
Thomas Barzee	City Counselor
David Hargis	Fire Chief
Kevin Freeman	Police Chief
Anthony Sands	Public Works Director
Nicholas Hawkins	Finance Manager
Casey Campbell	Human Resources Manager
Stephen Roberts	Information Technology Manager
Xue Wood	Community Development Director
Victoria Meier Ressler	Parks & Recreation Director
Lori Mangan	Public Library Executive Director
Crystal Doss	City Clerk

Advisory Boards

Board of Zoning Adjustment
Housing Advisory and Appeals Board
Industrial Development Authority
Liquor Control Board of Review
North Kansas City Hospital Board of Trustees
North Kansas City Library Board
North Kansas City Parks and Recreation Board
Planning Commission
Police and Fire Personnel Board
Tax Increment Finance Commission
Equity and Inclusion Committee

Financial Section



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

The Honorable Mayor and
Members of the City Council
City of North Kansas City, Missouri

Report On The Audit Of The Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Kansas City, Missouri (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of North Kansas City Hospital (Hospital), which represents 92 percent and 97 percent, respectively, of the assets and revenues of the business-type activities and represents 100 percent of the assets and revenues of the major enterprise fund. We also did not audit the financial statements of North Kansas City Hospital Pension Plan (Hospital Plan), which represents 63 percent and 347 percent, respectively, of the assets and revenues/depreciation in fair value of the aggregate remaining fund information. Those statements were audited by another auditor, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital and Hospital Plan, is based solely on the reports of the other auditor.

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. The financial statements of the Hospital and the Hospital Plan were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the City 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

As discussed in Note 1 to the financial statements, as of October 1, 2022, the City implemented the provisions of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. 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 the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the Pension and Other Post Employments Benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 March 28, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 City'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 City's internal control over financial reporting and compliance.

RubinBrown LLP
March 28, 2024

Management's Discussion And Analysis

CITY OF NORTH KANSAS CITY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

We offer those interested in the financial statements for the City of North Kansas City, Missouri (the City) this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2023 and 2022 by \$898,700,874 and \$872,121,370 (net position), respectively. Of this amount, \$454,223,103 and \$429,039,937 (unrestricted net position) for 2023 and 2022, respectively, may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$26,579,504 for 2023, compared to an decrease of \$17,731,137 for 2022. The increase in net position compared to the prior year was mostly attributable to increased Charges for Services in the Hospital Fund.
- The City's governmental funds reported combined ending fund balances of \$66,631,843 and \$70,906,731 as of September 30, 2023 and 2022 respectively. For fiscal years 2023 and 2022, \$22,381,429 and \$22,195,504, respectively, of the total ending fund balance is available for spending at the government's discretion (unassigned fund balance). All of the unassigned fund balance for 2023 and 2022 was reported in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 118 percent of total General Fund expenditures compared to 130 percent of the 2022 General Fund expenditures.
- The City's long-term debt, excluding compensated absences, decreased by \$7,121,000 during fiscal year ended September 30, 2023 and decreased by \$4,681,000 during the fiscal year ended September 30, 2022. The change in 2023 and 2022 is primarily due to payments made on Hospital revenue bonds and leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both government and business type activities are included in this analysis of government-wide financial statements.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

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

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

Both of the government-wide financial statements distinguished functions of the City that are principally supported by taxes and gaming revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, transportation and sanitation. The business-type activities of the City include the hospital, health and community center, water, water pollution control and communications.

The government-wide financial statements include only the City. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the Hospital Fund, as this fund is considered to be a major fund of the City. Data from the other four (non-major) enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The fiduciary funds of the City are pension trust funds. Total net position of the fiduciary funds for the years ended September 30, 2023 and 2022 were \$313,259,011 and \$406,149,432, respectively.

Notes To Basic Financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and the General Fund's budgetary comparison.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and pension trust funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. The following table reflects total net position for 2023 of \$898,700,874 which represents an increase of \$26,579,504 from net position in 2022.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Of the City's net position, 47 and 44 percent as of September 30, 2023 and 2022, respectively, reflects its investment in capital assets (e.g., land, buildings and improvements and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported, net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities 2023	Business-Type Activities 2023	Total 2023	Governmental Activities 2022	Business-Type Activities 2022	Total 2022
Current and other assets	\$ 95,979,405	\$ 461,967,101	\$ 557,946,506	\$ 103,508,433	\$ 526,613,276	\$ 630,121,709
Capital assets	88,295,329	397,234,822	485,530,151	85,843,893	368,381,352	454,225,245
Total Assets	184,274,734	859,201,923	1,043,476,657	189,352,326	894,994,628	1,084,346,954
Deferred outflows of resources	6,140,631	68,989,757	75,130,388	8,383,767	35,841,627	44,225,394
Current liabilities	1,842,163	87,473,889	89,316,052	5,566,621	88,012,886	93,579,507
Noncurrent liabilities	3,944,000	76,988,342	80,932,342	1,999,723	68,421,357	70,421,080
Total Liabilities	5,786,163	164,462,231	170,248,394	7,566,344	156,434,243	164,000,587
Deferred Inflows	24,299,659	25,358,118	49,657,777	27,323,794	65,126,597	92,450,391
Net position:						
Net investment in capital assets	88,295,329	333,397,822	421,693,151	84,034,388	299,812,907	383,847,295
Restricted	17,406,553	5,378,067	22,784,620	11,023,138	48,211,000	59,234,138
Unrestricted	54,627,661	399,595,442	454,223,103	67,788,429	361,251,508	429,039,937
Total Net Position	\$ 160,329,543	\$ 738,371,331	\$ 898,700,874	\$ 162,845,955	\$ 709,275,415	\$ 872,121,370

A restricted portion of the City's net position (3 percent and 7 percent for fiscal years 2023 and 2022, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$454,223,103 and \$429,039,937 for 2023 and 2022, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The City's total net position increased by \$26,579,504 compared to an decrease of \$17,731,137 for fiscal years 2023 and 2022, respectively. The governmental-type activities decreased by \$2,516,412 and increased by \$7,713,977 in fiscal years 2023 and 2022, respectively. The decrease compared to the prior year is attributable to a decrease in gaming revenue as well as an increase in public safety related expenses. The total business-type activities' net position increased by \$29,095,916 and decreased \$25,445,114 in fiscal years 2023 and 2022, respectively. The increase in net position compared to the prior year was mostly attributable to an increase in investment earnings and charges for services reported by the hospital.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis *(Continued)*

The following table highlights the City's revenues and expenses for the fiscal years ended September 30, 2023 and 2022. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

	Governmental Activities 2023	Business-Type Activities 2023	Total 2023	Governmental Activities 2022	Business-Type Activities 2022	Total 2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,842,166	\$ 739,172,641	\$ 744,014,807	\$ 4,433,344	\$ 715,571,997	\$ 720,005,341
Operating grants and contributions	231,465	—	231,465	219,989	—	219,989
General revenues:						
Property taxes	2,665,618	—	2,665,618	2,469,399	—	2,469,399
Other taxes	14,756,326	—	14,756,326	14,578,281	—	14,578,281
Gaming/unrestricted	8,570,434	—	8,570,434	9,392,805	—	9,392,805
Investment earnings	517,059	11,040,569	11,557,628	96,972	(26,933,008)	(26,836,036)
Other	3,247,380	8,669,000	11,916,380	3,645,210	11,796,000	15,441,210
Total Revenues	34,830,448	758,882,210	793,712,658	34,836,000	700,434,989	735,270,989
Expenses:						
General government	6,622,963	—	6,622,963	5,642,767	—	5,642,767
Public safety	15,494,106	—	15,494,106	13,916,591	—	13,916,591
Public works	4,351,134	—	4,351,134	3,892,668	—	3,892,668
Culture and recreation	2,571,992	—	2,571,992	2,291,655	—	2,291,655
Transportation	336,665	—	336,665	453,342	—	453,342
Hospital	—	715,591,000	715,591,000	—	712,140,000	712,140,000
Health and community center	—	3,687,927	3,687,927	—	3,293,895	3,293,895
Water	—	3,018,336	3,018,336	—	2,658,739	2,658,739
Water pollution control	—	13,687,951	13,687,951	—	9,892,615	9,892,615
Communications	—	1,771,080	1,771,080	—	1,469,854	1,469,854
Total Expenses	29,376,860	737,756,294	767,133,154	26,197,023	729,455,103	755,652,126
Change In Net Position Before Transfers And Capital Contributions						
	5,453,588	21,125,916	26,579,504	8,638,977	(29,020,114)	(20,381,137)
Transfers	(7,970,000)	7,970,000	—	(925,000)	925,000	—
Capital Contributions	—	—	—	—	2,650,000	2,650,000
Change In Net Position	(2,516,412)	29,095,916	26,579,504	7,713,977	(25,445,114)	(17,731,137)
Net Position - Beginning Of Year						
	162,845,955	709,275,415	872,121,370	155,131,978	734,720,529	889,852,507
Net Position - End Of Year	\$ 160,329,543	\$ 738,371,331	\$ 898,700,874	\$ 162,845,955	\$ 709,275,415	\$ 872,121,370

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes, gaming revenue and other unrestricted revenue sources.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

The following table below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

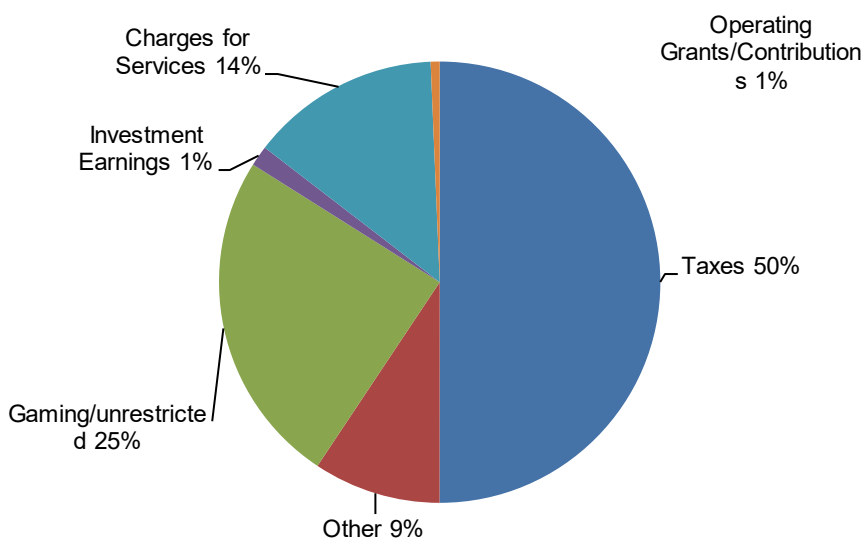
	Total Cost Of Service		Net Cost Of Service	
	2023	2022	2023	2022
General government	\$ 6,622,963	\$ 5,642,767	\$ 2,395,359	\$ 1,823,666
Public safety	15,494,106	13,916,591	15,252,051	13,613,904
Public works	4,351,134	3,892,668	4,351,134	3,892,668
Culture and recreation	2,571,992	2,291,655	2,344,699	2,109,118
Transportation	336,665	453,342	(40,014)	104,334
Total	\$ 29,376,860	\$ 26,197,023	\$ 24,303,229	\$ 21,543,690

Net cost of services is 83 percent and 82 percent of total cost of services in 2023 and 2022, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Governmental Activities

The graphs below show the percentage of the total governmental activities' revenues allocated by each revenue type for 2023 and 2022:

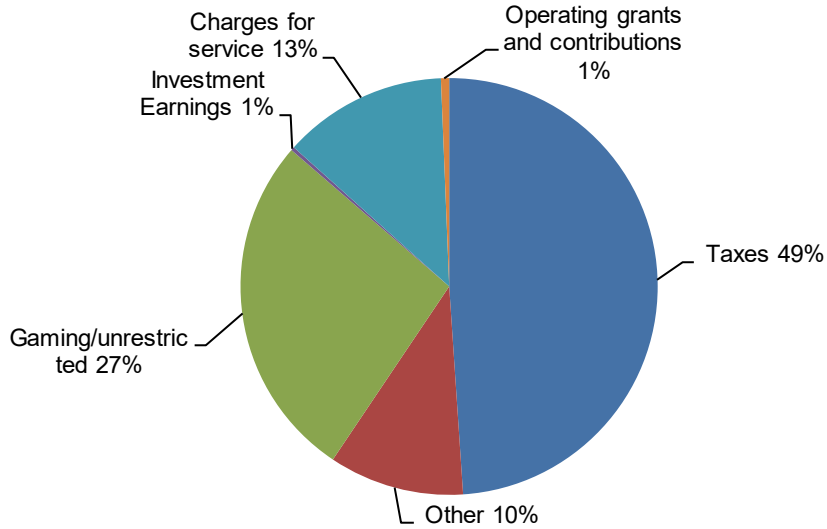
Revenues By Source - Governmental Activities - 2023



CITY OF NORTH KANSAS CITY, MISSOURI

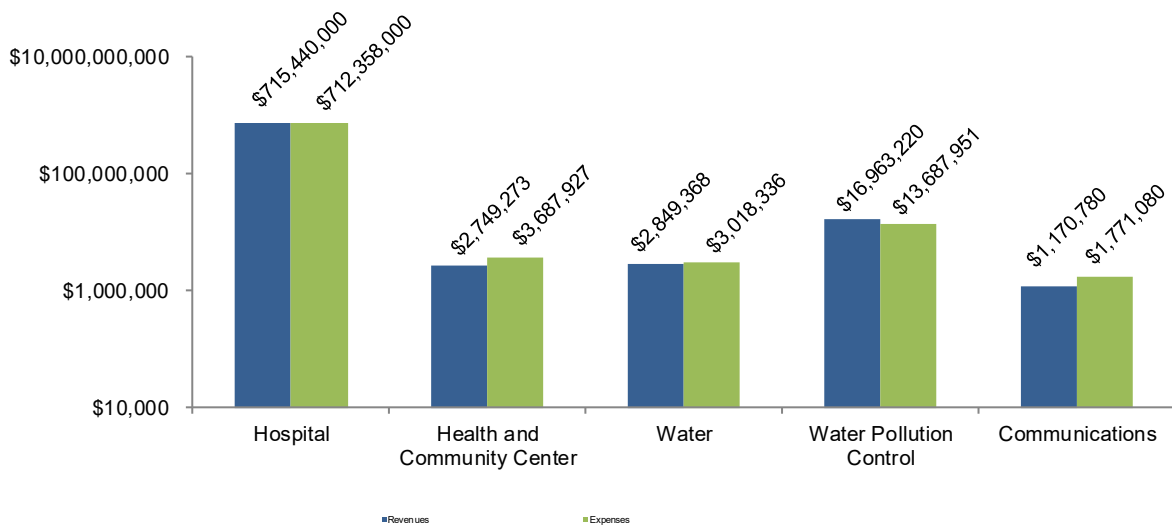
Management’s Discussion and Analysis (*Continued*)

Revenues By Source - Governmental Activities - 2022



Total business-type activities’ revenue for the fiscal year 2023 was \$758,882,210. All but \$23,732,641 of this revenue was generated from a specific business-type activity. The graphs below show a comparison between the business-type activity expenses and program revenues for 2023 and 2022.

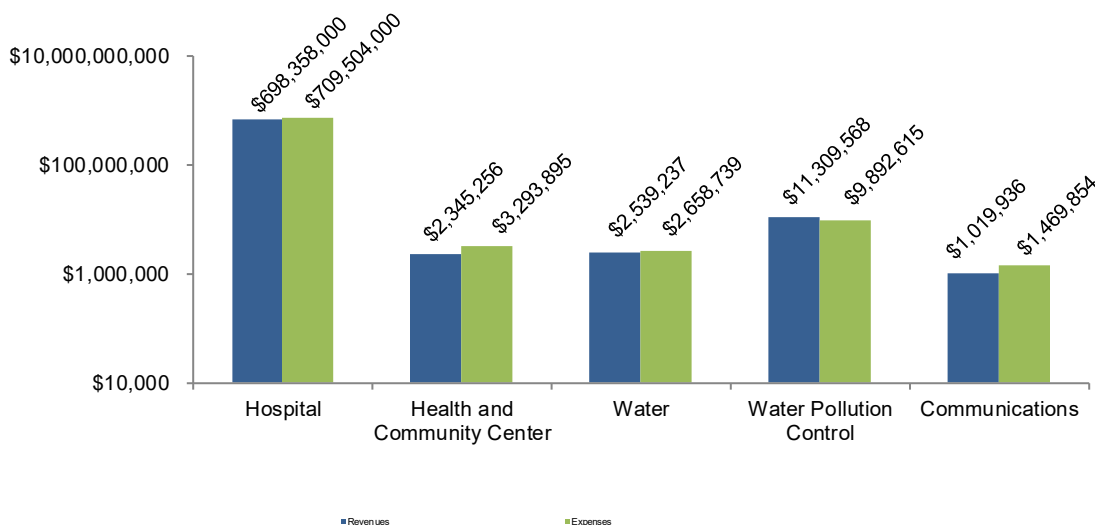
Revenues And Expenses - Business-Type Activities - 2023



CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Revenues And Expenses - Business-Type Activities - 2022



Business-Type Activities - Business-type activities increased the City's net position by \$29,095,916 and decreased it by \$25,445,114 in fiscal years 2023 and 2022, respectively, accounting for the majority of the increase in the government's net position.

The Hospital Fund showed an operating income of \$3,082,000 compared to an operating loss of (\$11,146,000) and experienced a change in net position of \$19,477,000 and (\$26,297,000) for fiscal years 2023 and 2022, respectively. The increase in net position was mainly attributable to a decrease in investment earnings.

Financial Analysis Of The Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The City's governmental funds reported combined ending fund balances of \$66,631,843 and \$70,906,728 as of September 30, 2023 and 2022, respectively. Approximately 34 percent and 31 percent of this total amount or \$22,381,429 and \$22,195,504 for 2023 and 2022, respectively, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable \$43,350, restricted \$8,752,452, or assigned \$35,454,612 to indicate it is not available for new spending. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$22,381,429 while total fund balance reached \$22,836,722. This is up from the 2022 unassigned fund balance of \$22,195,504 and total 2022 General Fund balance of \$22,614,227. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 118 percent of total General Fund expenditures for 2023, while total fund balance represents approximately 120 percent of that same. Unassigned fund balance represented 122 percent of total General Fund expenditures for 2022, while total fund balance represented approximately 124 percent of that same amount.

The fund balance of the City's General Fund increased by \$222,495 in the current fiscal year due to continued growth in sales taxes as well as rental and occupational license revenue growth.

The Gaming Revenue Fund decreased \$7,284,701 in the current fiscal year. This is primarily due to larger transfers out for two planned capital projects for the Water Utility.

Total governmental fund expenditures increased from \$30,432,828 in 2022 to \$31,135,337 in 2023, which is due to increased personnel costs budgeted and amended during the year.

Proprietary Funds - The City of North Kansas City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- General Fund revenues were conservatively estimated and assumed losses in several major categories including sales taxes and rentals due to the lingering effects of the COVID-19 pandemic. Revenue was budgeted at \$16.5 million, but came in at \$19.2 million due to significant increases in sales taxes. Sales tax continued double digit growth since 2020. Several new businesses have come into the City that have helped that growth. Staff has projected sales tax conservatively due to overall economic uncertainty. Business license revenue also saw an increase due to the increased economic activity, however franchise fees for gas and electric continued a slight downward trend.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

- The total original expenditure budget of \$19.5 million was increased to \$20.1 million mainly due to a compensation study completed in December 2022 for non-union employees. Expenses came in under budget by approximately \$1.1 million due to vacancies and lower than anticipated health premiums.

Capital Asset And Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 and 2022, were \$485,530,151 and \$479,533,245, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, construction-in-progress, and lease and subscription assets. The total net increase in the City's investment in capital assets for the current fiscal year was 1.3 percent (a 2.9 percent increase for governmental activities and a 0.9 percent increase for business-type activities).

City Of North Kansas City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 38,153,180	\$ 38,195,083	\$ 6,719,527	\$ 6,719,527	\$ 44,872,707	\$ 44,914,610
Construction-in-progress	—	—	3,576,000	15,113,000	3,576,000	15,113,000
Buildings and improvements	39,217,849	38,968,291	527,166,557	514,084,064	566,384,406	553,052,355
Infrastructure	40,416,218	36,410,676	31,785,351	31,091,289	72,201,569	67,501,965
Equipment	24,918,460	23,026,043	333,341,227	307,664,320	358,259,687	330,690,363
Lease assets	—	—	6,471,000	15,707,000	6,471,000	15,707,000
Subscription assets	—	—	37,625,000	33,795,000	37,625,000	33,795,000
Accumulated depreciation	(54,410,378)	(50,756,200)	(549,449,840)	(530,484,848)	(603,860,218)	(581,241,048)
Total	\$ 88,295,329	\$ 85,843,893	\$ 397,234,822	\$ 393,689,352	\$ 485,530,151	\$ 479,533,245

Additional information on the City's capital assets can be found in Note 3 of this report.

Debt - The City's Hospital enterprise fund had revenue bonds outstanding totaling \$61,316,000 and \$63,794,000 as of September 30, 2023 and 2022, respectively. The City's Hospital enterprise fund had leases and subscriptions outstanding totaling \$21,226,000 and \$25,869,000 as of September 30, 2023 and 2022, respectively. The City's Hospital enterprise fund did pay \$15,318,000 and \$4,893,000 in principal on total outstanding debt for fiscal years 2023 and 2022, respectively. The City's Hospital enterprise fund added \$8,197,000 and \$212,000 in lease and subscription liabilities during 2023 and 2022, respectively.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The City's available general obligation legal debt margin was \$76,566,692 and \$73,988,360 as of September 30, 2023 and 2022, respectively.

City Of North Kansas City's Outstanding Debt - Revenue Bonds and Leases

	Business-Type Activities		Maturity
	2023	2022	
2013B Hospital revenue bonds	\$ 15,566,000	\$ 16,794,000	2025
2020 Hospital revenue bonds	45,750,000	47,000,000	2030
Lease and subscription liability	21,226,000	25,869,000	Various
Total	\$ 82,542,000	\$ 89,663,000	

Additional information about the City's long-term debt can be found in Note 5 to the financial statements.

- The City's compensation plan allowed for a 3.0 percent merit/market based pay increase for non-union represented employees.
- The budget included a 0.5 percent decrease to the LAGERs pension plan contribution.
- The budget assumed that health insurance premiums would increase 5.0 percent.
- All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

Requests For Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Nicholas Hawkins, Finance Manager, City of North Kansas City, 2010 Howell, North Kansas City, Missouri, 64116.

Basic Financial Statements

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2023

Page 1 Of 2

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 65,145,647	\$ 32,862,345	\$ 98,007,992
Current portion of restricted and designated assets	196,888	2,273,000	2,469,888
Receivables:			
Taxes	4,278,248	—	4,278,248
Accounts, net of allowance for uncollectibles of \$27,918,000	1,466,014	78,820,431	80,286,445
Special assessments	—	144,792	144,792
Accrued interest	1,822	581	2,403
Due from other governmental units	885,672	—	885,672
Inventory	—	11,147,462	11,147,462
Current portion of lease receivables	1,593,538	5,385,000	6,978,538
Prepaid items	43,350	18,421,466	18,464,816
Property held for resale	417,424	—	417,424
Total Current Assets	74,028,603	149,055,077	223,083,680
Noncurrent Assets			
Designated assets:			
Cash and cash equivalents	—	20,275,000	20,275,000
Investments	—	259,696,000	259,696,000
Lease receivable	18,331,068	19,959,000	38,290,068
Other assets	—	727,000	727,000
Investment in joint ventures	—	7,201,000	7,201,000
Receivables, special assessments	—	642,957	642,957
Net pension asset	3,619,734	4,411,067	8,030,801
Capital assets:			
Nondepreciable	38,153,180	10,295,527	48,448,707
Depreciable, net	50,142,149	363,074,295	413,216,444
Lease assets, net	—	3,256,000	3,256,000
Subscription assets, net	—	20,609,000	20,609,000
Total Noncurrent Assets	110,246,131	710,146,846	820,392,977
Total Assets	184,274,734	859,201,923	1,043,476,657
Deferred Outflows of Resources			
Pension related amounts	6,140,631	68,989,757	75,130,388

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2023

Page 2 Of 2

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 1,679,851	\$ 26,456,122	\$ 28,135,973
Compensated absences	141,760	40,676,767	40,818,527
Estimated reimbursement payable	—	5,864,000	5,864,000
Court bonds payable	20,552	—	20,552
Current portion of lease liabilities	—	869,000	869,000
Current portion of subscription liabilities	—	8,818,000	8,818,000
Current portion of revenue bonds, notes payable and lease payable	—	2,517,000	2,517,000
Current portion of reserve for liability risks	—	2,273,000	2,273,000
Total Current Liabilities	1,842,163	87,473,889	89,316,052
Noncurrent Liabilities			
Compensated absences	2,220,912	184,342	2,405,254
Long-term lease liabilities, noncurrent portion	—	2,491,000	2,491,000
Long-term subscription liabilities, noncurrent portion	—	9,048,000	9,048,000
Reserve for liability risks	—	6,466,000	6,466,000
Net pension liability	1,723,088	—	1,723,088
Revenue bonds, notes payable and lease payable	—	58,799,000	58,799,000
Total Noncurrent Liabilities	3,944,000	76,988,342	80,932,342
Total Liabilities	5,786,163	164,462,231	170,248,394
Deferred Inflows Of Resources			
Property taxes	4,278,252	—	4,278,252
Leases	19,749,173	24,339,000	44,088,173
Pension related amounts	272,234	1,019,118	1,291,352
Total Deferred Inflows Of Resources	24,299,659	25,358,118	49,657,777
Net Position			
Net investment in capital assets	88,295,329	333,397,822	421,693,151
Restricted for:			
Capital projects	4,373,523	—	4,373,523
Pension	3,619,734	4,411,067	8,030,801
Bridges and streets	4,182,041	—	4,182,041
City beautification	196,888	—	196,888
Culture and recreation	5,034,367	—	5,034,367
Donor purposes	—	967,000	967,000
Unrestricted	54,627,661	399,595,442	454,223,103
Total Net Position	\$ 160,329,543	\$ 738,371,331	\$ 898,700,874

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position Primary Government		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 6,622,963	\$ 4,227,604	\$ —	\$ —	\$ (2,395,359)	\$ —	\$ (2,395,359)
Public safety	15,494,106	242,055	—	—	(15,252,051)	—	(15,252,051)
Public works	4,351,134	—	—	—	(4,351,134)	—	(4,351,134)
Culture and recreation	2,571,992	219,599	7,694	—	(2,344,699)	—	(2,344,699)
Transportation	336,665	152,908	223,771	—	40,014	—	40,014
Total Governmental Activities	29,376,860	4,842,166	231,465	—	(24,303,229)	—	(24,303,229)
Business-Type Activities							
Hospital	715,591,000	715,440,000	—	—	—	(151,000)	(151,000)
Health and community center	3,687,927	2,749,273	—	—	—	(938,654)	(938,654)
Water	3,018,336	2,849,368	—	—	—	(168,968)	(168,968)
Water pollution control	13,687,951	16,963,220	—	—	—	3,275,269	3,275,269
Communications	1,771,080	1,170,780	—	—	—	(600,300)	(600,300)
Total Business-Type Activities	737,756,294	739,172,641	—	—	—	1,416,347	1,416,347
Total Primary Government	\$ 767,133,154	\$ 744,014,807	\$ 231,465	\$ —	(24,303,229)	1,416,347	(22,886,882)
General Revenues:							
Taxes:							
Property tax					2,665,618	—	2,665,618
Franchise taxes					2,302,069	—	2,302,069
Sales taxes					10,108,667	—	10,108,667
Other taxes					2,345,590	—	2,345,590
Gaming/unrestricted					8,570,434	—	8,570,434
Investment earnings					517,059	11,040,569	11,557,628
Miscellaneous					3,247,380	8,669,000	11,916,380
Transfers					(7,970,000)	7,970,000	—
Total General Revenues And Transfers					21,786,817	27,679,569	49,466,386
Change In Net Position					(2,516,412)	29,095,916	26,579,504
Net Position - Beginning Of Year					162,845,955	709,275,415	872,121,370
Net Position - End Of Year					\$ 160,329,543	\$ 738,371,331	\$ 898,700,874

CITY OF NORTH KANSAS CITY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2023

	<u>General</u>	<u>Gaming Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 22,262,512	\$ 29,652,516	\$ 13,230,619	\$ 65,145,647
Receivables, net of allowance for uncollectibles:				
Taxes	1,620,989	—	2,657,259	4,278,248
Accounts	1,389,766	4,825	71,423	1,466,014
Lease	19,924,606	—	—	19,924,606
Accrued interest	620	858	344	1,822
Due from other governmental units	—	466,394	419,278	885,672
Prepaid items	—	2,016	41,334	43,350
Property held for resale	—	—	417,424	417,424
Restricted and designated assets	196,888	—	—	196,888
Total Assets	\$ 45,395,381	\$ 30,126,609	\$ 16,837,681	\$ 92,359,671
Liabilities, Deferred Inflows And Fund Balances				
Liabilities				
Accounts payable and accrued expenditures	\$ 1,167,945	\$ 152,888	\$ 359,018	\$ 1,679,851
Payable from restricted assets, court bonds	20,552	—	—	20,552
Total Liabilities	1,188,497	152,888	359,018	1,700,403
Deferred Inflows Of Resources				
Property taxes	1,620,989	—	2,657,263	4,278,252
Leases	19,749,173	—	—	19,749,173
Total Deferred Inflows Of Resources	21,370,162	—	2,657,263	24,027,425
Fund Balances				
Nonspendable:				
Prepaid items	—	2,016	41,334	43,350
Restricted:				
Capital projects	—	—	4,373,523	4,373,523
Bridges and streets	—	—	4,182,041	4,182,041
City beautification	196,888	—	—	196,888
Assigned:				
Culture and recreation	—	—	5,186,023	5,186,023
Fire and police pension	—	—	38,479	38,479
Capital projects and redevelopment	—	29,971,705	—	29,971,705
Health	258,405	—	—	258,405
Unassigned	22,381,429	—	—	22,381,429
Total Fund Balances	22,836,722	29,973,721	13,821,400	66,631,843
Total Liabilities, Deferred Inflows And Fund Balances	\$ 45,395,381	\$ 30,126,609	\$ 16,837,681	\$ 92,359,671

CITY OF NORTH KANSAS CITY, MISSOURI

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

September 30, 2023

Total Fund Balance - Governmental Funds	\$ 66,631,843
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,295,329
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	(2,362,672)
The net pension assets reported in the governmental activities is not a current financial resource and therefore is not reported in the funds.	3,619,734
The net pension liability reported in the governmental activities is not a current financial liability and therefore is not reported in the funds.	(1,723,088)
Pension related deferred outflows and deferred inflows of resources represent a consumption or acquisition of net assets in future periods and therefore are not reported in the funds in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related amounts	6,140,631
Deferred inflows of resources - pension related amounts	<u>(272,234)</u>
Total Net Position - Governmental Activities	<u><u>\$ 160,329,543</u></u>

CITY OF NORTH KANSAS CITY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2023

	General	Gaming Revenue	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 11,622,954	\$ —	\$ 5,765,000	\$ 17,387,954
Intergovernmental	—	—	384,373	384,373
Licenses and permits	2,222,865	—	—	2,222,865
Charges for services	1,594,150	—	297,306	1,891,456
Fines and forfeitures	254,552	—	—	254,552
Gaming	2,713,794	5,856,640	—	8,570,434
Investment earnings	178,760	261,133	77,166	517,059
Miscellaneous	657,796	277,000	2,312,584	3,247,380
Total Revenues	19,244,871	6,394,773	8,836,429	34,476,073
Expenditures				
Current:				
General government	2,984,821	16,032	1,820,190	4,821,043
Public safety	13,492,561	155,580	—	13,648,141
Public works	1,247,106	—	1,386,452	2,633,558
Culture and recreation	—	—	2,072,907	2,072,907
Transportation	—	—	336,665	336,665
Interdepartmental	1,297,888	—	—	1,297,888
Capital outlay	—	3,626,232	2,698,903	6,325,135
Total Expenditures	19,022,376	3,797,844	8,315,117	31,135,337
Revenues Over Expenditures	222,495	2,596,929	521,312	3,340,736
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	—	—	354,376	354,376
Transfers in	—	1,398,000	3,309,630	4,707,630
Transfers out	—	(11,279,630)	(1,398,000)	(12,677,630)
Total Other Financing Sources (Uses)	—	(9,881,630)	2,266,006	(7,615,624)
Net Change In Fund Balances	222,495	(7,284,701)	2,787,318	(4,274,888)
Fund Balances - Beginning Of Year	22,614,227	37,258,422	11,034,082	70,906,731
Fund Balances - End Of Year	\$ 22,836,722	\$ 29,973,721	\$ 13,821,400	\$ 66,631,843

CITY OF NORTH KANSAS CITY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended September 30, 2023

Net Change In Fund Balances - Total Governmental Funds				\$ (4,274,888)
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:				6,565,419
Depreciation				
General government	\$	(101,446)		
Public safety		(1,214,513)		
Public works		(1,936,569)		
Culture and recreation		<u>(482,525)</u>		(3,735,053)
The effect of various transactions involving capital assets such as sales, trade-ins, donations and disposals:				
Loss on disposal of capital assets				(378,930)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:				
Changes in compensated absences:				
General government		(23,657)		
Public safety		(175,061)		
Public works		(21,291)		
Culture and recreation		<u>(16,560)</u>		(236,569)
Pension Expense				
Public safety				<u>(456,391)</u>
Change In Net Position Of Governmental Activities				<u><u>\$ (2,516,412)</u></u>

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION ENTERPRISE FUNDS September 30, 2023

	Hospital	Nonmajor Enterprise Funds	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 11,269,000	\$ 21,593,345	\$ 32,862,345
Current portion of designated assets (investments)	2,273,000	—	2,273,000
Receivables:			
Accounts, net of allowance for uncollectibles of \$27,918,000	76,341,000	2,479,431	78,820,431
Special assessments	—	144,792	144,792
Accrued interest	—	581	581
Inventory	11,115,000	32,462	11,147,462
Current portion of lease receivables	5,385,000	—	5,385,000
Prepays	18,368,000	53,466	18,421,466
Total Current Assets	124,751,000	24,304,077	149,055,077
Noncurrent Assets:			
Designated assets:			
Cash and cash equivalents	20,275,000	—	20,275,000
Investments	259,696,000	—	259,696,000
Lease receivable	19,959,000	—	19,959,000
Other assets	727,000	—	727,000
Investment in joint ventures	7,201,000	—	7,201,000
Receivables, special assessments	—	642,957	642,957
Net pension asset	3,573,000	838,067	4,411,067
Capital Assets:			
Lease assets, net	3,256,000	—	3,256,000
Subscription assets, net	20,609,000	—	20,609,000
Capital assets, nondepreciable	8,142,746	2,152,781	10,295,527
Capital assets, net depreciable	325,432,254	37,642,041	363,074,295
Total Noncurrent Assets	668,871,000	41,275,846	710,146,846
Total Assets	793,622,000	65,579,923	859,201,923
Deferred Outflows Of Resources			
Pension related amounts	68,751,000	238,757	68,989,757
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	21,106,000	5,350,122	26,456,122
Compensated absences	40,665,000	11,767	40,676,767
Estimated reimbursement payable	5,864,000	—	5,864,000
Current portion of lease liabilities	869,000	—	869,000
Current portion of subscription liabilities	8,818,000	—	8,818,000
Current portion of revenue bonds, notes payable and finance purchase payable	2,517,000	—	2,517,000
Current portion of reserve for liability risks	2,273,000	—	2,273,000
Total Current Liabilities	82,112,000	5,361,889	87,473,889
Noncurrent Liabilities:			
Compensated absences	—	184,342	184,342
Long-term lease liabilities, noncurrent portion	2,491,000	—	2,491,000
Long-term subscription liabilities, noncurrent portion	9,048,000	—	9,048,000
Reserve for liability risks	6,466,000	—	6,466,000
Revenue bonds, notes payable and finance purchase payable	58,799,000	—	58,799,000
Total Noncurrent Liabilities	76,804,000	184,342	76,988,342
Total Liabilities	158,916,000	5,546,231	164,462,231
Deferred Inflows Of Resources			
Leases	24,339,000	—	24,339,000
Pension related amounts	989,000	30,118	1,019,118
Total Deferred Inflows Of Resources	25,328,000	30,118	25,358,118
Net Position			
Net investment in capital assets	293,603,000	39,794,822	333,397,822
Restricted for:			
Pension	3,573,000	838,067	4,411,067
Donor purposes	967,000	—	967,000
Unrestricted	379,986,000	19,609,442	399,595,442
Total Net Position	\$ 678,129,000	\$ 60,242,331	\$ 738,371,331

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENTERPRISE FUNDS

For The Year Ended September 30, 2023

	Hospital	Nonmajor Enterprise Funds	Total
Operating Revenues			
Charges for services	\$ 691,383,000	\$ 23,732,641	\$ 715,115,641
Other operating revenues	24,057,000	—	24,057,000
Total Operating Revenues	715,440,000	23,732,641	739,172,641
Operating Expenses			
Personal services	411,612,000	1,213,679	412,825,679
Contractual services	78,534,000	14,528,509	93,062,509
Materials and supplies	180,754,000	3,435,113	184,189,113
Depreciation and amortization	41,458,000	2,987,993	44,445,993
Total Operating Expenses	712,358,000	22,165,294	734,523,294
Operating Income	3,082,000	1,567,347	4,649,347
Nonoperating Revenues (Expenses)			
Other revenue	8,669,000	—	8,669,000
Other expenses	(1,201,000)	—	(1,201,000)
Investment earnings	10,959,000	81,569	11,040,569
Interest expense	(2,032,000)	—	(2,032,000)
Total Nonoperating Revenues	16,395,000	81,569	16,476,569
Income Before Transfers And Capital Contributions	19,477,000	1,648,916	21,125,916
Transfers	—	7,970,000	7,970,000
Change In Net Position	19,477,000	9,618,916	29,095,916
Net Position - Beginning Of Year	658,652,000	50,623,415	709,275,415
Net Position - End Of Year	\$ 678,129,000	\$ 60,242,331	\$ 738,371,331

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF CASH FLOWS ENTERPRISE FUNDS For The Year Ended September 30, 2023

	Hospital	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 693,396,000	\$ 22,575,515	\$ 715,971,515
Payments to suppliers	(274,563,000)	(15,521,619)	(290,084,619)
Payments to employees	(437,785,000)	(1,403,087)	(439,188,087)
Other receipts	25,516,000	—	25,516,000
Net Cash Provided By Operating Activities	6,564,000	5,650,809	12,214,809
Cash Flows Provided By Noncapital Financing Activities			
Proceeds from interfund accounts	—	7,970,000	7,970,000
Cash Flows From Capital And Related Financing Activities			
Purchases of capital assets	(42,741,000)	(2,309,463)	(45,050,463)
Interest payments	(2,032,000)	—	(2,032,000)
Principal payments on debt	(2,478,000)	—	(2,478,000)
Interest income from leases	725,000	—	725,000
Proceeds from sale of property, plant and equipment	4,558,000	—	4,558,000
Principal payments on lease liabilities	(2,544,000)	—	(2,544,000)
Principal payments on subscription liabilities	(10,296,000)	—	(10,296,000)
Net Cash Used In Capital And Related Financing Activities	(54,808,000)	(2,309,463)	(57,117,463)
Cash Flows From Investing Activities			
Interest and dividends received	5,129,000	78,436	5,207,436
Contribution expense	(1,033,000)	—	(1,033,000)
Purchase of investments	(46,690,000)	—	(46,690,000)
Proceeds from sale of investments	88,600,000	—	88,600,000
Change in other assets and liabilities	(1,960,000)	—	(1,960,000)
Net Distributions/Contributions to/from investees	4,111,000	—	4,111,000
Net Cash Provided By Investing Activities	48,157,000	78,436	48,235,436
Increase (Decrease) In Cash And Cash Equivalents	(87,000)	11,389,782	11,302,782
Cash And Cash Equivalents - Beginning Of Year	31,631,000	10,203,563	41,834,563
Cash And Cash Equivalents - End Of Year	\$ 31,544,000	\$ 21,593,345	\$ 53,137,345
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 3,082,000	\$ 1,567,347	\$ 4,649,347
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	41,305,000	2,987,993	44,292,993
Loss on sale of capital assets	1,493,000	—	1,493,000
Changes in assets and liabilities:			
Receivables	195,000	(1,157,126)	(962,126)
Inventory	(224,000)	—	(224,000)
Prepaid items and other	(572,000)	—	(572,000)
Net pension asset/liability	44,153,000	239,216	44,392,216
Deferred outflows of resources	(32,949,000)	(199,130)	(33,148,130)
Deferred inflows of resources	(39,539,000)	(229,479)	(39,768,479)
Accounts payable and accrued expenses	2,203,000	2,442,003	4,645,003
Compensated absences	1,662,000	(15)	1,661,985
Reserve for liability risk	331,000	—	331,000
Estimated reimbursements payable	(14,576,000)	—	(14,576,000)
Net Cash Provided By Operating Activities	\$ 6,564,000	\$ 5,650,809	\$ 12,214,809
Schedule Of Noncash Items			
Property and equipment purchases included in accounts payable	\$ 1,317,000	\$ —	\$ 1,317,000
Lease obligation incurred for lease assets	2,491,000	—	2,491,000
Subscription obligation incurred for subscription assets	5,706,000	—	5,706,000
FEMA claim obligation included in prepaid expenses and other	6,663,000	—	6,663,000

CITY OF NORTH KANSAS CITY, MISSOURI

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2023**

Assets

Investments:

Vanguard Funds	\$ 76,271,018
Fixed Income Funds	53,459,891
International Equity	48,474,026
Schwab Total Stock Market Fund	100,222,332
Real Estate fund	8,334,012
Money Market Mutual Funds	26,493,966
Receivables, accrued interest and dividends	<u>3,766</u>
Total Assets	<u>313,259,011</u>

Net Position Restricted For Pensions

\$ 313,259,011

CITY OF NORTH KANSAS CITY, MISSOURI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For The Year Ended September 30, 2023

Additions	
Contributions:	
Employer	\$ 1,314,813
Plan member deposits	217,814
Total Contributions	<u>1,532,627</u>
Investment Income (Loss)	
Net depreciation in fair value of investments	(57,969,643)
Interest and dividends	7,407,988
Investment expenses	(100,000)
Net Investment Loss	<u>(50,661,655)</u>
Total Additions	<u>(49,129,028)</u>
Deductions	
Benefits	43,355,096
Administrative expenses	406,297
Total Deductions	<u>43,761,393</u>
Change In Net Position	(92,890,421)
Net Position Restricted For Pensions - Beginning Of Year	<u>406,149,432</u>
Net Position Restricted For Pensions - End Of Year	<u>\$ 313,259,011</u>

CITY OF NORTH KANSAS CITY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

1. **Reporting Entity, Basis Of Presentation, Measurement Focus And Basis Of Accounting And Summary Of Significant Accounting Policies**

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

Reporting Entity

The City of North Kansas City, Missouri (the City) was incorporated in 1912 and covers an area of approximately 4.6 square miles in Clay County, Missouri. The City is a city of the third class and operates under the Mayor-Council-Administrator form of government. The City provides services to its residents in many areas, including law enforcement, fire protection, medical services, paramedic services, water and sewer services, community enrichment and development and various social services. Educational services are provided by the North Kansas City School District, all of which are separate government entities.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, the City has multiple component units. The Industrial Development Authority of the City of North Kansas City, Missouri is a blended component unit included in the financial information of the City because the governing body is substantially the same and the City has operational responsibility for it. The City's Police and Fire Retirement Plan is presented as a fiduciary component unit because it is a pension plan that is administered through trust that meets the criteria in paragraph 3 of GASB Statement 67. Though the North Kansas City Hospital (the Hospital) has a separate Board of Trustees that is appointed by the City's Mayor and City Council, the Hospital does not meet the definition of a legally separate entity as defined by the Codification of GASB. Therefore, the Hospital is considered part of the City (primary government) and its financial data is included with the financial data of the City as an enterprise fund.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Meritas Health Corporation (Meritas) is considered a blended component unit of the Hospital. Meritas operates exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Board of Trustees of the Hospital. The by-laws of Meritas provide that two employees and four trustees of the Hospital serve as members of the nine-person Board of Directors. Management considers Meritas to be an integral part of the Hospital's financial statements. Meritas does not issue separate financial statements. The Hospital's Retirement Plan (the Plan) is presented as a fiduciary component unit in the Hospital's financial statements. The Hospital's Board of Trustees elects the Retirement Committee and Investment Committee, which perform the governing duties of the Plan. The Hospital is the 75 percent owner of NKCH Radiation Oncology, LLC (NKCRO). The University of Kansas Hospital Authority owns the remaining 25 percent. NKCRO provides radiation oncology services on the Hospital's campus. NKCRO is considered a blended component unit and is included in the Hospital's financial statements. Separate audited financial statements for the Hospital are available by contacting the Chief Financial Officer at 2800 Clay Edwards Drive, North Kansas City, Missouri 64116.

Basis Of Presentation

Government-wide and fund financial statements: The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is based upon determination of changes in financial position, rather than upon net income determination.

The following are the City’s major governmental funds:

General Fund: The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Gaming Revenue: A capital projects fund that accounts for monies related to gaming revenue that is largely used for the acquisition and construction of capital facilities, development projects and other capital assets. This fund is presented as a major fund for public interest purposes.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditures for specific projects.

Convention and Tourism Tax: Established solely for the purpose of funding the promotion of tourism and infrastructure improvements, which is funded primarily with restricted property taxes.

Parks and Recreation: Established to account for the activities of the Park Board which administers the operation of all City parks, which is funded primarily with restricted property taxes.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Public Library: Established to account for the activities of the Library Board which administers the operations of the City's free library, which is funded primarily with restricted property taxes.

Transportation Sales Tax: Established to account for the activities related to transportation sales tax, other specifically designated state taxes and expenditures related to transportation.

Fire and Police Pension Tax: Established to account for the collections of property tax used to fund a portion of the City's contributions to the City of North Kansas City Police Officers and Firefighters Retirement Fund, which provides retirement benefits to the City's police and fire employees.

Capital Projects Funds: The Capital Projects Funds are used to account for all resources that are restricted, committed or assigned to expenditures for capital outflows, including the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Capital Projects: Established to account for certain taxes and other funds that are used for the acquisition and construction of capital facilities, projects and other capital assets.

Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon income determination, financial position and cash flows.

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following is the City's major enterprise fund:

Hospital: Established to account for the activities of the City-owned hospital. Revenue is derived mainly from user charges or third-party reimbursements. The Hospital enterprise fund is a June 30 year-end and has been included based on its June 30, 2023 year-end.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The other enterprise funds of the City are considered non major and are as follows:

Health and Community Center: Accounts for the activities related to the operations of the City's Health and Community Center.

Water: Accounts for activities of the City's water production and distribution system. Revenues are derived mainly from water service and installation charges.

Water Pollution Control: Accounts for the activities of the wastewater and sewage collection. Revenue is derived mainly from sewer users' service charges and fees.

Communications: Accounts for the activities of the City's internet utility. The revenue for this fund is derived from internet service charges and interfund transfers as needed.

Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

Pension Trust Funds: Are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Pension Trust Funds account for the assets of the City's public safety employees and Hospital plans. The Hospital plan is a December 31 year-end and has been included based on its December 31, 2022 year-end.

Hospital Pension: Provides pensions and benefits to employees of the City-owned hospital for the North Kansas City Hospital Retirement Plan.

Police and Fire Retirement: Provides pensions and benefits to the post-certified police officers and firefighters of the City.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2023 levy plus any uncollected amounts from prior years' levies.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Property taxes that are not available for current year operations are reported as deferred inflows of resources. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each September 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all real property for which taxes are unpaid.

Taxes receivable represent property, sales and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary Of Significant Accounting Policies

The significant accounting policies followed by the City include the following:

Cash And Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balance.

Investments

Investments, except for money market funds, are reported at fair value. Money market funds are reported at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. See Note 2 for additional information regarding fair value measures.

Statement Of Cash Flows

For purposes of the statement of cash flows for proprietary fund type funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable

Accounts receivable result primarily from miscellaneous services provided to citizens and are accounted for in the General Fund. Hospital services are accounted for in the Hospital Fund and water, sewer and internet services are accounted for in the Water Fund, Water Pollution Control Fund and the Communications Fund, respectively. All are net of an allowance for uncollectible accounts. The City records as accounts receivable in the water and water pollution control, nonmajor enterprise funds, the amount of earned, but unbilled revenue for these funds determined by prorating actual subsequent billings.

Special Assessments Receivable

Special assessments are levied against certain property owners benefited by the Paseo Industrial District project. Special assessments receivable consist of assessments due over the next 20 years in relation to this project, which was completed during the year ended September 30, 2009.

Leases Receivable

Leases receivable consist of the present value of lease payments expected to be received during the lease term.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Inventory

Consists of medical and water purification supplies in the enterprise funds and are stated at cost (first-in, first-out). The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

Capital assets include land, buildings, improvements, equipment and infrastructure, and they are reported in the applicable governmental or business-type activities columns in the government- wide financial statements and the enterprise fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of two years or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation has been provided over the estimated useful lives using the straight-line, half-year convention method. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Equipment	3 - 10 years
Infrastructure	10 - 50 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Property Held For Resale

Property held for resale consists of the Northgate Village Property. The City intends to sell specified tracts to developers for building. The property is currently accounted for as an asset in the Capital Projects Fund and is valued at the lower of historical cost or fair value, and as assigned fund balance.

Deferred Outflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The deferred outflow item consists of unrecognized items not yet charged to pension expense related to the net pension liability (asset) and contributions paid by the City after the measurement date but before the end of the City's reporting period. Additionally, the City recognizes a deferred outflow due to other postemployment benefit related items not yet charged to expense.

Deferred Inflows Of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

In the City's government-wide statements, the property tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide statements also include the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contributions and proportionate share of contributions all related to the net pension liability (asset). Additionally, the City recognizes a deferred inflow due to other postemployment benefit related items not yet charged to expense. Finally, the City recognizes a deferred inflow based on the original measurement of the lease receivable, less any amortization.

Pensions

For purposes of measuring the net pension liability or asset, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pensions have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reimbursements Receivable And Payable

The Hospital records reimbursements receivable from third party payers of medical services. The Hospital records estimated reimbursements payable to reflect the estimated amount due for Medicare disproportionate share reimbursements required by Medicare.

Interfund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as other financing sources/uses in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Compensated Absences

Under terms of the City's personnel policy (excluding the Hospital), City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum accruable of one and one-half times the annual amount earned, and accumulated sick leave of 50 percent of the maximum accruable (six months for all employees except firemen and nine months for firemen). Prior to 1991, no "cap" was in place for accumulated sick leave. All employees who had accrued sick leave in excess of the implemented cap were allowed to keep their accrued hours and will be paid 50 percent of this sick leave upon termination. Sick leave hours are used on a last-in, first-out basis.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits, and are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. Compensated absence liabilities are computed using the regular and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments, such as social security and Medicare taxes computed using rates in effect at that date.

Fund Balance

In the governmental financial statements, fund balances are displayed in five components as follows:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation. Amounts restricted for public safety training programs and City beautification are determined by state legislation and donor restrictions, respectively.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority.

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative Fund Balances are always reported as Unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies And Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken by City Council to establish, modify or rescind a fund balance commitment is through the adoption of an ordinance.

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. The authorization to assign fund balance resides with City Council.

For the classification of fund balances, the City considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned and lastly unassigned.

Net Position

Represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Charges For Services

The Hospital Fund reports charges for services at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Hospital provides care to patients who are not covered by insurance or reimbursement contracts. \$8,205,000 of lost charges from free care was considered to be charity care in the year ended June 30, 2023.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standard

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The implementation of this statement did not require an adjustment to beginning net position.

2. Deposits And Investments

Authorized Investments

The City is authorized to invest in U.S. obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, certificates of deposit and time open agreements.

The Hospital Enterprise Fund may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in money market mutual funds.

The Hospital Pension Plan and Police and Fire Retirement investments are generally not subject to limitation on the types of investments allowed.

Fair Value Measurements

The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 Input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 Input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Input: Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the City, the following fair value techniques were utilized in measuring the fair value of its investments:

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The City does not have any Level 3 investments. Certain short term money market securities are valued at amortized cost. The City does hold one investment measured at net asset value.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Interest Rate Risk

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

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy limits its investment portfolio to maturities of 15 years. The money market mutual funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

The Police and Fire Pension Plan and the Hospital Plan's investment policy do not specifically address exposure to fair value losses arising from rising interest rates.

As of September 30, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				No Maturity	Fair Value Hierarchy Level
		Less Than 1	1 To 5	6 To 10	More Than 10		
Investments, Hospital Fund							
Money market mutual funds	\$ 20,275,000	\$ 20,275,000	\$ —	\$ —	\$ —	—	1
Equity mutual funds	66,887,000	66,887,000	—	—	—	—	1
U.S. Treasury and agency obligations	195,082,000	27,198,000	121,789,000	31,941,000	14,154,000	—	2
Total Investments, Hospital Fund	<u>282,244,000</u>	<u>114,360,000</u>	<u>121,789,000</u>	<u>31,941,000</u>	<u>14,154,000</u>	<u>—</u>	
Investments, Pension Trust Fund - Police and Fire							
Mutual Funds - Equity	41,392,355	—	—	—	—	41,392,355	1
U.S. Treasury bonds and notes	3,751,678	—	—	2,190,348	1,561,330	—	1
U.S. Government Agencies	3,680,260	—	—	789,056	2,891,204	—	2
Corporate issues	4,817,934	—	1,673,665	3,144,269	—	—	2
Municipal issues	274,247	—	274,247	—	—	—	2
Domestic Preferred Stocks	170,016	—	—	—	—	170,016	2
Total investments, Pension Trust Funds	<u>54,086,490</u>	<u>—</u>	<u>1,947,912</u>	<u>6,123,673</u>	<u>4,452,534</u>	<u>41,562,371</u>	
Investments, Pension Trust Fund - Hospital							
Money market mutual funds	25,784,558	25,784,558	—	—	—	—	1
Domestic Equity funds	100,222,332	100,222,332	—	—	—	—	1
International Equity funds	48,474,026	48,474,026	—	—	—	—	1
Fixed Income funds	75,648,185	75,648,185	—	—	—	—	1
	<u>250,129,101</u>	<u>250,129,101</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Total investments measured at fair value	<u>586,459,591</u>	<u>\$ 114,360,000</u>	<u>\$ 123,736,912</u>	<u>\$ 38,064,673</u>	<u>\$ 18,606,534</u>	<u>\$ 41,562,371</u>	
Investments measured at amortized cost							
Money market funds - Police and Fire Pension	709,408						
Investments measured at net asset value							
Real estate fund - Police and Fire Pension	<u>8,334,012</u>						
Total investments	<u>\$ 595,503,011</u>						

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The following table sets forth additional disclosures of the City's investments whose fair value is estimated using net asset value per share (or its equivalent) as of September 30, 2023:

Investment	Fair Value At September 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund - Ballard (A)	\$ 8,334,012	\$ —	Quarterly	90 days

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy states that investments may only be made with institutions that possess overall financial strength, capitalization and liquidity to reasonably ensure the safety and availability of such monies. Security dealers not affiliated with a bank shall be required to have an office located in Missouri and be classified as reporting dealers affiliated with the New York Federal Reserve Bank as primary dealers.

Investment	Fair Value	S & P Rating
U.S. Treasury Bonds and Notes and Agencies	\$ 202,513,938	**
Mutual funds - Fixed Income	75,648,185	Not Rated
Money market mutual funds	46,768,966	AAA _m

** As of June 30, 2023, the investments in U.S. Agency obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor's. U.S. Treasury Bonds and Notes are explicitly guaranteed by the U.S. government and therefore have the highest rating.

Concentration Of Credit Risk

The City's investment policy is to apply the prudent person rule: Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their capital as well as the probable income to be derived. In addition, no more than 50 percent of City funds shall be invested in any one U.S. Treasury bill or in one U.S. government agency security at any given time. Only 35 percent of City funds may be invested in certificates of deposit.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The following table discloses concentrations of debt securities greater than 5 percent of total investments (grouped by City, Hospital, Hospital Pension, and Police and Fire Pension, however there were no concentrations above 5% in the Police and Fire Pension) as of September 30, 2023:

<u>Investment Type</u>	<u>Concentration</u>
City (excluding City Pension, Hospital, Hospital Pension)	
FNMA Obligations	0%
Hospital	
FHLB Obligations	10%
FNMA Obligations	11%
FHLMC Obligations	5%
First American Governnet Obligation Money Market Fund	7%
Federal Farm Credit Bank Obligation	6%
Hospital Pension	
PIMCO Income Instl	14%

Note: concentration risk does not arise in connection with U.S. government obligations and obligations explicitly guaranteed by the U.S. government, or instruments that are designed, in part, to provide diversification such as mutual funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2023, none of the City's (excluding the Hospital) bank balances with financial institutions, including certificates of deposit, were exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy states that all funds or investments purchased by the City from a qualified bank, savings and loan association or securities dealer on behalf of the City must be held in third party safekeeping by a bank designated as primary agent of the Federal Reserve Bank and may not be held in street name; they must be held in the City's name. As of September 30, 2023, the City's and the City's Police and Fire Pension Plan investments were not exposed to custodial credit risk.

At June 30, 2023, \$1,000,000 of the Hospital's bank balances of \$17,200,000 was exposed to custodial credit risk because they are not insured or collateralized.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Foreign currency risk: This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City itself has no investments in foreign currency. However, the Hospital Pension Plan's investment policy permits investments in international equities. All foreign equities held are denominated in U.S. dollars.

A summary of deposits and investments, along with financial statement classifications, is as follows:

Deposits	\$ 98,204,880
Investments	595,503,011
	<u>\$ 693,707,891</u>
Cash and cash equivalents	\$ 98,007,992
Restricted and designated assets	22,744,888
Investments	
Pension Trust Funds	313,259,011
Investments	259,696,000
	<u>\$ 693,707,891</u>

3. Capital Assets

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

	Balance 2022	Additions	Retirements	Transfers	Balance 2023
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 38,195,083	\$ 312,473	\$ 354,376	\$ —	\$ 38,153,180
Capital assets being depreciated:					
Buildings and improvements	38,968,291	249,558	—	—	39,217,849
Infrastructure	36,410,676	4,005,542	—	—	40,416,218
Equipment	23,026,043	1,997,846	105,429	—	24,918,460
Total capital assets being depreciated	98,405,010	6,252,946	105,429	—	104,552,527
Less: Accumulated depreciation for:					
Buildings and improvements	22,354,130	1,171,707	—	—	23,525,837
Infrastructure	10,127,610	1,627,612	—	—	11,755,222
Equipment	18,274,460	935,734	80,875	—	19,129,319
Total accumulated depreciation	50,756,200	3,735,053	80,875	—	54,410,378
Total capital assets being depreciated, net	47,648,810	2,517,893	24,554	—	50,142,149
Governmental activities capital assets, net	\$ 85,843,893	\$ 2,830,366	\$ 378,930	\$ —	\$ 88,295,329

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance 2022	Additions	Retirements	Transfers	Balance 2023
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 6,719,527	\$ —	\$ —	\$ —	\$ 6,719,527
Construction in progress	15,113,000	14,948,000	26,485,000	—	3,576,000
Total capital assets, not being depreciated	21,832,527	14,948,000	26,485,000	—	10,295,527
Capital assets being depreciated:					
Buildings and improvements	514,084,064	22,889,493	9,807,000	—	527,166,557
Infrastructure	31,091,289	694,062	—	—	31,785,351
Equipment	307,664,320	33,634,907	16,574,000	8,616,000	333,341,227
Lease assets	15,707,000	2,491,000	3,111,000	(8,616,000)	6,471,000
Subscription lease assets	33,795,000	5,706,000	1,876,000	—	37,625,000
Total capital assets being depreciated	902,341,673	65,415,462	31,368,000	—	936,389,135
Less: Accumulated depreciation for:					
Buildings and improvements	267,342,884	15,223,824	5,117,000	—	277,449,708
Infrastructure	20,011,347	1,415,868	—	—	21,427,215
Equipment	224,396,617	16,006,300	16,240,000	6,179,000	230,341,917
Lease assets	10,247,000	1,231,000	2,084,000	(6,179,000)	3,215,000
Subscription lease assets	8,487,000	10,405,000	1,876,000	—	17,016,000
Total accumulated depreciation	530,484,848	44,281,992	25,317,000	—	549,449,840
Total capital assets being depreciated, net	371,856,825	21,133,470	6,051,000	—	386,939,295
Business-type activities capital assets, net	\$ 393,689,352	\$ 36,081,470	\$ 32,536,000	\$ —	\$ 397,234,822

During 2023, the Hospital exercised purchase options on several leases that were fully paid and transferred the remaining net book value of the lease assets to capital assets.

Depreciation expense was charged to governmental activities as follows:

Governmental Activities

General government	\$ 101,446
Public safety	1,214,513
Public works	1,936,569
Culture and recreation	482,525
	<u>\$ 3,735,053</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities

Hospital	\$ 41,294,000
Health and community center	491,085
Water	1,013,507
Water pollution control	1,023,020
Communications	460,380
	<u>\$ 44,281,992</u>

4. Investment In Joint Ventures

The Hospital is a member of a joint venture agreement with United Surgical Partners International, Inc. (USPI), whereby the Hospital owns 50.1 percent of NKCH/USPI Surgery Centers I, L.L.C., a Missouri Limited Liability Company (Joint Venture I). Joint Venture I owns 57 percent of the Total Joint Center (the Center), which USPI will operate under a management agreement. The Centers' remaining 43 percent ownership interests are divided between surgeons who practice at the Center, the Hospital and other healthcare facilities.

The Hospital is a member of a joint venture agreement with USPI, whereby the Hospital owns 49 percent of NKCH/USPI Surgery Centers II, L.L.C., a Missouri Limited Liability Company (Joint Venture II). Joint Venture II owns approximately 51 percent of three surgery centers, which USPI will operate under a management agreement. The surgery centers' remaining ownership interests are divided between the surgeons who practice at the respective surgery centers, the Hospital and other health care facilities.

During the year ended June 30, 2011, the Hospital formed North Kansas City Hospital Ortho-Spine Co- Management Company, LLC. The Hospital has a 26 percent net ownership interest in the organization.

The outflow for capital contributions in the Hospital Fund represent the net of contributions from and distributions to a minority owner within the Hospital Fund.

Financial statements of the Hospital with combining schedules for the joint ventures can be provided by contacting the finance manager of the City.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended 2023:

	Balance - October 1, 2022			Balance - September 30, 2023		Due Within One Year
		Additions	Retirements			
Governmental Activities						
Compensated absences	\$ 2,126,103	\$ 362,950	\$ 126,381	\$ 2,362,672	\$ 141,760	
Business-Type Activities						
Revenue bonds						
2013B Hospital revenue bonds	\$ 16,794,000	\$ —	\$ 1,228,000	\$ 15,566,000	\$ 1,267,000	
2020 Hospital revenue bonds	47,000,000	—	1,250,000	45,750,000	1,250,000	
Total revenue bonds	63,794,000	—	2,478,000	61,316,000	2,517,000	
Lease liability	3,413,000	2,491,000	2,544,000	3,360,000	869,000	
Subscription liabilities	22,456,000	5,706,000	10,296,000	17,866,000	8,818,000	
Compensated absences	38,290,124	40,676,752	38,105,767	40,861,109	40,676,767	
	41,703,124	43,352,109	40,649,767	44,405,466	41,545,767	
Total Primary Government	\$ 130,079,227	\$ 49,236,702	\$ 53,550,148	\$ 125,765,781	\$ 53,022,527	

The accrued compensated absences attributable to the governmental activities are generally liquidated by the General Fund.

Hospital Revenue Bonds

On December 1, 2013, the City issued Series 2013A and 2013B Revenue Bonds under an Indenture of Trust dated December 1, 2013 in the amount of \$35.8 million and \$33.9 million, respectively. On December 1, 2020, the City issued Series 2020 Revenue Bonds under an Indenture of Trust dated December 1, 2020 in the amount of \$47 million. Proceeds from Series 2020 Revenue Bonds were used to payoff the Series 2013A Revenue Bonds in the amount of \$16.3 million and the remainder was used for capital projects. The bonds are special limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues arising from the operation the Hospital. The Indenture of Trust requires the Hospital to meet certain measures of financial performance on an annual basis and places limitations on future borrowings. The series 2013B have a final maturity of December 1, 2025 and carry an interest rate of 3.21%, and no amount is callable at face value. The Series 2020 Revenue Bonds have a final maturity of December 1, 2030 and carry an interest rate of 1.83%, and no amount is callable at face value.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Maturities of the Hospital revenue bonds are as follows:

<u>For The Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,517,000	\$ 1,307,000
2025	2,608,000	1,242,000
2026	14,292,000	983,000
2027	1,350,000	754,000
2028	1,350,000	730,000
2029-2033	39,199,000	8,849,000
	<u>\$ 61,316,000</u>	<u>\$ 13,865,000</u>

The Hospital leases equipment and real estate, the terms of which expire in various years through 2033. The leases were measured based upon the discount rate at lease commencement. During the years ended June 30, 2023, the Hospital recognized approximately \$0.8 million of rental expense for variable payments related to taxes, common areas and maintenance not previously included in the measurement of the lease liability. The following is a schedule by year of payments under the leases as of June 30, 2023:

<u>For The Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 869,000	\$ 710,000
2025	824,000	79,000
2026	594,000	52,000
2027	478,000	31,000
2028	390,000	13,000
2029-2033	205,000	7,000
	<u>\$ 3,360,000</u>	<u>\$ 892,000</u>

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The Hospital has various SBITAs, the terms of which expire in various years through 2031. There are no variable payments associated with these subscriptions. There were no commitments under SBITAs before the commencement of the subscription terms. The following is a schedule of payments under the SBITAs as of June 30, 2023:

<u>For The Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,818,000	\$ 397,000
2025	6,217,000	173,000
2026	2,643,000	27,000
2027	142,000	4,000
2028	10,000	1,000
2029-2031	36,000	2,000
	<u>\$ 17,866,000</u>	<u>\$ 604,000</u>

6. Designated Hospital Fund Assets

Designated assets include assets in the Hospital Fund set aside by the Hospital Board of Trustees for future capital improvements, future development and other uses, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under liability assumption agreements.

The Hospital has assets limited as to use for certain purposes as follows:

Designated by Board for:	
Capital improvements	\$ 273,324,000
Assumption of malpractice and general liability risks	5,874,000
Assumption of workers' compensation risks	<u>3,046,000</u>
	<u>\$ 282,244,000</u>

These amounts are displayed on the balance sheet as follows:

Current portion of restricted assets held by trustee	\$ 2,273,000
Designated assets:	
Cash and cash equivalents	20,275,000
Investments	<u>259,696,000</u>
	<u>\$ 282,244,000</u>

7. Leases Receivable And Revenue

Harrah's Lease

The City has an agreement with Harrah's North Kansas City Corporation (Harrah's) to operate a riverboat casino on land owned by the City. The City determined the agreement constitutes a Lease under GASB 87. Under the agreement, Harrah's agreed to pay the City two percent of the casino's adjusted gross winnings with a minimum of \$2,000,000, less the City's share of taxes and fees paid with respect to the premises or the excursion gambling boats annually. The City determined that the payments above the \$2,000,000 minimum are variable and therefore excluded from the measurement of the lease receivable.

The City and Harrah's are currently operating off the fourth amendment, which was entered into June 28, 2005. Included in the calculation is the expectation that the options in the fourth amendment to extend the lease under the same terms through January 1, 2035 will be executed. The amount of inflows of resources recognized in the reporting period from leases include lease revenue of \$1,737,113, which is included in the General Fund within Gaming, and interest revenue of \$438,320 which is included in the General Fund as Miscellaneous. The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of lease receivable are \$976,681.

Hospital Lease

The Hospital leases a portion of its office space to various third parties, the terms of which expire 2024 through 2032. Annual payments increase periodically on several of the leases based upon the terms of the lease agreements. The leases were measured based upon the payments at lease commencement.

Revenue recognized under lease contracts during the year ended June 30, 2023 was approximately \$6.5 million, which includes both lease revenue and interest. NKCH recognized lease revenue of approximately \$0.3 million for the year ended June 30, 2023 for variable payments related to taxes, installation costs and maintenance not previously included in the measurement of the lease receivable.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

8. Interfund Transfers And Balances

The following is a schedule of transfers as included in the basic financial statements of the City:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental fund, Gaming Revenue	\$ 1,398,000	\$ (11,279,630)
Other nonmajor governmental funds	3,309,630	(1,398,000)
Other nonmajor enterprise funds	7,970,000	—
	<u>\$ 12,677,630</u>	<u>\$ (12,677,630)</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that state or budget requires to expend them. The majority of the interfund transfers represent transfers of resources from capital projects funds to other funds for budgeted capital projects within those funds.

9. Retirement Systems And Pension Plans

The City participates in three different pension plans: Missouri Local Government Employees Retirement System Plan (LAGERS), the Police and Fire Retirement Plan and the North Kansas City Hospital Pension Plan.

Information about each plan is as follows:

Missouri Local Government Employees Retirement System (LAGERS)

General Information About The Pension Plan

Plan description: The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Benefits provided: LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2023 Valuation</u>
Benefit multiplier	2%
Final average salary	3 years
Member contributions	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>72</u>
	<u><u>199</u></u>

Contributions: The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. The employer contribution rate for the general division is 11.6 percent of annual covered payroll.

Net pension liability (asset): The employer's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2023. Standard update procedures were used to roll forward the net pension liability (asset) to June 30, 2023.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Actuarial assumptions: The total pension liability in the February 28, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00% net of investment expenses

The healthy retiree mortality tables, for postretirement mortality, were 115% of the PubG-2010 retiree mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 disabled retiree mortality table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee mortality table for males and females of General groups and 75% of the PubS-2010 employee mortality table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023 valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
Equity	39.0%	4.2%
Fixed Income	28.0%	1.1%
Real assets	33.0%	2.1%

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount rate: The discount rate used to measure the total pension liability is 7.00 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes In The Net Pension Liability (Asset)

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) of LAGERS are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2022	\$ 30,777,784	\$ 36,508,008	\$ (5,730,224)
Changes for the year			
Service cost	510,558	—	510,558
Interest	2,114,555	—	2,114,555
Difference between expected and actual experience	933,365	—	933,365
Contributions - employer	—	594,428	(594,428)
Net investment income	—	1,287,427	(1,287,427)
Benefit payments, including refunds	(1,669,866)	(1,669,866)	—
Administrative expense	—	(29,071)	29,071
Other changes	—	433,271	(433,271)
Net changes	1,888,612	616,189	1,272,423
Balances at September 30, 2023	\$ 32,666,396	\$ 37,124,197	\$ (4,457,801)

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability (asset) would be using a discount rate that is 1 percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 36,597,131	\$ 32,666,396	\$ 29,372,953
Plan fiduciary net position	37,124,197	37,124,197	37,124,197
Net pension liability (asset)	\$ (527,066)	\$ (4,457,801)	\$ (7,751,244)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To LAGERS

For the year ended September 30, 2023, the City recognized pension income of \$407,188. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 645,678	\$ (41,461)
Changes in assumptions	—	(118,740)
Net difference between projected and actual earnings on pension plan investments	457,125	—
Employer contributions subsequent to the measurement date	167,180	—
Total	\$ 1,269,983	\$ (160,201)

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2024.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending September 30,	Net Deferred Inflows Of Resources
2024	\$ 83,323
2025	(159,353)
2026	769,626
2027	249,006
2028	—
Thereafter	—
Total	\$ 942,602

Deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period. The deferred outflows of resources related to the difference between expected and actual investment earnings is being amortized over a closed five-year period as of the beginning of each measurement period.

Police And Fire Retirement Plan

Plan description: The City's Police Officer's and Fire Fighter's Retirement Fund (the Plan) is a single employer defined benefit pension plan. It was created and established by the City under section 2.64 of the City Code to provide money for retirement, death and disability benefits for employees of the police department and fire department of the City. The Plan is administered by a Board of Trustees (Board) for the exclusive purpose of providing benefits for the members of the Plan and their spouses and other beneficiaries, except for the payment of reasonable expenses which are necessary for the operation of the Plan, in accordance with the relevant terms and provisions of the City code. The Board consists of the Mayor, the City Attorney, the City Treasurer, the Chief of Police, the Fire Chief and two members elected by participating members -one from police and one from fire. The Plan issued a stand-alone financial report for the Plan year ended September 30, 2023. The Plan's fiduciary net position as a percentage of the total pension liability is 97%.

Persons who become police officers and firefighters of the City become eligible to participate in the plan upon their employment.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At September 30, 2023, Plan membership consisted of the following:

Active employees	98
Vested terminated employees	7
Retirees, beneficiaries and contingent annuitants	<u>84</u>
	<u><u>189</u></u>

Pension benefits: A participant entitled to monthly pension benefit is one who has attained the normal retirement age of 55. Members may take early retirement at age 45 after 25 years of service but must retire by age 65. Benefit amounts are generally based upon a percentage not-to-exceed 60 percent of average monthly base salary during the 36 consecutive months of service that produces the highest average out of the 60 consecutive months of service that precede retirement, with certain reductions for lesser years of service. Members also are eligible for disability, pension and death benefits.

In lieu of other benefits, employee contributions will be returned with interest earned upon termination.

Death and disability benefits: If a participant dies while eligible for normal retirement or after ten years of service if not eligible for early retirement, a death benefit may be paid to the participant's designated beneficiary equal to 50 percent of the amount of the retirement benefit which was payable to the participant, reduced for joint life expectancy, payable when the participant would have otherwise reached eligibility for benefits.

Any participant who becomes permanently and totally disabled, as defined by the Plan, and meets the service requirements is entitled to disability benefits based on a percentage of their average monthly salary, as defined by the Plan.

Contributions: The Board has the authority to establish and amend contribution requirements. The City contributes to the Plan a specific percentage of each participant's base pay. Effective April 6, 2018, the employer contribution rate was raised to 6.9 percent. The contribution rate remained unchanged through the year ended September 30, 2023.

Employees contribute to the Plan a specific percentage of participant's base pay. Effective April 6, 2018, the employee contribution rate was raised to 3.1 percent. The contribution rate remained unchanged through the year ended September 30, 2023.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The Plan terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are based on the lesser of the change in the cost of living adjustment applied to increase social security benefits as of the immediately preceding December 1st or four percent.

Net pension liability: The City's net pension asset was measured as of September 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2023.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increase	4.0%
Investment rate of return	6.5%

Mortality rates were based on the Public Safety 2010 tables projected with generational improvements using the scale MP-2021. For disabled mortality, the Healthy Annuitant Mortality Table is set forward five years. The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	25%	2.0%
Equity securities	65%	5.5%
Real estate	10%	3.5%
	<u>100%</u>	

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ending September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.14 percent.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount rate: The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes In The Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability of the City's Police and Fire Pension Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at September 30, 2022	\$ 61,506,170	\$ 58,456,809	\$ 3,049,361
Changes for the year			
Service cost	1,248,037	—	1,248,037
Interest	3,974,982	—	3,974,982
Difference between expected and actual experience	1,325,080	—	1,325,080
Contributions - employer	—	1,314,813	(1,314,813)
Contributions - employee	—	217,814	(217,814)
Net investment income	—	6,502,428	(6,502,428)
Benefit payments, including refunds	(3,201,271)	(3,201,271)	—
Administrative expense	—	(160,683)	160,683
Net changes	3,346,828	4,673,101	(1,326,273)
Balance at September 30, 2023	\$ 64,852,998	\$ 63,129,910	\$ 1,723,088

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.5 percent, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
City's net pension liability (asset)	\$ 9,319,940	\$ 1,723,088	\$ (4,599,454)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Police And Fire Pension

For the year ended September 30, 2023, the City recognized pension expense of \$2,589,227. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences in experience	\$ 1,757,619	\$ 9,333
Changes in assumptions	126,967	132,818
Difference between expected and actual investment earnings	3,224,819	—
Total	\$ 5,109,405	\$ 142,151

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending September 30,	Amount
2024	\$ 971,026
2025	1,275,232
2026	2,990,681
2027	(290,551)
2028	20,866
Thereafter	—
Total	\$ 4,967,254

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period. The deferred outflows of resources related to the difference between expected and actual investment earnings is being amortized over a closed five-year period as of the beginning of each measurement period.

Statements of fiduciary net position and changes in fiduciary net position of the Police and Fire Pension Fund as of and for the year ended September 30, 2023:

Assets	
Cash and cash equivalents	\$ 677,893
Investments	62,452,017
Total Assets	<u>63,129,910</u>
Net Position Restricted For Pensions	<u>\$ 63,129,910</u>
Additions	
Contributions	
Employer	\$ 1,314,813
Member	217,814
Total contributions	<u>1,532,627</u>
Investment income	
Net increase in fair value of investments	5,541,448
Interest and dividends	960,980
Total investment income	<u>6,502,428</u>
Total Additions	<u>8,035,055</u>
Deductions	
Benefits	3,201,271
Administrative expenses	160,683
Total Deductions	<u>3,361,954</u>
Change In Net Position	4,673,101
Net Position Restricted For Pensions - Beginning Of Year	<u>58,456,809</u>
Net Position Restricted For Pensions - End Of Year	<u>\$ 63,129,910</u>

North Kansas City Hospital Pension Plan

Plan Description

The Hospital contributes to the North Kansas City Hospital Retirement Plan (the Hospital Plan) a single employer noncontributory defined benefit pension plan which covers substantially all employees of the North Kansas City Hospital (NKCH) and certain employees of Meritas. The Hospital provides retirement, disability and death benefits to plan members and beneficiaries. The Hospital Plan is administered by the Retirement Committee which consists of the Chief Executive officer, Chief Financial Officer and Vice President of Human Resources of NKCH. The Hospital Plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for the pension plan. That report may be obtained by writing to Attention: Chief Financial Officer, North Kansas City Hospital, 2800 Clay Edwards Drive, North Kansas City, Missouri 64116.

Benefits provided: The Plan was amended and restated as of May 1, 2019. The amendment and restatement modified the benefits available to participants. The Plan was changed to provide for a cash balance benefit beginning May 1, 2019. No change in benefits occurred for certain participants in the Plan who met specific requirements. All other eligible participants in the Plan retained benefits earned under the previous traditional defined benefit formula through April 30, 2019 and began accruing benefits under the new cash balance formula beginning May 1, 2019. Eligible participants who entered the Plan on or after May 1, 2019, will earn benefits under a cash balance formula.

Under the terms of the cash balance benefit, the participants will be credited with a contribution equal to a percentage of covered compensation that varies based on years of service. The amounts contributed to each participant earn a guaranteed interest credit of 4 percent per year.

Participants with three or more years of vested service are entitled to monthly income pension benefits beginning at normal retirement, age 65. The Plan now provides for various benefits based on hire date, age or years of service at the amendment and restatement date of May 1, 2019.

Participants hired prior to January 1, 2005 and who were either over age 50 or had 15 years of service at May 1, 2019 are entitled to a benefit equal to 1.35 percent of their average compensation up to 1/12th of his or her covered compensation as defined in the Plan, plus 2.00 percent of their average compensation in excess of this level, multiplied by their credited service, as defined by the Plan.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Participants hired prior to January 1, 2005 but who were neither over age 50 nor had 15 years of service at May 1, 2019 are entitled to a benefit equal to 135 percent of their average compensation up to 1/12th of his or her covered compensation as defined in the Plan, plus 2.00 percent of their average compensation in excess of this level, multiplied by their credited service, as defined by the Plan, up to April 30, 2019, plus the participant's cash balance account. A cash balance account will be established for these participants for the period subsequent to April 30, 2019 and will be funded based on the terms of the Plan.

Participants hired subsequent to January 1, 2015 but prior to May 1, 2019 are entitled to a benefit equal to 0.90 percent of their average compensation up to 1/12th of his or her covered compensation as defined in the Plan, plus 1.4 percent of their average compensation in excess of this level, multiplied by their credited service, as defined by the Plan, up to April 30, 2019, plus the participant's cash balance account. A cash balance account will be established for these participants for the period subsequent to April 30, 2019 and will be funded based on the terms of the Plan.

Participants hired subsequent to May 1, 2019 will be entitled to benefits equal to the amount in the cash balance account.

The Plan permits early retirement after attaining age 55 and completing 10 years of vesting service or attaining age 62. The monthly pension benefit is determined as of the early retirement date with payments commencing at age 65, unless the participant elects earlier payment for a reduced amount.

The forms of benefit payments are a life annuity or lump-sum payment. Other options are available upon election at retirement.

If an active participant dies before his/her normal retirement date, a death benefit is payable consisting of the present value of the participant's accrued benefit on the date of death.

An active participant who becomes totally and permanently disabled before his/her retirement date and before May 1, 2019 was eligible for a monthly benefit equal to his/her accrued benefit on the day before his/her monthly disability benefit begins. The disability benefit was eliminated for all employees that become totally and permanently disabled subsequent to the amendment and restatement date of May 1, 2019.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The employees covered by the Hospital Plan at December 31, 2022, included in the actuarial valuation as of January 1, 2023:

Active participants	2,733
Retired participants, beneficiaries and disabled	326
Participants with deferred benefits	1,855
	<hr/>
	4,914
	<hr/> <hr/>

Contributions: The contribution requirements of participants and the Hospital are established and may be amended by the Hospital. Hospital Plan members are not required or permitted to contribute any of their annual covered salary. The Hospital contributes to the Hospital Plan at a level at or above the minimum funding requirements determined by independent actuarial valuation. The Hospital's contribution to the Hospital Plan for the year ended December 31, 2022 was \$0. Contributions for 2022 were lower than the actuarial determined contribution of approximately \$2,200,000.

Net pension asset: The Hospital's net pension asset was measured as of December 31, 2022 (the Hospital Plan's fiscal year-end) and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023.

Actuarial assumptions: The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rates	
Funding rate	7.00%
Lump sum interest rate	4.25%
Salary and taxable wage base increases	2.50%
Investment rate of return	7.00%
Indexed limits on compensation benefits	2.30%

Mortality rates were based on the MP-2021 mortality table.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates arithmetic real rates of return for each major asset class included in the Hospital Plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term	
	Target Allocation	Expected Real Rate Of Return
Equity		
US Large Stock	45%	8.00%
US Small Stock	20%	9.00%
Bonds		
US 30 Day TBill	2%	2.00%
US IT Government	18%	4.00%
US LT Corporate	15%	6.00%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2022, the annual money-weighted rate of return on the Hospital Plan investments, net of pension plan investment expense was (17.60) percent.

Discount rate: The discount rate used to measure the total pension liability was 7.00 percent for the year ended December 31, 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Hospital Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Changes In The Net Pension Liability (Asset)

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) of the North Kansas City Hospital Plan are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2021	\$ 299,966,000	\$ 347,692,000	\$ (47,726,000)
Changes for the year			
Service cost	6,762,000	—	6,762,000
Interest	19,666,000	—	19,666,000
Changes of benefit terms	(49,306,000)	—	(49,306,000)
Difference between expected and actual experience	9,207,000	—	9,207,000
Effect of assumption changes or inputs	416,000	—	416,000
Net investment income (loss)	—	(57,063,000)	57,063,000
Benefit payments, including refunds	(40,154,000)	(40,154,000)	—
Administrative expense	—	(345,000)	345,000
Net changes	(53,409,000)	(97,562,000)	44,153,000
Balance at December 31, 2022	\$ 246,557,000	\$ 250,130,000	\$ (3,573,000)

Sensitivity of the hospital's net pension asset to changes in the discount rate: The net pension asset of the Hospital has been calculated using a discount rate of 7.00 percent. The following presents the net pension asset using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Hospital's Net Pension Asset	\$ (17,386,000)	\$ 3,573,000	\$ 21,371,000

Detailed information about the Hospital Plan's fiduciary net position is available in the separately issued Plan financial report.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To The Hospital Plan

For the year ended June 30, 2023, the Hospital recognized pension expense of \$1,500,000. At June 30, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences in experience	\$ 22,192,000	\$ —
Changes in assumptions	10,890,000	(989,000)
Difference between expected and actual investment earnings	35,669,000	—
Total	\$ 68,751,000	\$ (989,000)

Amounts reported as deferred outflows of resources and deferred inflows of resources June 30, 2023 related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2024	\$ 10,327,000
2025	15,885,000
2026	19,773,000
2027	20,323,000
2028	1,454,000
Total	\$ 67,762,000

Below is a summary of pension-related amounts reported by the primary government of the City:

	LAGERS	Police & Fire	Hospital	Total
Net pension asset	\$ 4,457,801	\$ —	\$ 3,573,000	\$ 8,030,801
Net pension liability	—	1,723,088	—	1,723,088
Deferred outflows of resources	1,269,983	5,109,405	68,751,000	75,130,388
Deferred inflows of resources	160,201	142,151	989,000	1,291,352
Pension expense (income)	(407,188)	2,589,227	1,500,000	3,682,039

North Kansas City Hospital Section 403(b) Plan

The North Kansas City Hospital Section 403(b) Plan (the “403(b) Plan”) is a defined contribution, governmental tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code. The 403(b) Plan allows employees of the Hospital who execute an enrollment form to make salary deferral contributions (including catch-up contributions) and Roth contributions for the calendar year, up to 100 percent of their compensation during a payroll period, but not to exceed the maximum amount permitted under Section 402(g) of the Internal Revenue Code for the calendar year. Employee contributions are subject to the applicable maximum contribution limit permitted under the Internal Revenue Code. Eligible employees may also make rollover contributions to the Plan. The Hospital’s Board of Trustees has the authority to interpret, administer and amend the Plan. The Plan is maintained on a calendar-year basis. Plan participants made aggregate employee contributions to the Plan during July 1, 2022 through June 30, 2023, equal to \$6.7 million.

Meritas Health Corporation 457 Plan And Trust

The Meritas Health Corporation 457 Plan and Trust (the “Meritas 457 Plan”) is a defined contribution, eligible governmental plan under Section 457(b) of the Internal Revenue Code. The Meritas 457 Plan allows certain employees who execute a participation agreement to make salary deferral contributions (including catch-up contributions) and Roth contributions to the Plan during the calendar year, up to the maximum contribution permitted to Section 457(b) plans under the Internal Revenue Code. Eligible employees may also make rollover contributions to the Plan. While the Meritas Board of Directions retains the authority to amend the Meritas 457 Plan, the Plan establishes a Committee to interpret and administer the Plan. The Plan is maintained on a calendar year basis. Plan participants made aggregate contributions to the Plan during the 2023 calendar year equal to \$2.7 million.

Meritas Health Corporation Deferred Compensation Plan And Trust

The Meritas Health Corporation Deferred Compensation Plan and Trust (the “Meritas Deferred Compensation Plan”) is a defined contribution, eligible governmental plan under Section 457(b) of the Internal Revenue Code. The Meritas Deferred Compensation Plan allows certain employees who execute a participation agreement to make salary deferral contributions (including catch-up contributions) and Roth contributions to the Plan during the calendar year, up to the maximum contribution permitted to Section 457(b) plans under the Internal Revenue Code. Eligible employees may also make rollover contributions to the Plan. While the Meritas Board of Directors retains the authority to amend the Meritas Deferred Compensation Plan, the Plan establishes a Committee to interpret and administer the Plan. The Plan is maintained on a calendar-year basis. Contributions actually made by plan participants aggregated \$2.8 million during 2023.

Meritas Health Corporation Retirement Plan And Trust

The Meritas Health Corporation Retirement Plan and Trust (the “Meritas Retirement Plan”) is a defined contribution, governmental profit sharing plan under Section 401(a) of the Internal Revenue Code. Certain employees, as defined by the Plan, are eligible to receive a matching employer contribution equal to 50 percent of their salary deferral contributions made to the Meritas Health Corporation 457 Plan and Trust (up to 6 percent of compensation), in addition to a regular employer contribution. The matching employer contribution is allocated on a payroll period basis. The regular employer contribution is made solely at the discretion of Meritas and is allocated on a calendar-year basis. Certain other employees, as defined by the Plan, are eligible to receive a non-elective employer contribution in the amount of \$20,000. The non-elective employer contribution is pro-rated and allocated on a payroll period basis. All contributions are limited to the maximum amount permitted under the Internal Revenue Code. Eligible employees may also make rollover contributions to the Plan. The Plan is maintained on a calendar-year basis. While the Meritas Board of Directors retains the authority to amend the Meritas Retirement Plan, the Plan establishes a Committee to interpret and administer the Plan. Meritas made aggregate employer contributions to the Plan for the 2023 calendar year equal to \$5.3 million.

Meritas Health Corporation Matching Contribution Plan

The Meritas Health Matching Contribution Plan (the “Meritas Matching Contribution Plan”) is a defined contribution, governmental profit sharing plan under Section 401(a) of the Internal Revenue Code. Certain employees, as defined by the Plan, are eligible to receive a matching employer contribution equal to 50 percent of their salary deferral contributions made to the Meritas Health Corporation Deferred Compensation Plan (up to 6 percent of compensation). The matching employer contribution is allocated on a payroll period basis. Certain other employees, as defined by the Plan, are eligible to receive a non-elective employer contribution equal to \$19,000. The non-elective employer contribution is pro-rated and allocated on a payroll period basis. All contributions are limited to the maximum amount permitted under the Internal Revenue Code. Eligible employees may also make rollover contributions to the Plan. The Plan is maintained on a calendar-year basis. While the Meritas Board of Directors retains the authority to amend the Meritas Retirement Plan, the Plan establishes a Committee to interpret and administer the Plan. Meritas made aggregate employer contributions to the Plan for the 2023 calendar year equal to \$.7 million.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; natural disasters and employee health, dental and accident benefits. However, the City is entitled to the defense of sovereign and official immunity against tort action that may be brought against it under Section 537.600, RSMo (1978). This defense provides immunity except in two areas: motor vehicles and the condition of property of governmental entities.

The City carries commercial insurance for property and casualty, workers' compensation, employee health, life and dental insurance. During the last three years, settled claims have not exceeded insurance coverage.

The Hospital, as an enterprise fund, has assumed the risk of loss for malpractice, general liability and workers' compensation. Costs and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported.

At year end, the amount of these liabilities was approximately \$8,739,000. This liability is the Hospital's best estimate based on available information. Changes in the reported liability for the last two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Of Year</u>	<u>Provisions</u>	<u>Payments</u>	<u>End Of Year</u>
2022	\$ 7,976,000	\$ 3,836,000	\$ 3,404,000	\$ 8,408,000
2023	8,408,000	2,604,000	2,273,000	8,739,000

At year-end, the Hospital had approximately \$8,900,000 in an escrow account to pay prior and current year-end claims and to provide for catastrophic losses.

These liabilities are classified as part of the reserve for liability risks balance of \$2,273,000 current and \$6,466,000 long-term on the accompanying statement of net position as of June 30, 2023.

11. Operating Agreements

Community Center Fund

On November 18, 2014, the City Council approved an ordinance which approved the facility operating and cooperative agreement by and between the City of North Kansas City and the Young Men's Christian Association of Greater Kansas City (YMCA) which gives the YMCA the right to operate the City's Community Center, with the City retaining ownership of the Community Center. This agreement took effect on January 1, 2015 and will expire ten years from this date, with three optional renewal periods of ten years each. This agreement does not meet the definition of a service concession agreement as defined by GASB Statement No. 60.

Under this agreement, the City is to subsidize the operations of the facility through payments of an operating subsidy and if there are operating surpluses, the City and the YMCA are to share equally between the two parties. The City pays the YMCA a fixed management fee of the greater of \$125,000 per the calendar year or a management fee based on a percentage of facility revenues based upon the amount of calendar year facility surplus/loss as calculated by the agreement. The YMCA also has the opportunity to receive deficit reduction bonuses that are described in the terms of the agreement.

The City is estimated to owe the YMCA \$87,976 in an operating subsidy for the year ended September 30, 2023. For the year ended September 30, 2023, the City incurred management fee expense of \$402,460. The amount due to the YMCA as of September 30, 2023 of \$283,055 is recorded in the City's Community Center Fund, a nonmajor enterprise fund.

Communications Fund: On September 2, 2014, the City signed an agreement with DataShack, LLC (DataShack) which authorized KC Fiber, LLC (a subsidiary of DataShack) to operate and maintain the City's fiber optic network known as liNKCity for a term of 10 years with the City retaining ownership of the network. The agreement commenced on September 30, 2014. This agreement does not meet the definition of a service concession agreement as defined by GASB Statement No. 60.

Per the terms of the agreement, the City will share the profits and losses equally with losses capped at \$150,000 per year for the City. The amount due to KC Fiber, LLC as of September 30, 2023 of \$26,279 is recorded in the City's Communication Fund, a nonmajor enterprise fund.

12. Patient Service Revenues

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payers. These payment arrangements include:

Medicare - Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor. The Hospital's Medicare cost reports have been reviewed by the Medicare Administrative Contractor through June 30, 2020. Medicare patients accounted for approximately 55 percent of gross patient service revenues of the Hospital.

Medicaid - The State of Missouri's Medicaid program operates primarily on a prospective basis, and accordingly, provision for contractual adjustments is made in the period in which the related services are rendered. Medicaid patients accounted for approximately 11 percent of gross patient service revenues of the Hospital.

Blue Cross - A majority of inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per discharge or per diem reimbursement. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are reimbursed at a percentage of established charges. Blue Cross patients accounted for approximately 16 percent of gross patient service revenues of the Hospital.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

13. Commitments And Contingencies

In the normal course of business, the City and the Hospital are, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's self-insurance program or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The City and Hospital evaluate such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

As of September 30, 2023, various claims and lawsuits were on file against the City. City management believes that the potential settlements against the City not covered by insurance would not materially affect the financial position of the City.

Excelsior Springs Medical Center

On February 28, 1994, the Hospital and Excelsior Springs Medical Center (the Medical Center) entered into an affiliation agreement to cooperate in several areas including, but not limited to, providing more geographic coverage of health care services, entering joint managed care arrangements and improving employee educational opportunities. Additionally, the Medical Center granted the Hospital the right of first refusal upon the lease of all or a majority of the assets of the Medical Center or similar management agreement, which would have the effect of transferring authority and responsibility for operation to any other person or entity.

The Hospital entered into a management agreement with the Medical Center effective July 1, 2014. Under the management agreement, the Hospital will provide operational oversight to the Medical Center through the employment of the Medical Center's Chief Executive Officer.

14. Patient Accounts Receivable

The Hospital grants credit without collateral to its patients that are insured under third- party payer agreements. The mix of gross accounts receivable from patients and third-party payers as of June 30, 2023 was as follows:

Medicare	29%
Medicaid	8%
Commercial insurance	4%
Patients	30%
Contracted payers	<u>29%</u>
	<u>100%</u>

15. Major Customer

Revenue generated by two utility customers of the City amounted to \$12,672,243 of the Sewer Fund (Water Pollution). Revenue generated by one utility customer of the City amounted to \$944,923 of the Water Fund. Revenue generated by these customers comprised 77 percent and 35 percent of total operating revenue for the Sewer Fund and Water Fund, respectively, for the year ended September 30, 2023.

16. Reimbursable Developer Project Costs

Reimbursable developer project costs represent project costs that have been certified by the City as eligible for reimbursement to the applicant from various revenues attributable to a development project. Costs are certified upon project completion and may be certified in phases. Under the agreements, the City may reimburse approved certified cost amounts from incremental taxes generated from the redevelopment project plan for a period up to 23 years from the date of such plan approval. Reimbursement is made in accordance with the terms of an agreement entered into between an applicant and the City. Accordingly, certified project costs in excess of amounts reimbursed to date are tracked by the City for future repayment upon collection of attributable taxes. The City is only obligated for the amount of incremental taxes received attributable to the project and then, only in accordance with the terms of the agreement. Any project costs in excess of the incremental taxes received are the responsibility of the applicant. In accordance with GASB 48 *Pledged Revenue*, the City will record a liability when the City has received amounts that apply to certified developer costs and have yet to be distributed to the developer. Through September 30, 2023, \$1,412,866 as been distributed to the developer.

17. Tax Abatements

The City administers two tax abatement programs: The Chapter 100 program provides property tax abatement and sales tax exemption to purchase, construct, improve and equip certain industrial development projects through the issuance of industrial development bonds per Sections 100.010 - 100.200 RSMo. Eligible types of projects include warehouses, distribution facilities, office industries and others listed within Section 100.010 RSMo. Project improvements and equipment financed with Chapter 100 bonds are deeded to City, and exempt from ad valorem taxes per Section 137.100 RSMo, as long as the bonds are outstanding. Companies commit to operational standards for payroll and investment. Failing to meet those standards may result in the company repaying a portion of the abated taxes. The City received PILOTs in the amount of \$288,691 during the fiscal year. A jeweler receives a 100 percent tax abatement.

The Chapter 353 program provides property tax abatement to encourage developers to improve and/or remove blight (e.g., renovating abandoned buildings for new uses) per Chapter 353 RSMo. A financial need analysis, proof of a blight study, and a plan approved by City Council are required. The program also requires the formation of an Urban Redevelopment Corporation, rezoning to an Urban Revitalization District, compliance with MWDBE and Prevailing Wage requirements and submission of annual project reports. Developers under this program are normally granted 25 years of property tax abatement on improvements made to real property. Abatements generally occur in two phases (Phase I - 100 percent abatement of property taxes on the assessed value of the improved property, followed by a Phase II - 50 percent abatement of property taxes for 15 years). Recapture of abated taxes may occur if the recipient does not fulfill their commitments under the redevelopment plan agreements. The development agreement may also require an annual PILOT during the first phase. The City received PILOTs of approximately \$14,500 during the fiscal year. All PILOTs are remitted to the Clay County collector for distribution to the respective taxing jurisdictions.

Required Supplementary Information

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM For The Year Ended September 30, 2023

Schedule Of Changes In Net Pension Liability And Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 510,558	\$ 502,234	\$ 521,171	\$ 497,858	\$ 467,536	\$ 468,036	\$ 453,532	\$ 442,508	\$ 498,291
Interest on the total pension liability	2,114,555	2,051,253	2,145,118	2,080,929	1,995,606	1,973,791	1,922,857	1,847,804	1,858,377
Difference between expected and actual experience	933,365	72,736	(328,132)	(205,731)	148,101	(664,549)	(245,346)	(834,924)	(1,038,281)
Changes of assumptions	—	—	(939,717)	—	—	—	—	980,848	—
Benefit payments, including refunds	(1,669,866)	(1,780,252)	(1,569,423)	(1,431,274)	(1,466,633)	(1,485,325)	(1,387,628)	(1,424,612)	(1,448,598)
Net Change In Total Pension Liability	1,888,612	845,971	(170,983)	941,782	1,144,610	291,953	743,415	1,011,624	(130,211)
Total Pension Liability, Beginning	30,777,784	29,931,813	30,102,796	29,161,014	28,016,404	27,724,451	26,981,036	25,969,412	26,099,623
Total Pension Liability, Ending	\$ 32,666,396	\$ 30,777,784	\$ 29,931,813	\$ 30,102,796	\$ 29,161,014	\$ 28,016,404	\$ 27,724,451	\$ 26,981,036	\$ 25,969,412
Plan Fiduciary Net Position									
Contributions - employer	\$ 594,428	\$ 563,874	\$ 563,471	\$ 552,982	\$ 568,854	\$ 578,390	\$ 655,589	\$ 628,991	\$ 659,105
Pension plan net investment income	1,287,427	22,648	8,407,765	400,186	1,966,403	3,416,713	3,065,800	(85,854)	532,455
Benefit payments, including refunds	(1,669,866)	(1,780,252)	(1,569,423)	(1,431,274)	(1,466,633)	(1,485,325)	(1,387,628)	(1,424,612)	(1,448,598)
Pension plan administrative expense	(29,071)	(20,218)	(17,969)	(24,196)	(21,606)	(14,510)	(14,326)	(14,297)	(15,657)
Other	433,271	(779,436)	(9,977)	(300,220)	(102,127)	(546,890)	95,318	(154,085)	(277,608)
Net Change In Fiduciary Net Position	616,189	(1,993,384)	7,373,867	(802,522)	944,891	1,948,378	2,414,753	(1,049,857)	(550,303)
Plan Fiduciary Net Position, Beginning	36,508,008	38,501,392	31,127,525	31,930,047	30,985,156	29,036,778	26,622,025	27,671,882	28,222,185
Plan Fiduciary Net Position, Ending	\$ 37,124,197	\$ 36,508,008	\$ 38,501,392	\$ 31,127,525	\$ 31,930,047	\$ 30,985,156	\$ 29,036,778	\$ 26,622,025	\$ 27,671,882
Employer Net Pension Liability (Asset)	\$ (4,457,801)	\$ (5,730,224)	\$ (8,569,579)	\$ (1,024,729)	\$ (2,769,033)	\$ (2,968,752)	\$ (1,312,327)	\$ 359,011	\$ (1,702,470)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability (Asset)	114%	119%	129%	103%	109%	111%	105%	99%	107%
Covered Payroll	4,533,807	3,952,981	4,121,626	4,140,786	3,849,708	3,614,267	3,540,619	3,444,549	3,405,758
Employer's Net Pension Liability (Asset) As A Percentage Of Covered Payroll	-98.3%	-145.0%	-207.9%	-24.7%	-71.9%	-82.1%	-37.1%	10.4%	-50.0%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Amounts presented are determined as of June 30, the measurement date.

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM For The Year Ended September 30, 2023

Schedule Of Funding Progress

Years Ended September 30,	Statutorily Required Contribution	Contributions In Relation To The Statutorily Required Contribution	Contributions Deficiency	City's Covered Payroll	Contributions As A Percentage Of Covered Payroll
2023	\$ 597,136	\$ 597,136	\$ —	\$ 5,060,472	11.80%
2022	599,693	599,693	—	4,409,510	13.60%
2021	558,416	558,416	—	4,230,422	13.20%
2020	546,878	546,878	—	4,206,757	13.00%
2019	556,493	556,493	—	4,032,553	13.80%
2018	569,401	569,401	—	3,796,007	15.00%
2017	620,761	620,761	—	3,762,188	16.50%
2016	637,568	637,568	—	3,602,080	17.70%
2015	654,988	654,988	—	3,540,273	18.50%
2014	771,333	703,391	67,942	3,996,543	17.60%

Notes To Schedule Of Contributions

Valuation Date

The roll-forward of total pension liability from February 28, 2023 to June 30, 2023 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods And Assumptions Used To Determine Contribution Rates:

Valuation date	February 28, 2023
Actuarial cost method	Entry-age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 9 to 15 years
Asset valuation method	5-year smoothed fair value; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation
Investment rate of return	7.00% net of investment expenses
Retirement age eligibility	Experience-based table of rates specific to type of

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females.

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION POLICE AND FIRE RETIREMENT PLAN For The Year Ended September 30, 2023

Schedule Of Changes In Net Pension Liability And Related Ratios Police And Fire Retirement Plan (Pension Trust)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,248,037	\$ 1,148,715	\$ 1,095,551	\$ 1,120,285	\$ 1,034,219	\$ 1,145,064	\$ 1,182,171	\$ 1,096,000	\$ 1,175,127	\$ 1,090,804
Interest on the total pension liability	3,974,982	3,798,750	3,680,174	3,598,943	3,391,638	3,242,135	3,300,630	3,056,149	3,271,756	3,202,152
Difference between expected and actual experience	1,325,080	803,805	583,288	(26,865)	861,941	(53,922)	(1,812,895)	226,581	(839,311)	(1,043,437)
Changes of assumptions	—	109,027	(280,076)	(180,477)	708,032	649,332	—	2,034,904	(2,180,160)	(2,346,923)
Benefit payments, including refunds	(3,201,271)	(3,295,433)	(3,320,284)	(3,154,604)	(2,630,573)	(2,512,858)	(2,470,951)	(3,006,169)	(680,469)	—
Net Change In Total Pension Liability	3,346,828	2,564,864	1,758,653	1,357,282	3,365,257	2,469,751	(841,863)	3,407,465	746,943	1,002,596
Total Pension Liability, Beginning	61,506,170	58,941,306	57,182,653	55,825,371	52,460,114	49,990,363	50,832,226	47,424,761	46,677,818	45,675,222
Total Pension Liability, Ending	\$ 64,852,998	\$ 61,506,170	\$ 58,941,306	\$ 57,182,653	\$ 55,825,371	\$ 52,460,114	\$ 49,990,363	\$ 50,832,226	\$ 47,424,761	\$ 46,677,818
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,314,813	\$ 1,211,120	\$ 1,164,944	\$ 1,168,758	\$ 1,126,830	\$ 1,104,033	\$ 1,195,816	\$ 1,047,105	\$ 1,043,030	\$ 992,924
Contribution - employee	217,814	193,708	181,981	178,950	178,117	172,931	155,688	162,914	140,302	186,275
Pension plan net investment income	6,502,428	(10,992,638)	12,828,467	5,494,326	2,197,787	4,165,680	6,544,486	4,667,066	(315,503)	4,208,176
Benefit payments, including refunds	(3,201,271)	(3,295,433)	(3,320,284)	(3,154,604)	(2,630,573)	(2,512,858)	(2,481,478)	(3,006,169)	(2,180,060)	(2,346,923)
Pension plan administrative expense	(160,683)	(180,657)	(169,552)	(148,175)	(193,174)	(151,499)	(137,080)	(124,523)	(103,844)	(99,608)
Net Change In Fiduciary Net Position	4,673,101	(13,063,900)	10,685,556	3,539,255	678,987	2,778,287	5,277,432	2,746,393	(1,416,075)	2,940,844
Plan Fiduciary Net Position, Beginning	58,456,809	71,520,709	60,835,153	57,295,898	56,616,911	53,838,625	48,561,193	45,814,800	47,230,875	44,290,031
Plan Fiduciary Net Position, Ending	\$ 63,129,910	\$ 58,456,809	\$ 71,520,709	\$ 60,835,153	\$ 57,295,898	\$ 56,616,912	\$ 53,838,625	\$ 48,561,193	\$ 45,814,800	\$ 47,230,875
Employer Net Pension Liability (Asset)	\$ 1,723,088	\$ 3,049,361	\$ (12,579,403)	\$ (3,652,500)	\$ (1,470,527)	\$ (4,156,798)	\$ (3,848,262)	\$ 2,271,033	\$ 1,609,961	\$ (553,057)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability (Asset)	97%	95%	121%	106%	103%	108%	108%	96%	97%	101%
Covered Payroll	6,731,723	6,088,406	5,703,321	5,861,423	5,491,347	5,007,936	5,112,351	5,111,644	5,112,000	5,213,415
Employer's Net Pension Liability (Asset) As A Percentage Of Covered Payroll	25.6%	50.1%	-220.6%	-62.3%	-26.8%	-83.0%	-75.3%	44.4%	31.5%	-10.6%

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION POLICE AND FIRE RETIREMENT PLAN For The Year Ended September 30, 2023

Schedule Of City Contributions Police And Fire Retirement Plan (Pension Trust)

	Actuarially Determined Contribution	Contributions In Relation To The Actuarially Required Contribution	Contributions Deficiency (Excess)	City's Covered Payroll	Contributions As A Percentage Of Covered Payroll
2023	\$ 797,188	\$ 1,314,814	\$ (517,626)	\$ 6,731,723	19.53%
2022	654,822	1,211,120	(556,298)	6,088,406	19.89%
2021	799,299	1,164,944	(365,645)	5,703,321	20.43%
2020	936,047	1,168,758	(232,711)	5,861,423	19.94%
2019	800,951	1,126,830	(325,878)	5,491,347	20.52%
2018	940,605	1,093,914	(153,309)	5,007,936	21.84%
2017	1,199,032	1,195,815	3,217	5,112,351	23.39%
2016	1,011,064	1,047,105	(36,041)	5,111,644	20.48%
2015	1,070,230	1,043,030	27,200	5,213,425	20.01%
2014	890,916	675,000	215,916	5,213,000	12.95%

Assumptions

Valuation date	October 1, 2023
Actuarial cost method	Entry Age
Inflation	2.5%
Salary increases	4.0%
Investment rate of return	6.5%, net of investment expenses
Retirement age (percent retiring)	
45 – 49	5.0%
50 – 54	10.0%
55	30.0%
56 – 64	20.0%
65	100.0%

Mortality: Mortality rates were based on the Public Safety 2010 tables projected with generational improvements using the scale MP-2021. For disabled mortality, the Healthy Annuitant Mortality Table is set forward five years.

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIRE RETIREMENT PLAN
For The Year Ended September 30, 2023**

Schedule Of Investment Returns

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.14%	-15.74%	21.22%	10.08%	3.98%	7.80%	13.60%	10.45%	-0.68%	9.98%

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 6,762,000	\$ 7,279,000	\$ 6,802,000	\$ 6,843,000	\$ 7,334,000	\$ 6,949,000	\$ 6,588,000	\$ 6,535,000	\$ 6,084,000
Interest on the total pension liability	19,666,000	19,139,000	18,619,000	18,708,000	18,654,000	17,802,000	17,441,000	16,381,000	14,789,000
Changes of benefit terms	(49,306,000)	—	461,000	571,000	(7,239,000)	—	—	—	—
Difference between expected and actual experience	9,207,000	10,775,000	5,694,000	3,006,000	5,081,000	4,116,000	5,873,000	7,401,000	4,804,000
Changes of assumptions	416,000	177,000	10,005,000	(1,526,000)	2,385,000	—	—	—	17,104,000
Benefit payments, including refunds	(40,154,000)	(28,058,000)	(24,982,000)	(27,790,000)	(25,037,000)	(21,744,000)	(16,108,000)	(14,309,483)	(14,250,000)
Other changes	—	—	—	—	—	7,162,000	(5,495,000)	(1,373,000)	—
Net Change In Total Pension Liability	(53,409,000)	9,312,000	16,599,000	(188,000)	1,178,000	14,285,000	8,299,000	14,634,517	28,531,000
Total Pension Liability, Beginning	299,966,000	290,654,000	274,056,000	274,244,000	273,066,000	258,781,000	250,482,000	235,846,733	207,316,000
Total Pension Liability, Ending	\$ 246,557,000	\$ 299,966,000	\$ 290,655,000	\$ 274,056,000	\$ 274,244,000	\$ 273,066,000	\$ 258,781,000	\$ 250,481,250	\$ 235,847,000
Plan Fiduciary Net Position									
Contributions - employer	\$ —	\$ 3,000,000	\$ 11,988,000	\$ 30,288,000	\$ 4,533,000	\$ 9,400,000	\$ 12,000,000	\$ 15,000,000	\$ 6,000,000
Pension plan net investment income	(57,063,000)	39,337,000	48,538,000	53,069,000	(13,013,000)	35,114,000	17,714,000	(362,019)	17,199,000
Benefit payments, including refunds	(40,154,000)	(28,058,000)	(24,982,000)	(27,790,000)	(25,037,000)	(21,744,000)	(16,108,000)	(14,309,483)	(14,250,000)
Pension plan administrative expense	(345,000)	(383,000)	(397,000)	(468,000)	(333,000)	(110,000)	(140,000)	(164,167)	(146,000)
Other	—	—	—	—	—	—	—	—	—
Net Change In Fiduciary Net Position	(97,562,000)	13,896,000	35,147,000	55,099,000	(33,850,000)	22,660,000	13,466,000	164,331	8,803,000
Plan Fiduciary Net Position, Beginning	347,692,000	333,796,000	298,650,000	243,551,000	277,401,000	254,741,000	241,275,000	241,110,549	232,308,000
Plan Fiduciary Net Position, Ending	\$ 250,130,000	\$ 347,692,000	\$ 333,797,000	\$ 298,650,000	\$ 243,551,000	\$ 277,401,000	\$ 254,741,000	\$ 241,274,880	\$ 241,111,000
Employer Net Pension Liability (Asset)	\$ (3,573,000)	\$ (47,726,000)	\$ (43,142,000)	\$ (24,594,000)	\$ 30,693,000	\$ (4,335,000)	\$ 4,040,000	\$ 9,206,370	\$ (5,264,000)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	101%	116%	115%	109%	89%	102%	98%	96%	102%
Covered Payroll	195,278,000	186,149,000	183,679,000	166,915,000	166,595,000	151,889,000	142,840,000	137,742,000	130,237,000
Employer's Net Pension Liability As A Percentage Of Covered Payroll	-1.8%	-25.6%	-23.5%	-14.7%	18.4%	-2.9%	2.8%	6.7%	-4.0%

Note: Schedule is intended to present information for 10 years. Additional information will be displayed as it becomes available.

The actuarial cost method used to determine normal cost and actuarial accrued liabilities is the Entry Age Normal cost method, for the contribution requirements, the Aggregate Actuarial Cost Method was used.

Changes: Mortality assumption used is Scale MP-2021. Previous to 2022, Scale MP-2020 was used. The actuarial cost method used for determining the Plan's contribution requirements is Entry Age Normal Cost Method. Previous to 2020, the cost method used for determining the Plan's contribution requirements was the Aggregate Cost Method.

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2023**

Year	Actuarially Determined Contribution	Contributions In Relation To The Actuarially Required Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions As A Percentage Of Covered Payroll
2023	\$ 2,218,000	\$ —	\$ 2,218,000	\$ 195,278,000	0.00%
2022	—	3,000,000	(3,000,000)	186,149,000	1.61%
2021	—	11,988,000	(11,988,000)	183,679,000	6.53%
2020	3,018,000	30,289,000	(27,271,000)	168,511,000	17.97%
2019	10,289,000	4,533,000	5,756,000	166,916,000	2.72%
2018	5,980,000	9,400,000	(3,420,000)	166,595,000	5.64%
2017	7,100,000	12,000,000	(4,900,000)	142,840,000	8.40%
2016	6,566,000	9,000,000	(2,434,000)	137,742,000	6.53%
2015	4,014,000	18,000,000	(13,986,000)	130,237,000	13.82%
2014	3,843,000	—	3,843,000	127,830,000	0.00%

Valuation date	January 1, 2023
Actuarial cost method - normal cost and actuarial	Entry Age normal
Actuarial cost method - contributions	Aggregate
Salary and taxable wage base increase	2.50%
Investment rate of return	7.00%
Retirement age	65
Mortality tables	MP-2021

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-17.60%	12.29%	16.74%	21.96%	-4.90%	14.10%	7.49%	-0.15%	7.68%	15.60%

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE**

**BUDGET TO ACTUAL - GENERAL FUND
For The Year Ended September 30, 2023**

	Budget		Actual	Variance
	Original	Final		With Final Budget (Over) Under
Revenues				
Taxes	\$ 9,382,462	\$ 9,382,462	\$ 11,622,954	\$ (2,240,492)
Intergovernmental	479,181	479,181	—	479,181
Licenses and permits	2,030,000	2,030,000	2,222,865	(192,865)
Charges for services	1,115,367	1,115,367	1,594,150	(478,783)
Fines and forfeitures	233,500	233,500	254,552	(21,052)
Gaming	3,100,000	3,100,000	2,713,794	386,206
Investment earnings	130,000	130,000	178,760	(48,760)
Miscellaneous	4,000	4,000	657,796	(653,796)
Total Revenues	16,474,510	16,474,510	19,244,871	(2,770,361)
Expenditures				
Current:				
General government	2,601,952	3,192,268	2,984,821	207,447
Public safety	14,048,441	14,048,441	13,492,561	555,880
Public works	1,385,991	1,385,991	1,247,106	138,885
Interdepartmental	1,465,911	1,465,911	1,297,888	168,023
Total Expenditures	19,502,295	20,092,611	19,022,376	1,070,235
Revenues Over (Under) Expenditures	(3,027,785)	(3,618,101)	222,495	(3,840,596)
Net Change In Fund Balances	\$ (3,027,785)	\$ (3,618,101)	222,495	\$ (3,840,596)
Fund Balances - Beginning Of Year			22,614,227	
Fund Balances - End Of Year			\$ 22,836,722	

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION September 30, 2023

Budgetary Data

The reported budgetary data represents the final approved budget after amendments, as adopted by the City Council. Appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data recorded in the basic financial statements:

- Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget for all funds is legally enacted through passage of a resolution.
- Any revision that increases the budget of any fund (the legal level of control) must be approved by the City Council.
- The City is required by state statute to adopt an annual budget. The City's policy is to prepare the annual operating budget for the General Fund, special revenue funds and capital projects fund types on a basis consistent with GAAP. The Fire and Police Pension Tax Fund (special revenue fund) does not prepare a budget.

Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

	Special Revenue					Capital Projects	Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Capital Projects	
Assets							
Cash and cash equivalents	\$ 2,956,870	\$ 2,327,702	\$ 1,602,033	\$ 37,897	\$ 3,983,206	\$ 2,322,911	\$ 13,230,619
Receivables, net of allowance for uncollectibles:							
Taxes	726,967	1,090,494	—	792,278	47,520	—	2,657,259
Accounts	533	799	70,091	—	—	—	71,423
Accrued interest	86	67	—	1	124	66	344
Due from other governmental units	—	—	—	—	419,278	—	419,278
Prepaid items	—	—	—	—	41,334	—	41,334
Property held for resale	—	—	—	—	—	417,424	417,424
Total Assets	\$ 3,684,456	\$ 3,419,062	\$ 1,672,124	\$ 830,176	\$ 4,491,462	\$ 2,740,401	\$ 16,837,681
Liabilities, Deferred Inflows And Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ 59,315	\$ 40,134	\$ 33,750	\$ —	\$ 220,567	\$ 5,252	\$ 359,018
Deferred Inflows Of Resources							
Property taxes	727,552	1,090,494	—	791,697	47,520	—	2,657,263
Fund Balances							
Nonspendable:							
Prepaid items	—	—	—	—	41,334	—	41,334
Restricted:							
Capital projects	—	—	1,638,374	—	—	2,735,149	4,373,523
Bridges and streets	—	—	—	—	4,182,041	—	4,182,041
Assigned:							
Culture and recreation	2,897,589	2,288,434	—	—	—	—	5,186,023
Fire and police pension	—	—	—	38,479	—	—	38,479
Total Fund Balances	2,897,589	2,288,434	1,638,374	38,479	4,223,375	2,735,149	13,821,400
Total Liabilities, Deferred Inflows And Fund Balances	\$ 3,684,456	\$ 3,419,062	\$ 1,672,124	\$ 830,176	\$ 4,491,462	\$ 2,740,401	\$ 16,837,681

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended September 30, 2023

	Special Revenue					Capital Projects	Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Capital Projects	
Revenues							
Taxes	\$ 768,972	\$ 1,153,019	\$ 496,930	\$ 843,378	\$ 2,502,701	\$ —	\$ 5,765,000
Intergovernmental	—	7,694	—	—	376,679	—	384,373
Charges for services	297,306	—	—	—	—	—	297,306
Investment earnings	6,494	14,275	17,187	174	23,073	15,963	77,166
Miscellaneous, primarily tax increment financing	9,479	4,552	—	—	2,513	2,296,040	2,312,584
Total Revenues	1,082,251	1,179,540	514,117	843,552	2,904,966	2,312,003	8,836,429
Expenditures							
Current:							
General government	—	—	166,900	830,000	—	823,290	1,820,190
Public works	—	—	—	—	1,386,452	—	1,386,452
Culture and recreation	1,289,430	783,477	—	—	—	—	2,072,907
Transportation	—	—	—	—	336,665	—	336,665
Capital outlay	238,301	3	1,244,066	—	1,216,533	—	2,698,903
Total Expenditures	1,527,731	783,480	1,410,966	830,000	2,939,650	823,290	8,315,117
Revenues Over (Under) Expenditures	(445,480)	396,060	(896,849)	13,552	(34,684)	1,488,713	521,312
Other Financing Sources (Uses)							
Sale of capital asset	—	—	—	—	—	354,376	354,376
Transfers in	2,644,717	—	—	—	664,913	—	3,309,630
Transfers out	—	—	—	—	—	(1,398,000)	(1,398,000)
Total Other Financing Sources (Uses)	2,644,717	—	—	—	664,913	(1,043,624)	2,266,006
Net Change In Fund Balances	2,199,237	396,060	(896,849)	13,552	630,229	445,089	2,787,318
Fund Balances - Beginning Of Year	698,352	1,892,374	2,535,223	24,927	3,593,146	2,290,060	11,034,082
Fund Balances - End Of Year	\$ 2,897,589	\$ 2,288,434	\$ 1,638,374	\$ 38,479	\$ 4,223,375	\$ 2,735,149	\$ 13,821,400

CITY OF NORTH KANSAS CITY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For The Year Ended September 30, 2023**

	Special Revenue							
	Parks And Recreation		Public Library		Convention And Tourism Sales Tax		Transportation Sales Tax	
	Final		Final		Final		Final	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues								
Taxes	\$ 717,693	\$ 768,972	\$ 1,019,100	\$ 1,153,019	\$ 440,000	\$ 496,930	\$ 1,790,000	\$ 2,502,701
Intergovernmental	—	—	—	7,694	—	—	288,500	376,679
Charges for services	140,000	297,306	—	—	—	—	—	—
Investment earnings	5,000	6,494	12,000	14,275	10,000	17,187	10,000	23,073
Miscellaneous, primarily tax increment financing	8,500	9,479	6,500	4,552	—	—	—	2,513
Total Revenues	871,193	1,082,251	1,037,600	1,179,540	450,000	514,117	2,088,500	2,904,966
Expenditures								
Current:								
General government	—	—	—	—	220,189	166,900	—	—
Public works	—	—	—	—	—	—	1,595,591	1,386,452
Culture and recreation	1,171,274	1,289,430	1,154,365	783,477	—	—	—	—
Transportation	—	—	—	—	—	—	481,784	336,665
Capital outlay	2,580,000	238,301	—	3	1,314,551	1,244,066	1,441,000	1,216,533
Total Expenditures	3,751,274	1,527,731	1,154,365	783,480	1,534,740	1,410,966	3,518,375	2,939,650
Revenues Over (Under) Expenditures	(2,880,081)	(445,480)	(116,765)	396,060	(1,084,740)	(896,849)	(1,429,875)	(34,684)
Other Financing Sources								
Transfers in	2,644,717	2,644,717	—	—	—	—	731,784	664,913
Net Change In Fund Balances	(235,364)	2,199,237	(116,765)	396,060	(1,084,740)	(896,849)	(698,091)	630,229
Fund Balances - Beginning Of Year	(719,943)	698,352	1,481,756	1,892,374	660,859	2,535,223	2,367,007	3,593,146
Fund Balances - End Of Year	\$ (955,307)	\$ 2,897,589	\$ 1,364,991	\$ 2,288,434	\$ (423,881)	\$ 1,638,374	\$ 1,668,916	\$ 4,223,375

CITY OF NORTH KANSAS CITY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
For The Year Ended September 30, 2023**

	Capital Projects Funds			
	Gaming Revenue		Capital Projects	
	Final		Final	
	Budget	Actual	Budget	Actual
Revenues				
Gaming	\$ 6,258,127	\$ 5,856,640	\$ —	\$ —
Investment earnings	250,000	261,133	25,000	15,963
Miscellaneous, primarily tax increment financing	4,540,000	277,000	2,090,000	2,296,040
Total Revenues	11,048,127	6,394,773	2,115,000	2,312,003
Expenditures				
Current:				
General government	17,489	16,032	1,062,319	823,290
Public safety	788,125	155,580	—	—
Capital outlay	22,472,982	3,626,232	—	—
Total Expenditures	23,278,596	3,797,844	1,062,319	823,290
Revenues Over (Under) Expenditures	(12,230,469)	2,596,929	1,052,681	1,488,713
Other Financing Sources (Uses)				
Sale of capital assets	—	—	—	354,376
Transfers in	1,398,000	1,398,000	—	—
Transfers out	(11,279,630)	(11,279,630)	(1,398,000)	(1,398,000)
Total Other Financing Uses	(9,881,630)	(9,881,630)	(1,398,000)	(1,043,624)
Net Change In Fund Balances	(22,112,099)	(7,284,701)	(345,319)	445,089
Fund Balances - Beginning Of Year	1,696,085	37,258,422	(2,440,555)	2,290,060
Fund Balances - End Of Year	\$ (20,416,014)	\$ 29,973,721	\$ (2,785,874)	\$ 2,735,149

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS September 30, 2023

	Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,074,077	\$ 9,293,152	\$ 10,096,746	\$ 1,129,370	\$ 21,593,345
Receivables, net of allowance for uncollectibles:					
Accounts	—	168,322	2,291,907	19,202	2,479,431
Special assessments	—	—	144,792	—	144,792
Accrued interest	31	248	269	33	581
Inventory	—	32,462	—	—	32,462
Prepaid items	—	8,976	(1)	44,491	53,466
Total Current Assets	1,074,108	9,503,160	12,533,713	1,193,096	24,304,077
Noncurrent assets:					
Receivables, special assessments	—	—	642,957	—	642,957
Net pension asset	—	548,310	289,757	—	838,067
Capital assets, net	9,821,689	21,085,817	7,333,823	1,553,493	39,794,822
Total Noncurrent Assets	9,821,689	21,634,127	8,266,537	1,553,493	41,275,846
Total Assets	10,895,797	31,137,287	20,800,250	2,746,589	65,579,923
Deferred outflows of resources	—	156,208	82,549	—	238,757
Liabilities And Net Position					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	553,553	244,300	4,125,230	427,039	5,350,122
Compensated absences	—	8,014	3,753	—	11,767
Total Current Liabilities	553,553	252,314	4,128,983	427,039	5,361,889
Noncurrent liabilities					
Compensated absences	—	125,546	58,796	—	184,342
Total Liabilities	553,553	377,860	4,187,779	427,039	5,546,231
Deferred inflows of resources	—	19,705	10,413	—	30,118
Net Position					
Net investment in capital assets	9,821,689	21,085,817	7,333,823	1,553,493	39,794,822
Restricted for pension	—	548,310	289,757	—	838,067
Unrestricted	520,555	9,261,803	9,061,027	766,057	19,609,442
Total Net Position	\$ 10,342,244	\$ 30,895,930	\$ 16,684,607	\$ 2,319,550	\$ 60,242,331

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For The Year Ended September 30, 2023**

	Health And Community Center	Water	Water Pollution Control	Communi- cations	Total
Operating Revenues					
Charges for services	\$ 2,749,273	\$ 2,849,368	\$ 16,963,220	\$ 1,170,780	\$ 23,732,641
Operating Expenses					
Personal services	—	851,498	362,181	—	1,213,679
Contractual services	566,398	480,295	12,171,116	1,310,700	14,528,509
Materials and supplies	2,630,443	673,036	131,634	—	3,435,113
Depreciation	491,086	1,013,507	1,023,020	460,380	2,987,993
Total Operating Expenses	3,687,927	3,018,336	13,687,951	1,771,080	22,165,294
Operating Income (Loss)	(938,654)	(168,968)	3,275,269	(600,300)	1,567,347
Nonoperating Revenues					
Investment earnings	4,911	30,679	38,072	7,907	81,569
Income (Loss) Before Transfers And Capital Contributions	(933,743)	(138,289)	3,313,341	(592,393)	1,648,916
Transfers (Net)	750,000	7,110,000	10,000	100,000	7,970,000
Changes In Net Position	(183,743)	6,971,711	3,323,341	(492,393)	9,618,916
Total Net Position - Beginning Of Year	10,525,987	23,924,219	13,361,266	2,811,943	50,623,415
Total Net Position - End Of Year	\$ 10,342,244	\$ 30,895,930	\$ 16,684,607	\$ 2,319,550	\$ 60,242,331

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For The Year Ended September 30, 2023

		Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Cash Flows From Operating Activities						
Receipts from customers and users	\$	2,749,273	\$ 2,854,527	\$ 15,800,935	\$ 1,170,780	\$ 22,575,515
Payments to suppliers		(2,967,653)	(1,353,486)	(9,949,568)	(1,250,912)	(15,521,619)
Payments to employees		—	(977,688)	(425,399)	—	(1,403,087)
Net Cash Provided By (Used In) Operating Activities		(218,380)	523,353	5,425,968	(80,132)	5,650,809
Cash Flows Provided By Noncapital Financing Activities						
Proceeds from interfund accounts		750,000	7,110,000	10,000	100,000	7,970,000
Net Cash Used In Capital And Related Financing Activities		(172,712)	(1,572,630)	(564,121)	—	(2,309,463)
Net Cash Provided By Investing Activities		4,686	29,573	36,603	7,574	78,436
Increase In Cash And Cash Equivalents		363,594	6,090,296	4,908,450	27,442	11,389,782
Cash And Cash Equivalents - Beginning Of Year		710,483	3,202,856	5,188,296	1,101,928	10,203,563
Cash And Cash Equivalents - End Of Year	\$	1,074,077	\$ 9,293,152	\$ 10,096,746	\$ 1,129,370	\$ 21,593,345
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$	(938,654)	\$ (168,968)	\$ 3,275,269	\$ (600,300)	\$ 1,567,347
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation		491,086	1,013,507	1,023,020	460,380	2,987,993
Changes in assets and liabilities:						
Receivables		—	5,159	(1,162,285)	—	(1,157,126)
Accounts payable and accrued expenses		229,188	(200,155)	2,353,182	59,788	2,442,003
Compensated absences		—	(2,278)	2,263	—	(15)
Pension related deferred outflows		—	(130,282)	(68,848)	—	(199,130)
Pension related deferred inflows		—	(150,138)	(79,341)	—	(229,479)
Net Pension Asset/Liability		—	156,508	82,708	—	239,216
Net Cash Provided By (Used In) Operating Activities	\$	(218,380)	\$ 523,353	\$ 5,425,968	\$ (80,132)	\$ 5,650,809

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

September 30, 2023

	Hospital Pension	Police And Fire Retirement	Total
Assets			
Investments	\$ 250,129,101	\$ 63,129,910	\$ 313,259,011
Net Position Restricted For Pensions	\$ 250,129,101	\$ 63,129,910	\$ 313,259,011

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For The Year Ended September 30, 2023

	Hospital Pension	Police And Fire Retirement	Total
Additions			
Contributions			
Employer	\$ —	\$ 1,314,813	\$ 1,314,813
Plan member deposits	—	217,814	217,814
Total Contributions	—	1,532,627	1,532,627
Investment Income (Loss)			
Net appreciation (depreciation) in fair value of investments	(63,511,091)	5,541,448	(57,969,643)
Interest and dividends	6,447,008	960,980	7,407,988
Investment expenses	(100,000)	—	(100,000)
Net Investment Income (Loss)	(57,164,083)	6,502,428	(50,661,655)
Total Additions	(57,164,083)	8,035,055	(49,129,028)
Deductions			
Benefits	40,153,825	3,201,271	43,355,096
Administrative expenses	245,614	160,683	406,297
Total Deductions	40,399,439	3,361,954	43,761,393
Change In Net Position	(97,563,522)	4,673,101	(92,890,421)
Net Position Restricted For Pensions - Beginning Of Year	347,692,623	58,456,809	406,149,432
Net Position Restricted For Pensions - End Of Year	\$ 250,129,101	\$ 63,129,910	\$ 313,259,011

Statistical Section

CITY OF NORTH KANSAS CITY, MISSOURI
Statistical Section
September 30, 2023

This part of the City of North Kansas City, Missouri’s (the City) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being has changed over time.	96 - 101
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property and sales tax.	102 - 103
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	104 - 107
Demographic And Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	108 - 109
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	110 - 112

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The City implemented GASB 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF NORTH KANSAS CITY, MISSOURI

NET POSITION BY COMPONENT Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 60,838,547	\$ 60,643,084	\$ 62,384,233	\$ 66,658,524	\$ 79,097,669	\$ 80,292,369	\$ 80,939,198	\$ 81,445,874	\$ 84,034,388	\$ 88,295,329
Restricted	3,392,808	3,161,205	5,879,897	5,667,945	5,464,739	5,049,499	7,229,464	11,328,780	11,023,138	17,406,553
Unrestricted	50,305,949	57,775,621	58,372,025	58,778,459	54,907,047	55,937,807	55,204,913	62,357,324	67,788,429	54,627,661
Total Governmental Activities Net Position	\$ 114,537,304	\$ 121,579,910	\$ 126,636,155	\$ 131,104,928	\$ 139,469,455	\$ 141,279,675	\$ 143,373,575	\$ 155,131,978	\$ 162,845,955	\$ 160,329,543
Business-type activities:										
Net investment in capital assets	\$ 214,118,356	\$ 218,341,013	\$ 242,384,316	\$ 270,740,452	\$ 277,054,847	\$ 284,845,255	\$ 297,212,326	\$ 284,241,459	\$ 299,812,907	\$ 333,397,822
Restricted	189,000	684,000	102,000	729,000	5,190,000	627,000	25,050,000	43,594,000	48,211,000	5,378,067
Unrestricted	406,122,812	424,995,741	431,418,887	404,137,355	400,012,785	424,505,371	390,846,631	406,567,070	361,251,508	399,595,442
Total Business-Type Activities Net Position	\$ 620,430,168	\$ 644,020,754	\$ 673,905,203	\$ 675,606,807	\$ 682,257,632	\$ 709,977,626	\$ 713,108,957	\$ 734,402,529	\$ 709,275,415	\$ 738,371,331
Primary government:										
Net investment in capital assets	\$ 274,956,903	\$ 278,984,097	\$ 304,768,549	\$ 337,398,976	\$ 356,152,516	\$ 365,137,624	\$ 378,151,524	\$ 365,687,333	\$ 383,847,295	\$ 421,693,151
Restricted	3,581,808	3,845,205	6,901,897	6,396,945	10,654,739	5,676,499	32,279,464	54,922,780	59,234,138	22,784,620
Unrestricted	456,428,761	482,771,362	489,790,912	462,915,814	454,919,832	480,443,178	446,051,544	468,924,394	429,039,937	454,223,103
Total Primary Government Net Position	\$ 734,967,472	\$ 765,600,664	\$ 801,461,358	\$ 806,711,735	\$ 821,727,087	\$ 851,257,301	\$ 856,482,532	\$ 889,534,507	\$ 872,121,370	\$ 898,700,874

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION

Last Ten Fiscal Years

Page 1 Of 3

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 6,428,481	\$ 2,835,303	\$ 1,485,072	\$ 3,244,548	\$ 3,593,867	\$ 4,571,994	\$ 4,521,067	\$ 5,268,141	\$ 5,642,767	\$ 6,622,963
Public safety	9,466,348	11,817,664	15,473,191	12,443,789	14,032,962	11,664,108	11,424,906	8,543,544	13,916,591	15,494,106
Public works	2,215,496	3,448,907	3,278,598	2,572,462	1,491,115	3,709,337	3,790,908	3,700,926	3,892,668	4,351,134
Culture and recreation	1,584,810	1,973,900	1,704,827	1,971,491	1,858,736	2,272,090	2,182,029	2,201,170	2,291,655	2,571,992
Transportation	361,326	368,612	331,103	391,161	420,874	426,440	340,118	274,445	453,342	336,665
Total Governmental Activities Expenses	20,056,461	20,444,386	22,272,791	20,623,451	21,397,554	22,643,969	22,259,028	19,988,226	26,197,023	29,376,860
Business-type activities:										
Hospital	456,058,000	496,990,000	525,310,000	568,089,000	577,356,000	590,974,000	617,061,000	684,234,000	712,140,000	715,591,000
Health and community center	2,560,783	3,171,831	5,790,001	3,447,377	3,840,521	3,843,229	3,008,958	3,205,369	3,293,895	3,687,927
Water	1,722,107	1,836,014	1,926,481	1,969,289	1,989,566	1,954,291	2,218,713	2,197,380	2,658,739	3,018,336
Water pollution control	4,701,823	4,529,403	4,921,234	4,773,075	6,944,342	8,880,418	8,987,643	7,297,210	9,892,615	13,687,951
Communications	1,917,162	1,778,776	1,659,392	1,331,561	1,759,755	1,674,622	1,386,031	1,521,847	1,469,854	1,771,080
Total Business-Type Activities Expenses	466,959,875	508,306,024	539,607,108	579,610,302	591,890,184	607,326,560	632,662,345	698,455,806	729,455,103	737,756,294
Total Primary Government Expenses	487,016,336	528,750,410	561,879,899	600,233,753	613,287,738	629,970,529	654,921,373	718,444,032	755,652,126	767,133,154
Program revenue:										
Governmental activities:										
Charges for services										
General government	5,884,018	5,683,241	5,913,315	6,138,564	6,145,032	5,984,416	5,847,457	6,367,086	3,819,101	4,227,604
Public safety	548,316	466,865	355,945	353,831	273,722	359,045	247,311	158,384	293,161	242,055
Culture and recreation	128,257	141,910	161,043	155,702	187,927	171,724	93,965	132,180	161,491	219,599
Transportation	91,003	—	—	—	—	136,268	146,841	156,630	159,591	152,908
Operating grants and contributions										
Public safety	18,377	22,506	22,218	24,769	18,693	16,493	19,357	67,265	9,526	—
Public works	—	—	—	—	—	—	—	461,181	—	—
Culture and recreation	35,328	12,751	5,553	9,010	6,120	26,451	33,939	56,712	21,046	7,694
Transportation	159,054	268,388	313,977	303,394	286,770	170,870	166,852	178,594	189,417	223,771
Total Governmental Activities Program Revenue	6,864,353	6,595,661	6,772,051	6,985,270	6,918,264	6,865,267	6,555,722	7,578,032	4,653,333	5,073,631

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION *(Continued)*

Last Ten Fiscal Years

Page 2 Of 3

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Hospital	\$ 477,701,000	\$ 528,063,000	\$ 543,981,000	\$ 570,304,000	\$ 586,546,000	\$ 597,225,000	\$ 584,974,000	\$ 675,299,000	\$ 698,358,000	\$ 715,440,000
Health and community center	1,104,420	1,596,594	4,661,574	2,536,416	2,744,406	2,779,145	2,486,339	2,259,163	2,345,256	2,749,273
Water	2,328,295	2,463,837	2,604,180	2,662,902	2,723,942	2,653,753	2,493,804	2,265,820	2,539,237	2,849,368
Water pollution control	3,405,992	3,750,942	4,303,046	4,224,119	5,593,661	6,851,818	7,364,089	7,313,660	11,309,568	16,963,220
Communications	960,230	1,128,404	1,036,502	789,601	1,149,335	1,120,056	996,924	1,038,037	1,019,936	1,170,780
Capital grants and contributions:										
Hospital	343,000	278,000	262,000	316,000	—	—	—	—	—	—
Total Business-Type Activities										
Program Revenues	485,842,937	537,280,777	556,848,302	580,833,038	598,757,344	610,629,772	598,315,156	688,175,680	715,571,997	739,172,641
Total Primary Government										
Program Revenues	492,707,290	543,876,438	563,620,353	587,818,308	605,675,608	617,495,039	604,870,878	695,753,712	720,225,330	744,246,272
Net (expense) revenue:										
Governmental activities	(13,192,208)	(13,848,725)	(15,500,740)	(13,638,181)	(14,479,290)	(15,778,702)	(15,703,306)	(12,410,194)	(21,543,690)	(24,303,229)
Business-type activities	18,883,062	28,974,753	17,241,194	1,222,736	6,867,160	3,303,212	(34,347,189)	(10,280,126)	(13,883,106)	1,416,347
Total Primary Government Net										
Expense	5,690,854	15,126,028	1,740,454	(12,415,445)	(7,612,130)	(12,475,490)	(50,050,495)	(22,690,320)	(35,426,796)	(22,886,882)

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION *(Continued)*

Last Ten Fiscal Years

Page 3 Of 3

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,247,391	\$ 2,518,480	\$ 2,499,278	\$ 2,473,990	\$ 2,594,165	\$ 2,436,800	\$ 2,457,918	\$ 2,555,527	\$ 2,469,399	\$ 2,665,618
Franchise taxes	2,586,451	2,615,648	2,751,507	2,804,315	2,882,225	2,729,337	2,488,705	2,424,750	2,357,154	2,302,069
Sales taxes	4,868,873	4,838,815	5,127,842	5,342,598	7,836,800	7,603,094	7,378,316	9,071,570	9,988,543	10,108,667
Other taxes	1,363,822	1,693,396	1,750,901	1,824,935	1,813,000	1,980,309	2,020,637	2,091,032	2,232,584	2,345,590
Gaming	7,571,879	7,404,235	7,308,228	7,258,412	7,045,450	7,085,344	5,681,811	9,324,703	9,392,805	8,570,434
Investment earnings	153,835	260,606	249,208	408,414	664,396	1,366,457	879,305	329,937	96,972	517,059
Gain on disposal of capital assets	—	241,587	—	113,975	125,814	—	—	—	—	—
Miscellaneous	1,733,663	1,252,847	1,324,203	1,157,649	1,202,300	1,635,231	2,098,252	2,660,407	3,645,210	3,247,380
Transfers	(451,682)	169,984	(454,182)	(3,277,334)	(1,320,333)	(7,247,650)	(5,207,738)	(4,289,329)	(925,000)	(7,970,000)
Total Governmental Activities	20,074,232	20,995,598	20,556,985	18,106,954	22,843,817	17,588,922	17,797,206	24,168,597	29,257,667	21,786,817
Business-type activities:										
Investment earnings	6,948,327	6,585,333	13,037,261	(3,908,650)	(2,866,878)	16,812,132	18,797,007	25,943,830	(26,933,008)	11,040,569
Gain on disposal of capital assets	—	62,130	62,139	30,283	7,210	—	—	—	—	—
Miscellaneous	42,000	27,592	9,673	159,901	—	357,000	13,473,775	1,340,539	11,796,000	8,669,000
Transfers	451,682	(196,984)	454,182	3,277,334	1,320,333	7,247,650	5,207,738	4,289,329	925,000	7,970,000
Special item		(2,601,000)	—	—	—	—	—	—	—	—
Total Business-Type Activities	7,442,009	3,877,071	13,563,255	(441,132)	(1,539,335)	24,416,782	37,478,520	31,573,698	(14,212,008)	27,679,569
Total Primary Government	27,516,241	24,872,669	34,120,240	17,665,822	21,304,482	42,005,704	55,275,726	55,742,295	15,045,659	49,466,386
Changes in net position:										
Governmental activities	6,882,024	7,146,873	5,056,245	4,468,773	8,364,527	1,810,220	2,093,900	11,758,403	7,713,977	(2,516,412)
Business-type activities	26,325,071	32,878,824	30,804,449	781,604	5,327,825	27,719,994	3,131,331	21,293,572	(28,095,114)	29,095,916
Total Primary Government	\$ 33,207,095	\$ 40,025,697	\$ 35,860,694	\$ 5,250,377	\$ 13,692,352	\$ 29,530,214	\$ 5,225,231	\$ 33,051,975	\$ (20,381,137)	\$ 26,579,504

CITY OF NORTH KANSAS CITY, MISSOURI

**FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 302,211	\$ 14,321	\$ 10,479	\$ —	\$ 438,908	\$ 385,115	\$ 612,774	\$ 104,088	\$ —	\$ —
Restricted	130,023	146,974	145,266	159,196	6,232,879	184,576	115,431	202,196	206,973	196,888
Assigned	375,433	340,651	294,914	269,966	252,496	233,619	207,772	153,386	211,750	258,405
Unassigned	9,023,469	9,877,566	10,745,912	12,045,647	14,143,557	16,537,903	17,592,442	19,845,515	22,195,504	22,381,429
Total General Fund	\$ 9,831,136	\$ 10,379,512	\$ 11,196,571	\$ 12,474,809	\$ 21,067,840	\$ 17,341,213	\$ 18,528,419	\$ 20,305,185	\$ 22,614,227	\$ 22,836,722
All Other Governmental Funds:										
Nonspendable	\$ 434,823	\$ 423,623	\$ 3,171	\$ 55,587	\$ 82,073	\$ 530,974	\$ —	\$ 458,758	\$ 41,334	\$ 43,350
Restricted/committed/assigned:										
Capital projects	1,789,166	2,412,293	3,016,318	3,097,074	2,871,583	2,328,171	2,779,610	5,927,319	4,825,283	4,373,523
Bridges and streets	1,473,619	1,307,835	1,361,097	1,069,279	1,108,931	1,106,016	1,269,387	2,453,268	3,551,812	4,182,041
Fire and police pension	30,008	9,139	15,907	9,337	17,264	9,978	8,597	31,304	24,927	38,479
Culture and recreation	1,770,792	1,866,880	1,341,349	1,377,466	1,493,005	1,582,392	3,216,692	2,897,653	2,590,726	5,186,023
Capital projects and redevelopment	38,696,906	44,527,947	48,170,877	46,720,534	39,380,366	—	—	—	37,258,422	29,971,705
Total All Other Governmental Funds	\$ 44,195,314	\$ 50,547,717	\$ 53,908,719	\$ 52,329,277	\$ 44,953,222	\$ 5,557,531	\$ 7,274,286	\$ 11,768,302	\$ 48,292,504	\$ 43,795,121

CITY OF NORTH KANSAS CITY, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 11,555,008	\$ 11,666,339	\$ 12,129,528	\$ 12,445,838	\$ 15,126,190	\$ 14,749,548	\$ 14,345,577	\$ 16,142,879	\$ 17,047,680	\$ 17,387,954
Intergovernmental	298,507	303,645	341,748	337,173	311,583	338,082	762,858	902,382	361,580	384,373
Licenses and permits	1,830,007	1,900,670	2,038,423	2,418,462	2,113,255	2,402,795	1,989,009	2,132,703	2,377,091	2,222,865
Charges for services	714,407	787,780	879,030	798,070	1,082,804	1,071,938	1,263,730	1,385,201	1,614,961	1,891,456
Fines and forfeitures	550,891	470,708	360,080	358,885	277,232	362,667	252,381	162,277	299,707	254,552
Gaming	10,791,592	10,537,093	10,460,998	10,331,092	10,178,840	10,175,081	8,849,947	9,324,703	9,392,805	8,570,434
Investment earnings	158,459	260,606	249,208	408,414	664,396	1,366,457	880,768	329,807	96,966	517,059
Miscellaneous	1,491,296	1,252,847	1,324,203	1,157,649	1,216,326	1,235,271	1,216,396	2,660,405	3,645,210	3,247,380
Contributions	—	—	—	—	—	—	—	—	—	—
Total Revenues	27,390,167	27,179,688	27,783,218	28,255,583	30,970,626	31,701,839	29,560,666	33,040,357	34,836,000	34,476,073
Expenditures:										
General government	1,739,646	3,138,614	2,813,200	2,931,256	2,875,409	3,206,311	3,471,975	4,020,041	4,133,442	4,821,043
Public safety	10,659,035	10,005,546	9,957,949	10,058,868	10,723,024	10,972,492	11,166,837	11,670,316	12,611,290	13,648,141
Public works	2,229,048	2,409,654	2,458,898	2,524,270	2,671,738	2,290,809	2,275,384	2,200,414	2,360,325	2,633,558
Culture and recreation	1,607,509	1,598,853	1,720,500	1,759,787	1,874,595	1,867,213	1,759,378	1,800,745	1,826,546	2,072,907
Transportation	361,326	365,394	371,985	396,333	412,237	426,440	340,118	274,445	453,342	336,665
Interdepartmental	758,165	712,017	693,285	688,511	674,635	991,728	1,043,105	1,001,753	1,158,143	1,297,888
Capital outlay	4,236,842	2,460,402	5,736,586	7,034,363	15,416,996	4,653,204	3,745,101	3,878,937	7,889,740	6,325,135
Total Expenditures	21,591,571	20,690,480	23,752,403	25,393,388	34,648,634	24,408,197	23,801,898	24,846,651	30,432,828	31,135,337
Excess Of Revenues Over (Under)										
Expenditures	5,798,596	6,489,208	4,030,815	2,862,195	(3,678,008)	7,293,642	5,758,768	8,193,706	4,403,172	3,340,736
Other Financing Sources (Uses):										
Transfers in	1,613,984	1,182,679	1,327,728	1,310,106	1,465,140	1,164,035	5,628,607	2,352,017	5,937,970	4,707,630
Transfers out	(2,065,666)	(1,012,695)	(1,781,910)	(4,587,440)	(2,785,473)	(8,411,685)	(10,836,345)	(6,641,346)	(6,862,970)	(12,677,630)
Proceeds from sale of capital assets	—	241,587	601,388	113,975	125,714	—	—	2,995,601	—	354,376
Total Other Financing (Uses)	(451,682)	411,571	147,206	(3,163,359)	(1,194,619)	(7,247,650)	(5,207,738)	(1,293,728)	(925,000)	(7,615,624)
Net Changes In Fund Balance	\$ 5,346,914	\$ 6,900,779	\$ 4,178,021	\$ (301,164)	\$ (4,872,627)	\$ 45,992	\$ 551,030	\$ 6,899,978	\$ 3,478,172	\$ (4,274,888)

Note: The City made no debt service expenditures from its governmental funds, so the ratio of total debt service expenditures to total noncapital expenditures is not applicable.

CITY OF NORTH KANSAS CITY, MISSOURI

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Property	Local Option Sales Taxes	Utility Franchise Taxes	Other Tax	Total
2014	\$ 2,247,391	\$ 4,868,873	\$ 2,586,451	\$ 1,363,822	\$ 11,066,537
2015	2,518,480	4,838,615	2,615,648	1,693,396	11,666,139
2016	2,846,738	5,127,842	2,861,750	1,293,198	12,129,528
2017	2,473,990	5,342,598	2,804,315	1,824,935	12,445,838
2018	2,594,165	7,836,800	2,882,225	1,813,000	15,126,190
2019	2,436,800	7,603,094	2,729,337	1,980,309	14,749,540
2020	2,457,918	7,378,316	2,488,705	2,020,637	14,345,576
2021	2,555,527	9,071,570	2,424,750	2,091,032	16,142,879
2022	2,469,399	9,988,543	2,357,154	2,232,584	17,047,680
2023	2,665,618	10,108,667	2,302,069	2,345,590	17,421,944

As set out in Section 32.057 of the Missouri Revised State Statutes, it is a violation to make known in any manner the tax returns or departmental records derived from the Missouri Department of Revenue, including sales taxes, franchise fees and other tax sources. Due to the confidentiality of earnings information, the above alternative information is provided to assist the users in understanding these revenue sources, including sales taxes, the City's largest own-source revenue.

CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL SALES TAX INDUSTRIES

September 30, 2023

Industry	Percentage Of Total City Sales Tax Revenues	
	2023	2014
Lumber and construction materials	12.9%	7.1%
Utilities - regulations, elec, liquified petrol & water	6.1%	20.5%
Eating and drinking places	9.4%	8.5%
Miscellaneous business services	5.3%	6.1%
Jewelry stores	9.7%	0.0%
Plumbing, heating, and air conditioning	7.4%	4.5%
General government not elsewhere classified	0.0%	3.5%
Machinery equipment and supplies	13.0%	3.5%
Convenience stores	4.2%	3.8%
Hardware, plumbing and heating equipment	0.0%	0.0%
Miscellaneous manufacturing industries	0.0%	0.0%
Automotive parts & repair	2.4%	0.0%
Construction and related machinery	0.0%	0.0%
Telephone com, cellular & paging service	0.0%	2.6%
Total percentage of sales tax revenues	70.4%	60.1%
City direct sales tax rate	2.00%	1.50%

Source: Monthly sales tax distribution records.

CITY OF NORTH KANSAS CITY, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2023

Assessed Value	\$ 382,833,461
Debt limit (20% of assessed value)	
Debt applicable to limit:	76,566,692
General Obligation bonds	—
Less amount set aside for repayment of general obligation debt	—
Total net debt applicable to limit	<u><u>\$ 76,566,692</u></u>

Legal Debt Margin

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 52,478,612	\$ 53,561,079	\$ 53,180,635	\$ 55,207,333	\$ 55,287,662	\$ 65,644,470	\$ 66,846,324	\$ 66,811,806	\$ 73,988,360	\$ 76,566,692
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—
Legal Debt Margin	\$ 52,478,612	\$ 53,561,079	\$ 53,180,635	\$ 55,207,333	\$ 55,287,662	\$ 65,644,470	\$ 66,846,324	\$ 66,811,806	\$ 73,988,360	\$ 76,566,692
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total debt as a percentage of total personal income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total debt as a percentage of debt per capita	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Comprehensive Annual Reports.

Debt ratio coverage calculation includes City backed debt only

CITY OF NORTH KANSAS CITY, MISSOURI

**PLEGDED REVENUE COVERAGE
Last Ten Fiscal Years**

	Gross Revenue (1)	Less Operating Expenses (2)	Hospital Revenue Bonds			Coverage
			Net Available Revenue	Debt Service (3)		
				Principal	Interest	
2014	\$ 485,012,000	\$ 426,961,000	\$ 58,051,000	\$ 8,570,000	\$ 2,882,000	5.07
2015	534,901,000	466,329,000	68,572,000	10,858,000	2,238,000	5.24
2016	557,261,000	494,344,000	62,917,000	12,196,200	2,093,000	4.40
2017	567,072,000	539,492,000	27,580,000	18,530,000	1,565,000	1.37
2018	583,529,000	549,389,000	34,140,000	13,721,000	1,499,000	2.24
2019	597,225,000	558,136,000	39,089,000	5,586,000	1,112,000	5.84
2020	584,974,000	614,307,000	(29,333,000)	4,715,000	1,421,000	(4.78)
2021	675,299,000	681,492,000	(6,193,000)	4,193,000	1,315,000	(1.12)
2022	698,358,000	709,504,000	(11,146,000)	2,477,000	1,501,000	(2.80)
2023	715,440,000	712,358,000	3,082,000	2,517,000	2,032,000	0.68

CITY OF NORTH KANSAS CITY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As Of September 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable To City
Debt repaid with property taxes:			
North Kansas City School District	445,860,000	11.4%	\$ 50,853,117
City of North Kansas City			—
			<u>50,853,117</u>
Total Direct and Overlapping Debt			<u>\$ 50,853,117</u>

Sources: North Kansas City School District, Steve Marriott, Controller

Notes: Details regarding the City’s outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of North Kansas City. This process recognizes that, when considering the City’s ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt of each overlapping government.

CITY OF NORTH KANSAS CITY, MISSOURI

DEBT OUTSTANDING BY TYPE Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Subscriptions	Leases
2014	\$ 67,202,000	\$ 9,735,000	\$ —	\$ 17,517,000
2015	61,929,000	8,985,000	—	15,748,000
2016	56,555,000	8,189,000	—	13,316,000
2017	51,074,000	1,349,000	—	18,169,000
2018	45,488,000	948,000	—	16,724,000
2019	40,773,000	524,000	—	12,090,000
2020	36,681,000	77,000	—	7,093,000
2021	64,982,000	—	—	3,363,000
2022	63,794,000	—	22,456,000	3,413,000
2023	61,316,000	—	17,866,000	3,360,000

CITY OF NORTH KANSAS CITY, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2014	4,208	9,849,504	42,219	*	1,555	10.0%
2015	4,208	10,439,607	44,304	*	1,477	6.7%
2016	4,208	10,794,462	45,210	*	1,483	6.4%
2017	4,208	11,178,401	46,026	*	1,500	4.1%
2018	4,208	11,919,617	48,381	*	1,598	3.3%
2019	4,208	*	*	*	1,583	2.7%
2020	4,208	*	*	*	1,583	4.6%
2021	4,467	*	51,619	36.8	1,892	3.6%
2022	4,510	*	55,738	46.7	1,597	2.6%
2023	4,510	*	56,118	46.7	1,597	2.5%

Sources

- (1) U.S. Census Bureau (ten year increments)
- (2) U.S. Bureau of Economic Analysis - Data for Clay County
- (3) North Kansas City High School
- (4) Missouri Department of Economic Development

*Information is unavailable

CITY OF NORTH KANSAS CITY, MISSOURI

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND 9 YEARS AGO**

Industry	2023		
	Employees	Rank	Percentage Of Total City Employment
Computer equipment, software and systems	2,191	1	11%
Health and fitness	306	2	2%
Wholesale	272	3	1%
Entertainment, restaurants and taverns	208	4	1%
Manufacturing	194	5	1%
Auto parts and repair services	168	6	1%
Janitorial services	120	7	1%
Computer equipment, software and systems	113	8	1%
Engineering	104	9	1%
Security systems services	100	10	1%
	<u>3,776</u>		<u>19%</u>

Industry	2014		
	Employees	Rank	Percentage Of Total City Employment
Computer equipment, software and systems	3,322	1	19%
Medical services and products	3,200	2	18%
Entertainment, restaurants and taverns	1,765	3	10%
Manufacturing	1,060	4	6%
Building and construction companies	1,029	5	6%
Printing, lithographic, graphic design and stationary	640	6	5%
Wholesale	794	7	4%
Building material manufacture and supply	435	8	2%
Janitorial services	386	9	2%
Auto parts and repair services	314	10	2%
	<u>12,945</u>		<u>74%</u>

Sources

(1) Business License Applications

Note: Due to the confidential nature of this information, the employer's names are not presented.

CITY OF NORTH KANSAS CITY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS Last Ten Fiscal Years

Functions/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Elected	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0
City Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Clerk	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	2.9
Purchasing	0.0	0.0	0.0	0.0	0.0	—	—	—	—	—
Computer Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Legal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Planning	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Intern	0.4	0.4	0.4	0.4	0.4	0.3	—	—	—	—
Court	3.3	3.3	3.3	3.3	3.3	3.3	2.8	3.0	3.0	3.0
Economic Development	—	—	—	—	—	—	—	—	—	—
Community Development										
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Codes Inspectors	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Intern	0.5	0.5	0.5	0.5	0.5	0.5	—	—	—	—
Police										
Officers	40.0	40.0	39.0	39.0	38.0	38.0	34.0	34.0	34.0	34.0
Civilians	18.1	16.1	16.1	16.1	15.6	15.5	12.5	12.5	12.5	12.0
Fire										
Firefighters and Officers	61.0	61.0	61.0	61.0	61.0	61.0	57.0	57.0	57.0	57.0
Civilians	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Codes Inspectors	0.0	0.0	0.0	0.0	0.0	—	—	—	—	—
Public Works										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Codes Inspectors	0.0	0.0	0.0	0.0	0.0	0.0	—	—	—	—
Buildings & Grounds Keepers	5.3	5.3	5.3	5.3	5.3	4.3	4.3	4.3	4.3	4.3
Street Maintenance	7.8	7.8	7.8	7.8	7.8	7.8	7.9	6.9	6.9	6.8
Parks and Recreation										
General & Administrative	3.5	3.5	3.5	2.7	2.3	2.2	3.2	3.0	3.0	3.0
Recreation	2.4	2.4	2.4	2.6	2.5	2.0	2.0	2.3	2.0	1.0
Attendants	3.5	3.5	3.5	3.3	3.3	3.3	2.5	2.5	2.5	3.0
Library										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.9	2.0	2.0	3.1
Public Services	10.6	10.6	10.6	10.3	10.9	10.6	11.2	11.0	11.6	10.7
Computer Services	0.0	0.0	0.0	0.0	0.0	—	—	—	—	—
Water										
Administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Plant Operators	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Distribution Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Water Pollution Control										
Administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0
Lab Technicians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Distribution Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Center										
Administration	—	—	—	—	—	—	—	—	—	2.0
Facility Operations	—	—	—	—	—	—	—	—	—	10.5
Recreation	—	—	—	—	—	—	—	—	—	27.3
Communications										
Administration	—	—	—	—	—	—	—	—	—	2.6
Technicians	—	—	—	—	—	—	—	—	—	4.0
<hr/>										
	206.2	204.2	201.2	200.1	198.7	197.6	186.7	183.9	185.3	231.2

Sources: Adjusted annual city budgets

CITY OF NORTH KANSAS CITY, MISSOURI
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Physical arrests	2,129	2,313	2,108	2,591	956	972	694	770	1,080	1,022
Traffic violations	4,637	3,458	3,236	3,528	2,240	2,826	1,797	2,536	3,082	3,030
Parking violations	629	863	1,109	1,092	1,208	867	503	408	580	1,986
Fire:										
Number of calls answered	1,748	1,935	2,015	2,117	2,038	2,075	2,119	2,361	2,659	2,577
Number of inspections conducted	1,226	716	1,487	1,276	1,106	1,019	546	731	630	743
In-house training hours	8,620	10,108	8,960	16,763	18,623	20,716	16,049	15,427	14,110	14,959
Patients transported	912	1,213	1,520	1,261	1,196	1,224	1,304	1,410	1,935	1,688
Building safety										
Commercial building permits	336	213	303	206	184	139	78	93	64	51
Residential building permits	118	162	120	122	119	104	61	50	60	58
Certificates of occupancy	121	101	82	91	87	72	37	57	46	104
Water										
Number of service connections	2,153	2,153	2,212	2,012	2,176	2,176	2,176	2,251	2,089	2,034
Daily average consumption in gallons	3.0 mgd	3.0 mgd	2.84 mgd	2.69 mgd	2.74 mgd	2.74 mgd	2.5 mgd	2.55 mgd	3.62 mgd	3.62 mgd
Water Pollution Control:										
Daily average flow in gallons	1.64 mgd	1.65mgd	1.60mgd	2.20 mgd	2.33 mgd	2.74 mgd	2.33 mgd	2.33 mgd	2.41 mgd	2.41 mgd

Sources: City records

CITY OF NORTH KANSAS CITY, MISSOURI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Number of streetlights (leased)	960	960	961	964	964	964	964	964	964	964
Number of streetlights (owned)	352	352	439	371	434	434	434	434	434	434
Streets (lane miles)	135	135	135	135	137	137	137	137	137	137
Parks & Recreation										
Acreage	108	108	108	108	108	108	108	108	108	108
Parks	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	2	2	2	2	2	2	2	1	1	1
Outdoor swimming pool	—	—	—	—	—	—	—	—	—	—
Tennis courts	6	6	6	6	6	6	6	6	6	6
Parks with playground equipment	2	2	2	2	2	2	2	2	2	2
One mile walking trail	1	1	1	1	1	1	1	1	1	1
Half mile roller blading trail	1	1	1	1	1	1	1	1	1	1
Park shelter	6	6	6	6	6	6	6	7	7	7
Dog Park	1	1	1	1	1	1	1	1	1	1
Spray Park	—	—	1	1	1	1	1	1	1	1
Library										
Facilities	1	1	1	1	1	1	1	1	1	1
Water										
Miles of water mains	40	40	41	41	42	42	42	42	42	42
Number of fire hydrants	349	349	348	348	364	364	364	364	364	364
Maximum daily capacity in gallons	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd
Water pollution control										
Sanitary sewers (miles)	37	37	37	37	39	39	39	39	39	39
Storm sewers (miles)	41	41	41	41	43	43	43	43	43	43
Community Center										
Facilities	—	—	—	—	—	—	—	—	—	—
Indoor swimming pools	—	—	—	—	—	—	—	—	—	—
Outdoor wading pool	—	—	—	—	—	—	—	—	—	—
Hospital										
Facilities	1	1	1	1	1	1	1	1	1	1
Number of patient beds	451	451	451	451	451	451	451	451	451	451

Sources: City records

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