

KANSAS CITY
PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2014



KANSAS CITY PUBLIC SCHOOLS
(The School District of Kansas City, Missouri)

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2014

(With Independent Auditor's Report Thereon)

Prepared by
Business & Finance Division

KANSAS CITY PUBLIC SCHOOLS

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November 13, 2014

Board of Directors and Citizens of the District
School District of Kansas City, Missouri
1211 McGee Street
Kansas City, MO 64106

The Board of Directors and Citizens:

Missouri revised statute section 165.111 requires an audit to be performed at least biennially of the financial records of all funds of the District. In compliance with this statute, the Comprehensive Annual Financial Report (CAFR) of the School District of Kansas City, Missouri (the District) for the fiscal year ended June 30, 2014, will be submitted to the Department of Elementary and Secondary Education. In addition, this report provides the Department of Elementary and Secondary Education (DESE), citizens, financial institutions, grantor agencies, and other interested parties with reliable information concerning the financial condition of the District.

This letter of transmittal is designed to be read in conjunction with the Management Discussion and Analysis report. Financial highlights and a discussion of the District's financial condition are provided in the Management Discussion and Analysis report. This report is located in the financial section after the independent auditors report and provides an overview of the District's financial condition at the district-wide level and at the fund level. The district-wide level reports on changes in assets and liabilities or net position. The fund level reports provide a more detailed focus on all the funds of the District and demonstrative compliance with Missouri statutes.

District management is responsible for establishing and maintaining internal controls designed to ensure that District resources 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 controls are 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 cost and benefits requires estimates by management. This report was prepared by the Business & Finance Division who is responsible for the accuracy of the data, completeness and fairness of the presentation including all disclosures. There were no financial policies that had a significant impact on current fiscal year's financial statements.

McGladrey LLP, certified public accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2014. The independent auditor's report is located in the front of the financial section of this report.

The District is also required to have performed annually an audit in compliance with the U.S. Office of Management and Budget Circular A-133 and *Government Auditing Standards*. Welch & Associates, LLP, certified public accountants, performed this audit. Information related to these audits, which includes the schedule of expenditures of federal awards and related notes, the schedule of findings and questioned costs, and the independent auditors' reports on compliance and internal control over financial reporting, schedule of selected statistics and a schedule of transportation cost eligible for state aid are published under a separate cover.

DISTRICT PROFILE

Kansas City, Missouri is the central city of a growing bi-state metropolitan area with a population of approximately 1.6 million people. The bi-state area consists of 144 municipalities and approximately 4,800 square miles in seven counties of Northwest Missouri and four counties in Northeast Kansas. The District is located within the taxing jurisdiction of Jackson County with a population of approximately 193,837 people. The District covers about 68 square miles within the corporate limits of Kansas City.

The District was originally established in 1867 and currently exists as an urban school district organized and governed by Section 162.461 of the Missouri revised statutes. The District is a political subdivision of the State of Missouri and is governed by an elected nine-member Board of Directors. These financial statements include the District and a component unit described below (See note 1 (a)):

- School District of Kansas City, Missouri Building Corporation – provide financing of capital projects and management of related debt service.

The District operated 7 high schools, 1 vocational school, 2 alternative school, and 24 elementary schools for school year 2013-2014. At all levels, there are comprehensive community and magnet school curriculums. Among the magnet theme curriculums are visual and performing arts, college preparatory, foreign languages, and Montessori. The District serves about 15,300 students (including pre-kindergarten) and employs over 2,300 principals, teachers, and other support staff.

March 10, 2010, the Board of Directors approved as part of a right-sizing plan, closure of 2 high school buildings, 4 middle school buildings, 3 alternative school buildings, 19 pre-kindergarten and elementary sites, 2 administration/support facilities, and the reconstitution of 5 schools. The school sites were closed at the end of the 2009-2010 school year.

The Board is required to adopt balanced budgets by the end of each fiscal year in compliance with section 67.010 of the Missouri statute. The budgets serve as a financial plan supporting all educational programs. A preliminary budget is required to be presented to the Board on or before April 1, unless this deadline is modified by the Superintendent with the consent of the Board. Budget holders are requested to identify requirements and needs for their schools/department. This information is summarized by cost center by the Budget and Fiscal Planning Department and presented to the Superintendent for review. Recommendations from the Superintendent are summarized and presented to the Board for review. The Board is required to conduct at least one public hearing regarding the budget and taxation rate. The Budget and Fiscal Planning Department conducted a total of 3 public meetings at various school locations across the district and 2 public hearings at the board of education. The budgets are prepared on a modified accrual basis of accounting using a statutory fund structure. The District is required to disclose estimated revenue by fund and source and proposed expenditures by fund, activity and object. The legal level of budgetary control for proposed expenditures is at the fund, activity and object level.

ECONOMIC FACTORS

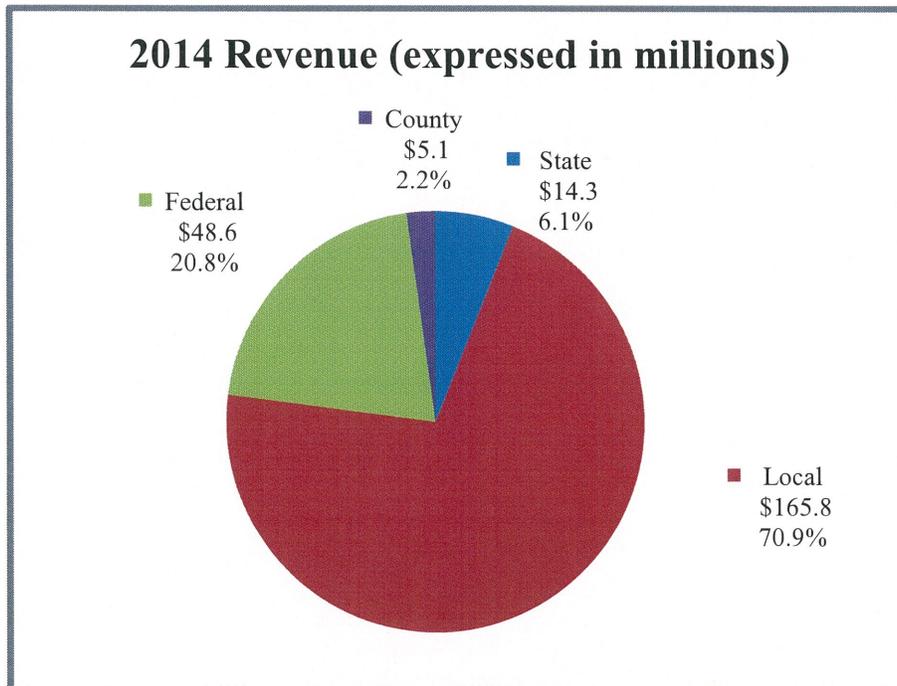
Local property taxes represent approximately 59.2% of total revenues received by the District. During the fiscal year, the District was entitled to receive approximately \$136.5 million in property taxes for tax year 2013 based on its \$4.95 levy which was a 4.9% increase in property tax revenue when compared to tax year 2012. The increase in property tax revenue was attributed by an increase of \$45.33 million in property assessed valuation. Actual current taxes collected during the fiscal year totaled to \$124.2 million.

The difference between billed and collected is the county retention fee and delinquent taxes. Property tax abatement and tax increment financing limit the District's ability to receive significant increases in property taxes that would be generated as a result of economic growth.

Revenues derived from State sources represent approximately 6.1% of total revenues received by the District. The District received approximately \$8.5 million for state aid, a decrease of \$1.6 million or 15.8%. Beginning with fiscal year 2007, DESE implemented a new foundation formula that is based on current expenditures of the school districts meeting all performance standards established by the State Board of Education. The based target funding level is \$6,131 per weighted average daily attendance. This amount is adjusted by a dollar value modifier and the school districts local effort. Under the new formula, the District will receive state aid at least equal to the amount it received for fiscal year 2006. Economic factors that influence the foundation formula are gaming revenue, level of State appropriation, reassessments submitted by the County Assessor, growth (i.e., average daily attendance), and the local property tax levy.

Revenues from federal grants represent about 20.8% of the revenue received by the District. The major federal grant programs are Title I, Title IIA, Head Start, Exceptional Education (I.D.E.A.) Early Childhood Special Education, Child Nutritional Services, Medicaid and Teacher Incentive(Pioneer). Factors that impact the amount of federal funds the District is entitled to receive include free and reduced lunch eligibility counts and enrollment of exceptional education students. 89% of our students are free or reduced lunch eligible. 91% of our students live in poverty. 25% are English Language Learners representing 32 different languages. 11% have disability or an Individual Education Plan.

The graph below shows the four major sources of revenue:



CASH MANAGEMENT

The District's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral for bank deposits are held by the Federal Reserve in the depositor's name on behalf of the District. Investments are in repurchase agreements, certificates of deposit and other federal obligations. Approximately \$2.6 million in interest income was earned during the fiscal year.

ACKNOWLEDGEMENTS

We express our appreciation to the Accounting & Investments staff for their dedicated efforts to prepare for the audit of our accounting records and preparation of this report. Support received from other departments of the Business & Finance Division and other departments of the District (including Legal, Human Resources and Instruction) is very much appreciated.

We acknowledge the Board of Directors of the District and the Building Corporation for their leadership and governance on behalf of the District.

Respectfully,



R. Stephen Green, Ed. D.
Superintendent of Schools



Allan H. Tunis
Chief Finance Officer



Our Vision

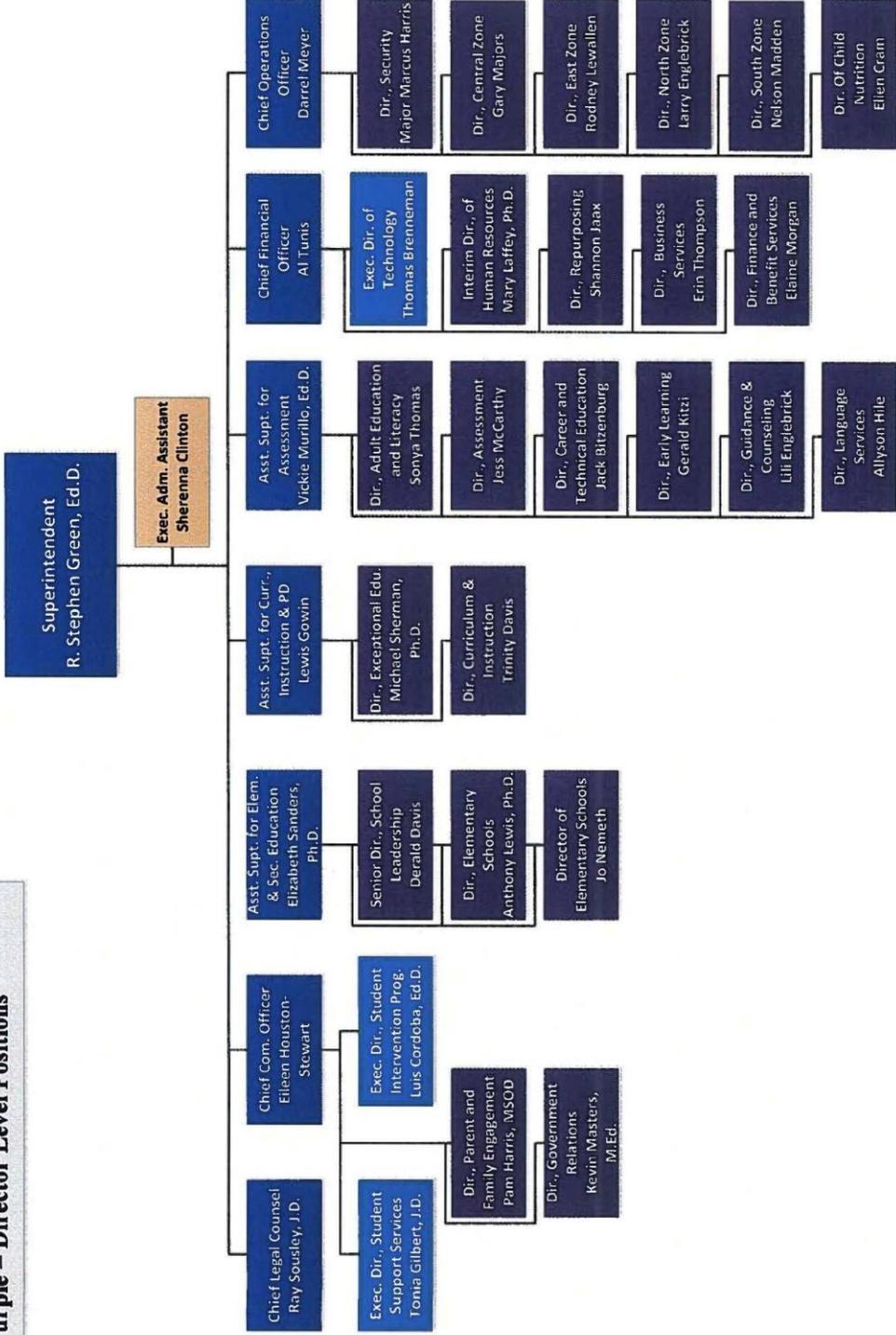
The Kansas City Public Schools (KCPS) envisions its schools as places where every student will develop deep understanding of the knowledge and skills necessary to pursue higher education, obtain family-supporting employment, contribute to the civic well-being of the community, and have the opportunity for a rewarding and fulfilling life.

Our Mission

The mission of the Kansas City Public Schools is to achieve, in a way that is unencumbered by excuses, our vision for education by ensuring that all children benefit from teaching and learning. The school district will do this through:

- Inquiry-based instruction that involves active-learning, and is project-oriented, collaborative, and facilitated by meaningful professional development
- Successful instructional settings where teachers continually coach each child to develop deep understanding and educational proficiency, while meeting all Adequate Yearly Progress goals
- Cooperative planning among principals and teachers to ensure attainment of district goals
- Substantial autonomy to each learning community
- Accountability for executing and achieving the school district's vision, goals, and objectives articulated in the Accountability Plan.

KCPS Organizational Chart
Superintendent through Director Level
Blue = Superintendent and Executive Team
Purple = Director Level Positions



LIST OF PRINCIPAL OFFICIALS

June 30, 2014

BOARD OF EDUCATION

Executive Officers

Jon Hile, Chair
Curtis L. Rogers., Vice Chair

Treasurer
Allan Tunis

Secretary of the Board
Sandra Fette

Members

Carl Evans
Amy Hartsfield
Gunner Hand
Pattie Mansur
Marisol Montero
Melissa Robinson
Airick L. West

SENIOR ADMINISTRATORS

R. Stephen Green, Ed. D., Superintendent
Lewis Gowin, Asst. Supt. of Curriculum, Instruction and Professional Development
Eileen Houston-Stewart, Chief Communications and Community Engagement Officer
Vickie Murillo, Ed. D. Asst. Supt. for Accountability, Assessment and Academic Precision
Ray E. Sousley, J.D., Chief Legal Counsel
Ann Sanders, PhD, Asst. Supt. for Elementary and Secondary Education
Allan Tunis, Chief Finance Officer
Thomas Brenneman, Executive Director of Technology
Luis Cordoba, Ed. D. Executive Director of Student Intervention Programs
Tonia Gilbert, J.D., Executive Director of Student Support and Community Services
Darrel Meyer, Chief of Operations

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Independent Auditor's Report

To the Board of Directors
The School District of Kansas City, Missouri
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Kansas City, Missouri (Kansas City Public Schools) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Kansas City Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 Kansas City Public Schools, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 18, the Budgetary Comparison Schedules on pages 53 through 60, and the Schedule of Funding Progress on page 62 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kansas City Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014 on our consideration of the Kansas City Public Schools' 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 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 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 Kansas City Public Schools' internal control over financial reporting and compliance.

McGladrey LLP

Kansas City, Missouri
November 12, 2014

KANSAS CITY PUBLIC SCHOOLS

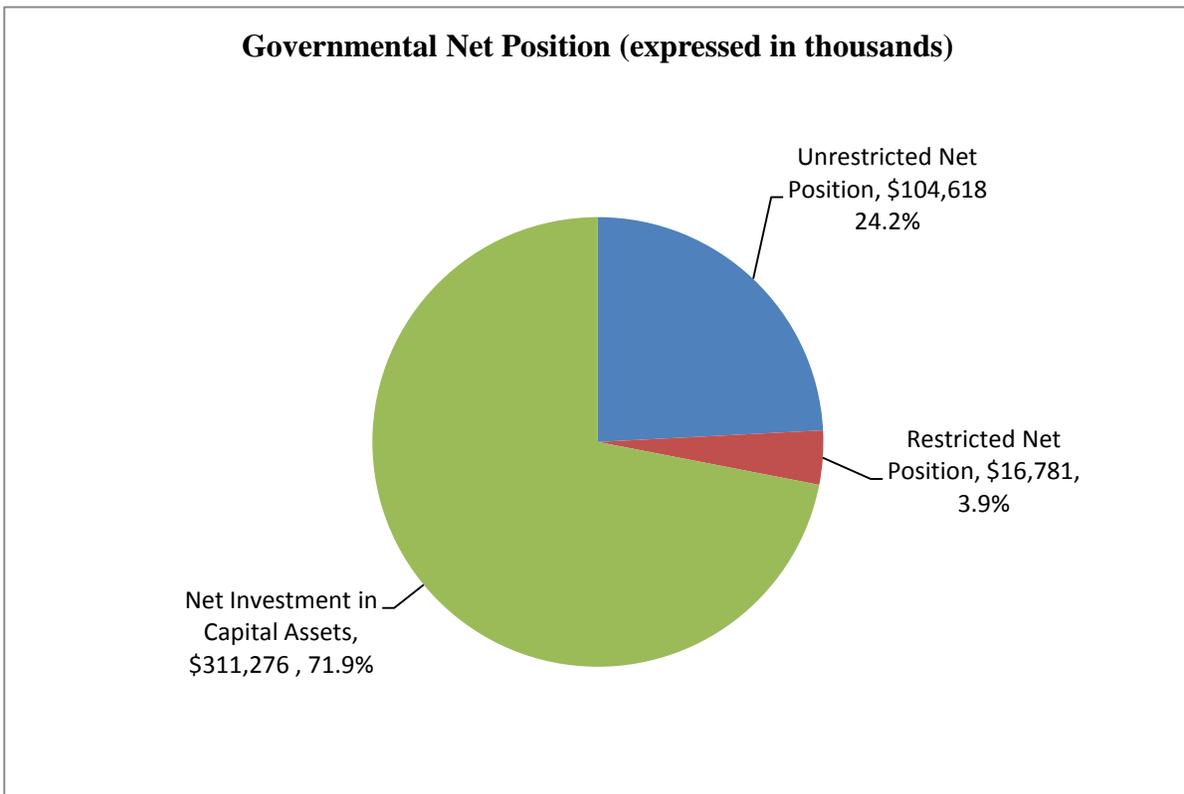
Management's Discussion and Analysis

June 30, 2014

The Business and Finance Division of the Kansas City Public Schools (the District) is pleased to provide the readers of the District's comprehensive annual financial report this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

In the statement of net position for governmental activities, the District's assets exceeded its liabilities at the close of the fiscal year by \$432.7 million. Net position is reported in three components as shown in the graph below:



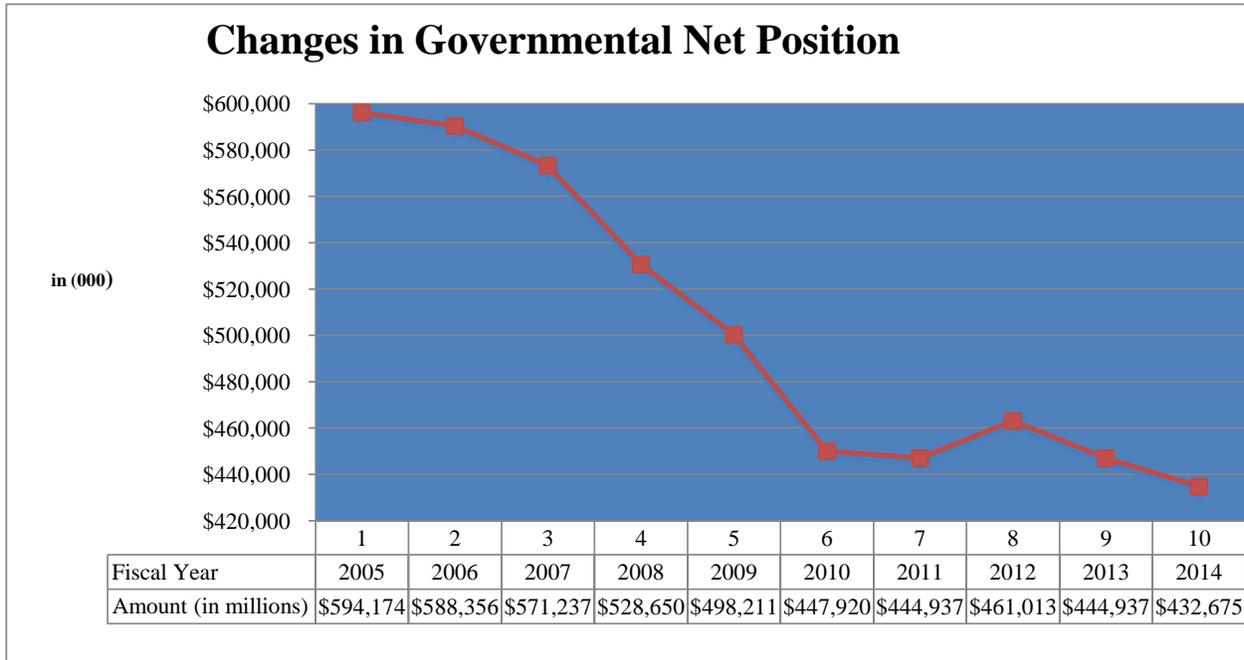
The most significant change in total net position was an increase in net investment in capital assets of \$15.0 million due to a reduction of \$5.75 million in debt obligations and \$16.1 million in appraisals of property, with \$36.85 million in improvements. There was a decrease of \$18.5 million in unrestricted net position primarily due to major building renovation projects in school buildings.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

The graph below shows the changes in net position and indicates that our overall financial position decreased in fiscal year 2014 by 1.77% when compared to fiscal year 2013. This decrease was primarily due to a \$11.85 million or 1.95% decrease in total assets and a \$1.18 million or (1.23%) decrease in total liabilities.



The District's governmental funds (summarized in Table 1 below) reported an ending total fund balance of \$115.2 million, a decrease of \$30.58 million in comparison with the prior year. Approximately 56.41% of this amount, \$65.0 million, is available for spending at the District's discretion (unassigned fund balance).

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Table 1—Summary of Governmental Fund Balances

	<u>FY14</u>	<u>Percentage of total</u>	<u>FY13</u>	<u>Percentage of total</u>	<u>Increase (decrease)</u>	<u>Unassigned portion</u>
General	\$ 73,211,833	63.5%	\$ 65,561,518	31.5%	\$ 7,650,315	\$ 66,187,368
Other special revenue	10,478,389	9.1%	11,799,005	10.3%	(1,320,616)	—
Debt service	—	—%	9,855,351	7.8%	(9,855,351)	—
Capital projects	28,177,288	24.5%	55,927,950	49.9%	(27,750,662)	—
Nonmajor funds	3,302,666	2.9%	2,607,258	0.5%	695,408	—
	<u>\$ 115,170,176</u>	<u>100.0%</u>	<u>\$ 145,751,082</u>	<u>100.0%</u>	<u>\$ (30,580,906)</u>	<u>\$ 66,187,368</u>

Unassigned fund balance for the General Fund was \$65.0 million and represents 32.0% of total General Fund expenditures and transfers. Assigned fund balance in the General Fund for general operating encumbrances was \$4.0 million. Restricted fund balance in the General Fund for workers compensation was \$3.0 million. Overall, governmental fund balances decreased at June 30 because of spending in the Capital Projects Governmental Funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements in order to provide details on certain funds that may be combined in the basic financial statements.

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

The statement of net position represents information on all the District's assets, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. See Table 2—Net Position.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing 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, such as uncollected property taxes and earned but unused sick and vacation leave.

Government-wide financial statements distinguish functions of the District that are principally supported by property taxes and State funding (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and reimbursements (business-type activities). See Table 3A—Changes in Net Position —Governmental Activities.

The business-type activities of the District include a Community Service Fund used to account for the activities related to the community use of facilities. See Table 3B—Changes in Net Position —Business-Type Activities.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Fund financial statements—A fund is a grouping of related accounts that is used to maintain internal control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District 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 the District's near-term financing requirements.

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

The District maintains eight 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 major funds. The major funds are: General Fund, Other Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund, Teachers' Fund (a sub-fund of the General Fund), a portion of its capital project, and Child Nutritional Services fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with statutory requirements.

Proprietary funds—Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the activity recorded in its Community Service Fund.

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 Community Service Fund, which is a nonmajor fund of the District.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's K-12 educational programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District's fiduciary fund consists of the Student Scholarship Fund.

Notes to the 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.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgeted major funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As discussed earlier, net position may serve over time as a useful indicator of the District's financial position. Table 2—Net Position shows a summary of the District's assets and liabilities compared to the prior year.

Table 2—Net Position (Expressed in Thousands)

	Governmental activities			Business-type activities			Total	
	2014	2013	Increase (decrease)	2014	2013	Increase (decrease)	2014	2013
Assets:								
Current and other assets	\$ 312,710	338,065	(25,355)	505	378	127	313,215	338,443
Capital assets	345,430	331,926	13,504	—	—	—	345,430	331,926
Total assets	658,140	669,991	(11,851)	505	378	127	658,645	670,369
Deferred Outflows of resources	—	773	(773)	—	—	—	—	773
Liabilities:								
Other liabilities	50,886	39,710	11,176	4	4	—	50,890	39,714
Long-term liabilities	44,042	56,399	(12,357)	—	—	—	44,042	56,399
Total liabilities	94,928	96,109	(1,181)	4	4	—	94,932	96,113
Deferred Inflows of Resources	130,537	129,718	819	—	—	—	130,537	129,718
Net position:								
Net investment in capital assets	311,276	296,176	15,100	—	—	—	311,276	296,176
Restricted	16,781	25,587	(8,806)	—	—	—	16,781	25,587
Unrestricted	104,618	123,174	(18,556)	501	374	127	105,119	123,548
Total net position	\$ 432,675	444,937	(12,262)	501	374	127	433,176	445,311

Cash and investments decreased by \$10.5 million or 6.82%, caused by reduction in the net income of the other special revenue and capital projects funds. Overall, current and other assets decreased by 7.50%. Improvements to land, buildings and other than building were \$41.5 million; purchases of equipment, furniture, and vehicles (primarily computers and vehicles) were \$.74 million, less depreciation of \$5.8 million and retirements of \$5.8 million, resulting in a net change of (\$3.3) million. The overall change in long-term liabilities was an (21.9%) decrease. The bonds payable balance decreased by \$5.75 million.

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Management's Discussion and Analysis

June 30, 2014

Unrestricted net position of \$104.7 million includes management commitments, assignments and unassigned fund balances. The Board of Education has authorized management to assign funds for certain obligations that make up 90.8% of the total net position included in unrestricted net position.

Fund balance has \$19.4 million in commitments, \$10.2 million in assignments, and \$65.0 million of unassigned fund balance. See footnote 2 for specific purposes within each category.

The changes in net position for the business-type activities primarily relates to the community use of facilities reported in the Community Service Fund. The cost of this service and the reimbursements was accounted for in the Community Service Fund.

Table 3A—Changes in Net Position —Governmental Activities highlights the District's revenues and expenses for the 2014 and 2013 fiscal years. The difference between revenues and expenses equals the change in net position. Revenue is divided into two major components, program revenue and general revenue. Program revenue is defined as charges for services, operating and capital grants, and contributions. General revenue is defined as the primary unrestricted funding sources, such as property taxes, sales taxes, and basic state aid.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Table 3A—Changes in Net Position—Governmental Activities (Expressed in Thousands)

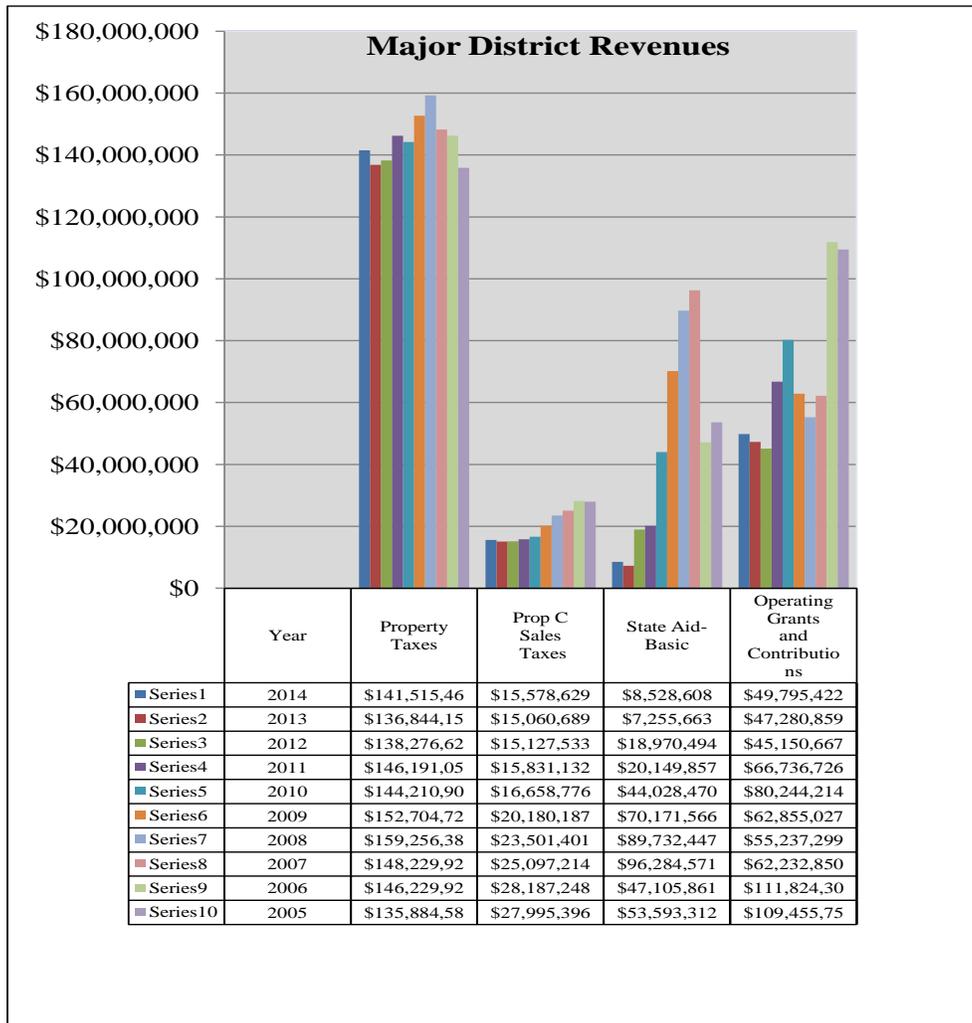
	Governmental activities		
	2014	2013	Increase (decrease)
Program revenues:			
Charges for services	\$ 2,366	3,298	(932)
Operating grants and contributions	49,715	47,281	2,434
Capital grants and contributions	1,893	2,356	(463)
General revenues:			
Property taxes	141,515	136,844	4,671
Prop C sales tax	15,579	15,061	518
Other local revenues	5,039	7,256	(2,217)
County governmental contributions	5,054	5,284	(230)
State aid—basic formula	8,529	10,148	(1,619)
Grants and entitlements	409	427	(18)
Gain on sale of capital assets	659	—	659
Investment earnings	2,604	(763)	3,367
Total revenues	<u>233,362</u>	<u>227,192</u>	<u>6,170</u>
Program expenses:			
Administration	16,710	11,521	5,189
Instruction	105,802	100,639	5,163
Support services	51,572	51,372	200
Operation of facilities	33,744	52,365	(18,621)
Pupil transportation	11,443	11,847	(404)
Facilities Improvement and Renovation	14,637	3,829	10,808
Community and adult services	8,951	8,706	245
Interest on long-term debt	2,809	2,989	(180)
Total expenses	<u>245,668</u>	<u>243,268</u>	<u>2,400</u>
Excess (deficiency) before transfers	(12,306)	(16,076)	3,770
Transfers	43	—	43
Increase (decrease) in net position	<u>(12,263)</u>	<u>(16,076)</u>	<u>3,813</u>
Net position beginning of year	444,937	461,013	(16,076)
Net position end of year	<u>\$ 432,674</u>	<u>444,937</u>	<u>(12,263)</u>

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

A graph of major District revenues is shown below.



The most significant changes in revenues were:

State Aid-Basic declined by \$1.62 million or 16.0%

Revenues from Consolidated Federal Programs increased by \$9.7 million.

Reimbursements for meals served under the Child Nutritional Services program increased by \$.26 million due primarily to an increase in reimbursement rate, and the expansion of a supper feeding program for students.

Property tax revenue decreased by 2.01% or approximately \$2.9 million due to the decline in back tax collected from \$12.9 million in FY13 to \$7.9 million in FY14, offset by an increase in current year collections.

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2014

State Aid distributed under the basic formula decreased by 15.96% or approximately \$1.6 million. This reduction was caused by the decline in enrollment coupled with a reduction in the State’s ability to fully fund the formula. The FY14 distribution was based on weighted average daily attendance (WADA) of 17,882 compared to WADA of 18,060 for FY13.

The most significant changes in expenses occurred in the following areas:

Instruction- The increase is due primarily to the District’s implementation of a “One to One” initiative to put in each students hands laptop devices with educational software/curriculum.

Support Services- A \$13 million increase in Library Services to help purchase educational software in support of the One to One initiative. An increase of \$.9 million in the Child Nutrition Services program from expanding the supper program funded by the Department of Health and Senior Services. This program sends a child home with a prepared meal for their dinner.

Pupil Transportation – Transportation costs continue to decline due to operational efficiencies negotiating lower rates, reducing services providers to a single vendor and adjusting school bell times.

Operation of Facilities -The increase is due to a focus on a number of deferred infrastructure repair and maintenance projects primarily in school buildings and increased utility costs.

Community and Adult Services- The reduction reflects the transfer of the management of the before and after school program held in district schools to a community partner.

Principal on long term debt- Principal costs declined with the final payment of the 2003 Series B bonds, retired.

Sufficient reimbursements were collected and/or accrued to cover costs incurred in the Community Service Fund, as shown in Table 3B—Changes in Net Position—Business-type Activities.

Table 3B—Changes in Net Position—Business-type Activities (Expressed in Thousands)

	<u>2014</u>	<u>2013</u>	Increase (Decrease)
Community services:			
Charges for services	\$ 227	253	(26)
Expenses	(57)	(57)	—
Revenue over expenditures before transfers	<u>170</u>	<u>196</u>	<u>(26)</u>
Investment Interest	—	—	—
Transfers	<u>(43)</u>	<u>—</u>	<u>(43)</u>
Increase (decrease) in net position	<u><u>\$ 127</u></u>	<u><u>196</u></u>	<u><u>(69)</u></u>

The decrease in revenue was due primarily to the sale during 2013 of a leased building.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Table 4—Cost of Services—Governmental Activities shows the cost of services for governmental activities. The total cost of services column contains all costs related to functions/programs. The net cost of services column shows how much of the total cost is not covered by program revenues. Net costs (or 77.6% of the total cost) are costs that must be covered by unrestricted state funding and local taxes. When compared to the prior year, net cost of services as a percentage of total cost decreased (7.25%) because of the increase in expenditures (\$1.74 million) greater than the decrease in operating and capital grants and contributions (\$17.6 million).

Table 4—Cost of Services—Governmental Activities (Expressed in Thousands)

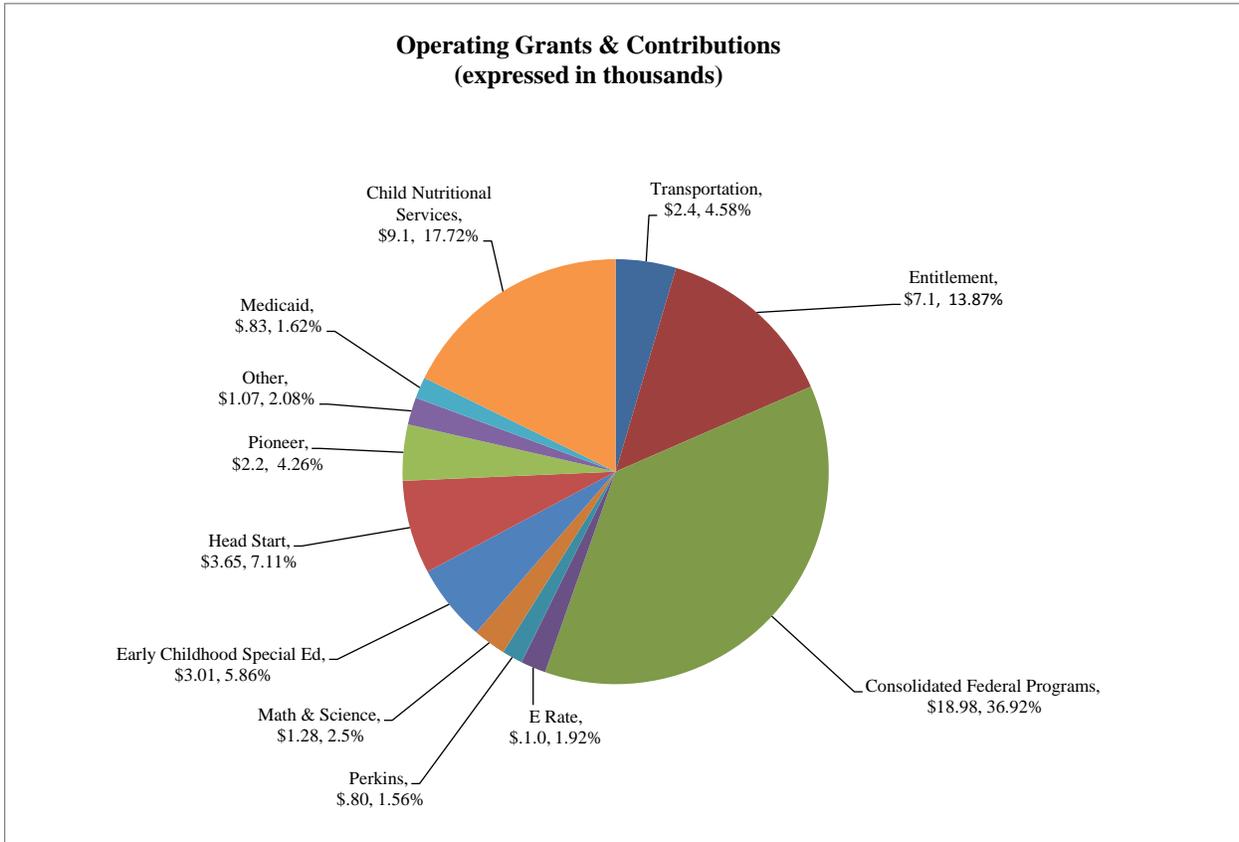
	<u>Total cost of services</u>	<u>Net cost of services</u>
Administration	\$ 16,710	16,691
Instruction	105,802	71,485
Support services	51,572	37,930
Operation of facilities	33,744	33,738
Pupil transportation	11,443	8,995
Facilities improvements and renovations	13,978	13,979
Community and adult services	8,951	6,461
Interest on long-term debt	2,809	916
Total	\$ <u>245,009</u>	<u>190,195</u>

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

The District received program revenues specifically to offset the cost of certain functions/programs. The major source of this type of revenue, that totaled \$51.4 million, is from operating and capital grants and contributions. Operating and capital grants, and contributions are funds the District receives that are restricted to a particular purpose as show in the graph below.



Financial Analysis of the District's Funds

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

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2014

The General Fund, and a portion of the Capital Projects Fund make up the District’s operating budget. The fund balance in the Capital Projects—Operating Fund is used to cover debt service costs, reducing the required amount to be transferred from the General Fund. At June 30, 2014, the unassigned fund balance of the operating budget funds is shown below:

<u>Operating budget funds</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total fund balance</u>
General	\$ 1,223,471	3,027,433	3,997,032	64,963,897	73,211,833
Capital projects—operating	—	—	6,202,615	—	6,202,615
	<u>\$ 1,223,471</u>	<u>3,027,433</u>	<u>10,199,647</u>	<u>64,963,897</u>	<u>79,414,448</u>

As a measure of the operating budget liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total expenditures. The total fund balance represents 34.26% of total operating expenditures and transfers. The total operating fund balance decreased by 6.73% when compared to fiscal year 2013.

General Fund Budgetary Highlights

Table 5A- Budget Comparison shows a summary of the major changes in the current year original and final budgets. The difference in revenues between the original and the final budgets is an increase of approximately 11.8%. Based on the final assessed valuation received in September 2013 and collection trends, property taxes revenues were increased by \$6.9 million. The projection for local grants increased by \$2.3 million. Proposition C (sales taxes) and basic formula state aid decreased by \$1.6 million because of the increased share of education dollars diverted to charter schools. Additional federal grant awards of \$11.8 million were received after the original budget was approved.

Expenditures and transfers out increased by 11.16%. Budgeted expenditures increased by \$20.9 million primarily due to federal grant awards for School Improvement, K-8 Math & Science, Entitlement, Literacy Now, Partnership grants, Title I & III and Head Start received after the original budget was approved.

When comparing the original budget to the final budget, there was a favorable variance of \$22.0 million for revenues and transfers in, and an unfavorable budgeted variance for expenditure and transfers out of \$20.9 million, without a use of fund balance.

When compared to the prior year (see Table 5B), budgeted revenues and transfers in increased by .84% and expenditures and transfers out decreased by 4.90%.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Table 5A—Budget Comparison, Original to Final Budget, Fiscal Year 2014

	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>
Original budget	\$ 203,820,961	203,785,361
Final budget	<u>222,674,172</u>	<u>222,429,012</u>
Increase	<u>\$ 18,853,211</u>	<u>18,643,651</u>

Table 5B—Budget Comparison, Current Year to Prior Year

	<u>Revenues and transfers in</u>	<u>Expenditures and transfers out</u>
Fiscal year 2014 final budget	\$ 222,674,172	222,429,012
Fiscal year 2013 final budget	<u>206,263,480</u>	<u>218,018,435</u>
Increase (decrease)	<u>\$ 16,410,692</u>	<u>4,410,577</u>
Percentage of change	7.96%	2.02%

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

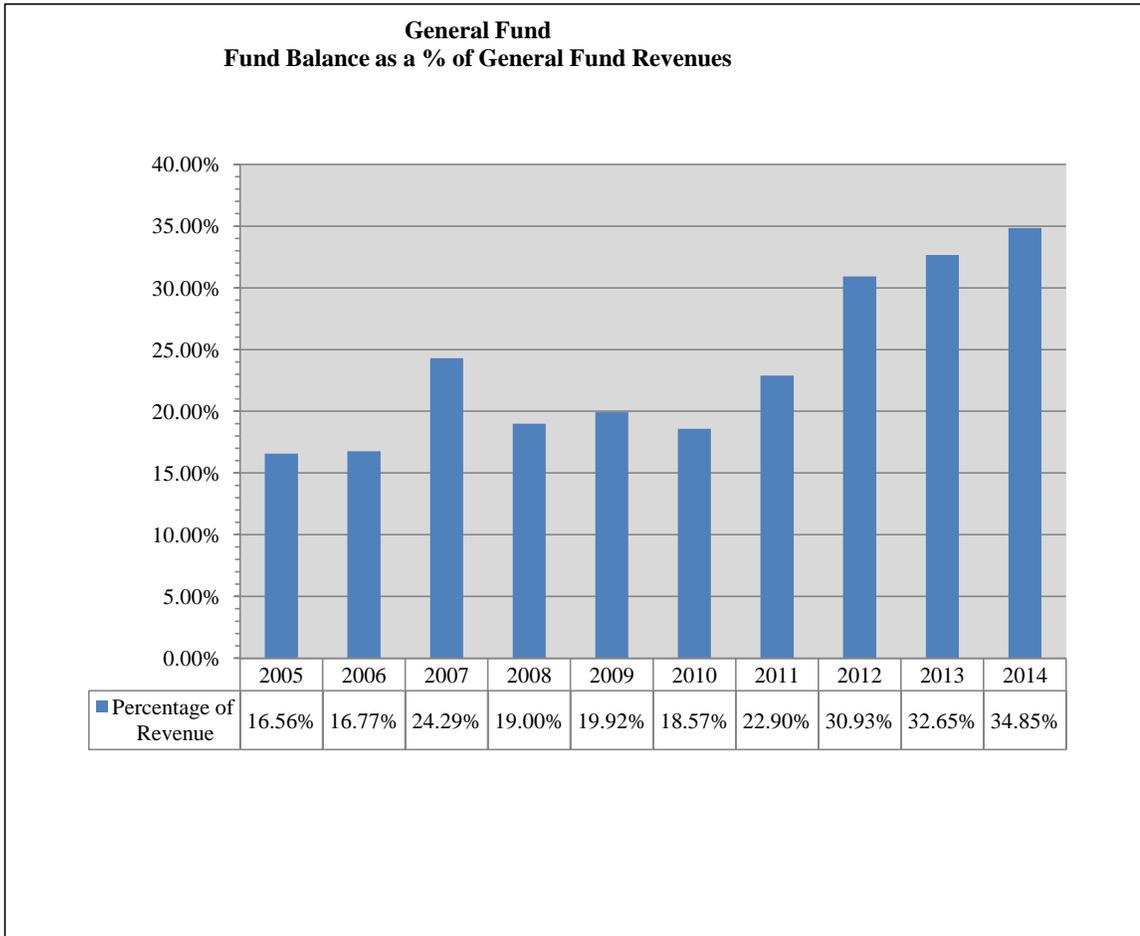
June 30, 2014

Major Funds—Financial Highlights

When compared to fiscal year 2013, General Fund revenues and transfers increased by \$8.27 million or 4.08%, and expenditures and transfers increased by \$2.37 million or 1.18%. The General Fund’s ending fund balance is used to balance the operating budget. The level of fund balance in the General Fund is increased in relation to annual revenues, as shown in the graph below. This ratio is analyzed to determine if there is adequate budgetary carryover to meet unfunded emergencies and other unplanned needs.

The Debt Service Fund’s revenues and other financing sources decreased by \$2.40 million or 21.3% as a result of the amount of the lease payment. Expenditures plus financing uses increased by \$7.88 million or 42.1% primarily because of release of excess collateral accumulated from the 2003B bond defeasance and proceeds from sales of building since 2010.

The Capital Projects Fund’s revenues, transfers and other financing sources decreased by \$.3 million or 1.2%. Expenditures increased by \$10.75 million or 28.1% due facility improvement and renovation projects.



KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Capital Assets and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$345.4 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, building improvements, improvements other than buildings, impaired buildings, equipment, fixtures and vehicles. Capital assets increased by \$13,504,411 during the fiscal year. Table 6 below shows capital asset by function for governmental activities. Also see note 3(c) for additional information.

Table 6—Capital Assets, Net of Depreciation

	2014	2013
Land	\$ 30,646,301	30,646,301
Buildings	281,077,850	256,416,420
Improvements other than buildings	14,467,626	8,041,828
Equipment and furniture	2,840,172	1,003,258
Vehicles	160,010	238,651
Buildings-Impaired	14,857,044	30,986,801
Construction in progress	1,381,221	4,592,556
	\$ 345,430,224	331,925,815

Long-term debt—The Building Corporation issued leasehold revenue bonds to finance the District's major capital improvement projects in prior years, retiring the debt with a \$5.75 million principal balance in 2014 . In early fiscal year 2010, authorized as part of the American Recovery and Reinvestment Act of 2009, the District was awarded \$17.9 million in Quality School Construction bonds (QSCB) as one of one hundred school districts across the country. As the results of this award, in December, 2009, the Building Corporation issued, on behalf of the District, \$17.88 million in leasehold revenue bonds. A portion of the interest on the QSCB is paid by the federal government in the form of a quarterly tax credit to the owners of the QSCBs. The federal tax credit rate applicable to the QSCBs is 6.05 %. In addition, owners of the QSCBs are also being paid interest on the principal outstanding at an interest rate of 2.23%. In fiscal year 2011, the District was again awarded Quality School Construction Bonds (QSCBs). In December, 2010, the Building Corporation issued, on behalf of the District, \$16.27 million in leasehold revenue bonds at an interest rate of 7.120%. The federal government interest subsidy of 5.37%, results in a net interest rate paid by the District of 1.75%. However, as of March 1, 2013, Pursuant to the requirement of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions occurred including a reduction to refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds. The effect of the sequestration resulted in an 8.75% reduction. Therefore, the amount of interest subsidy for the March and June payments were reduced to a net interest rate subsidy of 4.90% and the District's net interest rate of 2.22%. The District is required to make lease payments to the Building Corporation in an amount sufficient to cover principal and interest payments each year. During the current fiscal year, approximately \$10.84 million was available to the Trustee in compliance with this requirement. Approximately 4.48% of total District expenditures relate to payments of principal, interest, and bond-related costs. See notes 3(f) and 3(g) for additional information.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2014

Economic Factors That Impact Fiscal Year 2015 Budgets

- The fiscal year 2015 comprehensive operating budget was approved by the Board on May 28, 2014. Fiscal year 2015 projected current revenues of approximately \$212.3 million is a decrease of about \$26.5 million or (11.11%) when compared to fiscal year 2014.
 - Local revenue from property taxes decreased by \$1.8 million based on estimated assessed valuation decrease of \$33.4 million and the estimated collection rate of 93%.
 - Proposition C sales taxes decreased by \$.8 million based on the estimated decrease in the enrollment.
 - Investment earnings and local grants are expected to decrease by \$ 2.6 million.
 - State aid is expected to decline by approximately \$9.1 million as a result of the reduction in the weighted average daily attendance factor.
 - Federal grants are expected to decrease by \$11.2 million, however, it is anticipated that additional federal grants will be awarded during the fiscal year.
- Fiscal year 2015 expenditures of approximately \$212.3 million represent a decrease of about \$21.4 million (or 9.15%) when compared to the prior year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for our citizens, taxpayers, investors, banks, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kansas City Public Schools, 1211 McGee, 6th Floor, Kansas City, Missouri 64106, Attn: Chief Finance Officer.

BASIC FINANCIAL STATEMENTS

KANSAS CITY PUBLIC SCHOOLS

Statement of Net Position

June 30, 2014

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 118,810,238	492,591	119,302,829
Taxes receivable (net of allowance for uncollectibles)	150,350,353	—	150,350,353
Interest receivable	261,667	—	261,667
Due from other governmental units	9,050,696	—	9,050,696
Prepaid expenses	1,223,471	—	1,223,471
Other receivables	1,457,958	11,993	1,469,951
Supplies inventories	94,731	—	94,731
Restricted cash and investments	24,647,369	—	24,647,369
Property held for sale	2,601,900	—	2,601,900
Other post-employment benefits	4,211,510	—	4,211,510
Capital assets (net of accumulated depreciation):			
Nondepreciable	46,884,566	—	46,884,566
Depreciable	298,545,658	—	298,545,658
Total assets	<u>658,140,117</u>	<u>504,584</u>	<u>658,644,701</u>
Liabilities:			
Accounts payable and other	14,073,763	741	14,074,504
Accrued salaries, benefits, and payroll taxes	29,484,722	2,894	29,487,616
Claims payable	1,545,908	—	1,545,908
Accrued interest payable	63,482	—	63,482
Unearned revenue	801,299	—	801,299
Long-term liabilities:			
Due within one year:			
Compensated absences	2,907,900	—	2,907,900
Revenue bonds	2,009,000	—	2,009,000
Due in more than one year:			
Compensated absences	11,376,760	—	11,376,760
Claims payable	520,000	—	520,000
Revenue bonds	32,145,000	—	32,145,000
Total liabilities	<u>94,927,834</u>	<u>3,635</u>	<u>94,931,469</u>
Deferred Inflows of Resources:			
Property taxes	130,537,694	—	130,537,694
Net position:			
Net investment in capital assets	311,276,224	—	311,276,224
Restricted for:			
Workers' compensation	280,000	—	280,000
Permanent fund, nonexpendable corpus	35,000	—	35,000
Patron gifts	198,931	—	198,931
Compensated absences	10,478,389	—	10,478,389
Other restrictions	5,788,313	—	5,788,313
Unrestricted	104,617,732	500,949	105,118,681
Total net position	<u>\$ 432,674,589</u>	<u>500,949</u>	<u>433,175,538</u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Statement of Activities

Year ended June 30, 2014

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Administration	\$ 16,710,377	53	19,662	—
Instruction	105,801,639	28,060	33,449,421	—
Support services	51,571,513	1,947,078	11,694,144	—
Operation of facilities	33,743,992	6,032	—	—
Pupil transportation	11,442,914	93,756	2,354,325	—
Facilities improvements and renovation	14,637,507	—	—	—
Community and adult services	8,950,507	291,461	2,197,832	—
Interest on long-term debt	2,808,987	—	—	1,892,732
Total governmental activities	245,667,436	2,366,440	49,715,384	1,892,732
Business-type activities:				
Community services	57,277	226,812	—	—
Total	\$ 245,724,713	2,593,252	49,715,384	1,892,732
General revenues:				
Property taxes				
Prop C sales tax				
Other local revenues				
Intermediate/county				
State aid—basic formula				
Grants and entitlements not restricted to specific programs				
Transfers				
Gain on sale of Capital Assets				
Investment earnings				
Total general revenues and transfers				
Change in net position				
Net position—beginning				
Net position—ending				

See accompanying notes to basic financial statements.

Net revenue (expense) and changes in net position

Governmental activities	Business-type activities	Total
(16,690,662)	—	(16,690,662)
(72,324,158)	—	(72,324,158)
(37,930,291)	—	(37,930,291)
(33,737,960)	—	(33,737,960)
(8,994,833)	—	(8,994,833)
(14,637,507)	—	(14,637,507)
(6,461,214)	—	(6,461,214)
(916,255)	—	(916,255)
(191,692,880)	—	(191,692,880)
—	169,535	169,535
(191,692,880)	169,535	(191,523,345)
141,515,467	—	141,515,467
15,578,629	—	15,578,629
5,039,298	—	5,039,298
5,053,912	—	5,053,912
8,528,608	—	8,528,608
409,023	—	409,023
42,642	(42,642)	—
659,092	—	659,092
2,603,674	—	2,603,674
179,430,345	(42,642)	179,387,703
(12,262,535)	126,893	(12,135,642)
444,937,124	374,056	445,311,180
\$ 432,674,589	500,949	433,175,538

KANSAS CITY PUBLIC SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2014

Assets	General	Other Special Revenue	Debt Service	Capital Projects	Nonmajor governmental funds	Total governmental funds
Cash and investments	\$ 83,015,105	—	—	32,977,889	2,817,244	118,810,238
Restricted cash and investments	280,000	24,007,168	—	—	360,201	24,647,369
Taxes receivable, net of allowance for uncollectibles	149,701,003	—	—	649,350	—	150,350,353
Interest receivable	173,214	32,747	—	54,749	957	261,667
Other receivables	1,457,958	—	—	—	—	1,457,958
Prepaid expenses	1,223,471	—	—	—	—	1,223,471
Due from other governments	8,493,344	—	—	203,177	354,175	9,050,696
Property held for sale	—	—	—	2,601,900	—	2,601,900
Total assets	<u>\$ 244,344,095</u>	<u>24,039,915</u>	<u>—</u>	<u>36,487,065</u>	<u>3,532,577</u>	<u>308,403,652</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 6,197,787	163,254	—	7,660,427	215,549	14,237,017
Accrued salaries, benefits, and payroll taxes	16,082,334	13,398,272	—	—	4,116	29,484,722
Unearned revenue	801,299	—	—	—	—	801,299
Total liabilities	<u>23,081,420</u>	<u>13,561,526</u>	<u>—</u>	<u>7,660,427</u>	<u>219,665</u>	<u>44,523,038</u>
Deferred Inflows of resources:						
Unavailable revenue- property taxes	142,934,878	—	—	649,350	—	143,584,228
Unavailable revenue- grants and services	5,115,964	—	—	—	10,246	5,126,210
Total deferred inflows of resources	<u>148,050,842</u>	<u>—</u>	<u>—</u>	<u>649,350</u>	<u>10,246</u>	<u>148,710,438</u>
Fund balances:						
Nonspendable	1,223,471	—	—	—	35,000	1,258,471
Restricted	3,027,433	10,478,389	—	2,601,900	3,267,666	19,375,388
Committed	—	—	—	19,372,773	—	19,372,773
Assigned	3,997,032	—	—	6,202,615	—	10,199,647
Unassigned	64,963,897	—	—	—	—	64,963,897
Total fund balances	<u>73,211,833</u>	<u>10,478,389</u>	<u>—</u>	<u>28,177,288</u>	<u>3,302,666</u>	<u>115,170,176</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 244,344,095</u>	<u>24,039,915</u>	<u>—</u>	<u>36,487,065</u>	<u>3,532,577</u>	<u>308,403,652</u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

Governmental Funds

June 30, 2014

Fund balances—balance sheet	\$ 115,170,176
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	345,430,224
Federal food commodities	94,731
Liabilities, including bonds payable and accrued interest payable on bonds, are not due and payable in the current period and, therefore, are not reported in the fund:	
Bonds payable	(34,154,000)
Accrued interest payable	(63,482)
Other post-employment benefits	4,211,510
Compensated absences	(14,121,406)
Claims payable	(2,065,908)
	<u>(46,193,286)</u>
Deferred inflows of resources—property taxes	13,046,534
Deferred inflows of resources—grants	<u>5,126,210</u>
Net position of governmental activities	\$ <u><u>432,674,589</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Revenues, Expenditures,
and Changes in Fund Balances—Governmental Funds
Year ended June 30, 2014

	General	Other Special Revenue	Debt Service	Capital Projects	Nonmajor governmental funds	Total governmental funds
Revenues:						
Property taxes	\$ 130,727,537	—	—	8,467,761	—	139,195,298
Prop C sales tax	14,627,997	950,632	—	—	—	15,578,629
Other local, including investment income	8,939,790	374,846	193,690	131,305	1,415,814	11,055,445
Intermediate/county	5,053,912	—	—	—	—	5,053,912
State aid—basic formula	8,528,608	—	—	—	—	8,528,608
Other state	5,718,424	—	—	—	71,488	5,789,912
Federal	36,484,854	43,341	—	1,892,732	10,154,628	48,575,555
Tuition	5,427	—	—	—	—	5,427
Total revenues	210,086,549	1,368,819	193,690	10,491,798	11,641,930	233,782,786
Expenditures:						
Current:						
Administration	15,654,002	—	—	—	—	15,654,002
Instruction	94,658,763	—	—	—	563,402	95,222,165
Support services	38,816,373	2,689,435	—	—	10,371,374	51,877,182
Operation of facilities	33,802,805	—	—	—	—	33,802,805
Pupil transportation	11,442,914	—	—	—	—	11,442,914
Community and adult services	8,756,964	—	—	—	—	8,756,964
Debt service:						
Principal	—	—	5,750,000	—	—	5,750,000
Interest and fiscal charges	—	—	2,927,879	—	—	2,927,879
Capital outlay:						
Administration	—	—	—	5,325	—	5,325
Instruction	—	—	—	106,612	—	106,612
Support services	—	—	—	3,090,213	—	3,090,213
Operation of facilities	—	—	—	493,538	—	493,538
Community and adult services	—	—	—	185,664	—	185,664
Facilities improvement and renovation	—	—	—	36,447,371	—	36,447,371
Total expenditures	203,131,821	2,689,435	8,677,879	40,328,723	10,934,776	265,762,634
Revenues over (under) expenditures	6,954,728	(1,320,616)	(8,484,189)	(29,836,925)	707,154	(31,979,848)
Other financing sources (uses):						
Transfers in	42,642	—	8,676,674	10,059,582	—	18,778,898
Transfers out	—	—	(10,047,836)	(8,676,674)	(11,746)	(18,736,256)
Sale of capital assets	652,945	—	—	703,355	—	1,356,300
Total other financing sources (uses)	695,587	—	(1,371,162)	2,086,263	(11,746)	1,398,942
Net change in fund balances	7,650,315	(1,320,616)	(9,855,351)	(27,750,662)	695,408	(30,580,906)
Fund balances, beginning of year	65,561,518	11,799,005	9,855,351	55,927,950	2,607,258	145,751,082
Fund balances, end of year	\$ 73,211,833	10,478,389	—	28,177,288	3,302,666	115,170,176

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

Year ended June 30, 2014

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

Net change in fund balances—total governmental funds \$ (30,580,906)

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. This is the amount by which
capital outlays, which exceeded the capitalization threshold, exceeded depreciation
expense in the current period.

Capital outlay additions	38,221,110
Depreciation expense	<u>(10,917,841)</u>
	27,303,269

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins, and donations) is to decrease net position.

Proceeds from sale of capital assets	(1,356,300)
Gain on disposal of capital assets	659,092
Unrealized loss on impaired capital assets	<u>(13,101,652)</u>

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. (1,488,644)

The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. In addition,
governmental funds report the effect of premiums, discounts, and similar
items when debt is first issued, whereas these amounts are deferred and
amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items:

Principal payment on revenue bonds	5,750,000
Amortization on premium and deferred charges	38,183
Arbitrage liability	89,075
Accrued interest payable	<u>117,686</u>
	5,994,944

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:

Other post-employment benefits	907,085
Compensated absences	554,485
Claims payable	<u>(1,153,908)</u>
	<u>307,662</u>

Change in net position of governmental activities \$ (12,262,535)

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Net Position—Proprietary Fund
June 30, 2014

		Nonmajor Enterprise Fund
		<u> </u>
Assets:		
Cash and Investments	\$	492,591
Due from other government		11,993
Total assets		<u>504,584</u>
Liabilities:		
Accrued salaries, benefits, and payroll taxes		2,894
Accounts payable		741
Total liabilities		<u>3,635</u>
Net position, unrestricted	\$	<u><u>500,949</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Statement of Revenues, Expenses, and Changes in Fund Net Position—
Proprietary Fund

Year ended June 30, 2014

	Nonmajor Enterprise Fund
Operating revenues:	
Charges for community support services	\$ 226,812
Total operating revenues	<u>226,812</u>
Operating expenses:	
Salaries, wages, and employee benefits	38,316
Other contractual services	18,961
Total operating expenses	<u>57,277</u>
Income before transfers	169,535
Transfers out	<u>(42,642)</u>
Change in net position	126,893
Total net position, beginning of year	<u>374,056</u>
Total net position, end of year	<u><u>\$ 500,949</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Cash Flows—Proprietary Fund
Year ended June 30, 2014

	Nonmajor Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 212,719
Payments to suppliers	(18,220)
Payments to employees	(37,560)
Net cash provided by operating activities	156,939
Cash flows from noncapital and related financing activities,	
Transfers to other funds	(42,642)
Net increase in cash and cash equivalents	114,297
Cash and cash equivalents, beginning of year	378,294
Cash and cash equivalents, end of year	\$ 492,591
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 169,535
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other government	(11,993)
(Decrease) in unearned revenue	(2,100)
Increase in accounts payable	741
Increase in accrued salaries, benefits and payroll taxes	756
Total adjustments	(12,596)
Net cash provided by operating activities	\$ 156,939

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Statement of Fiduciary Net Position

June 30, 2014

	Private Purpose Trust— Student Scholarship Fund
Assets:	
Investments	\$ 99,808
Interest receivable	239
Total assets	<u>100,047</u>
Liabilities:	
Accounts payable	<u>15,215</u>
Total liabilities	<u>15,215</u>
Net position:	
Net position held in trust for other purposes	<u><u>\$ 84,832</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2014

		Private Purpose Trust— Student Scholarship Fund
		<u> </u>
Additions:		
Contributions:		
Private donations	\$	<u>24,688</u>
Total contributions		<u>24,688</u>
Investment income:		
Adjustment of investments to fair market value		<u>840</u>
Total investment income		<u>840</u>
Total additions		<u>25,528</u>
Deductions:		
Scholarship awards		<u>213,981</u>
Total deductions		<u>213,981</u>
Net decrease in net position		(188,453)
Net position, beginning of year		<u>273,285</u>
Net position, end of year	\$	<u><u>84,832</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The School District of Kansas City, Missouri, otherwise known as Kansas City Public Schools (the District) is a political subdivision of the State of Missouri and is governed by an elected nine-member board of directors (the Board). Accounting principles generally accepted in the United States of America require that the financial reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These basic financial statements include the District and its component units. The blended component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Blended Component Units—The School District of Kansas City, Missouri Building Corporation (the Building Corporation) is governed by a nine-member board of directors that is appointed by the District's Board. Although it is legally separate from the District, the Building Corporation is included as if it were a part of the primary government because its purpose is to provide financing for District capital projects and service the related debt through lease agreements with the District. The accounts of the Building Corporation as of and for the year ended June 30, 2014 are included in the basic financial statements as Capital Projects and Debt Service Funds. The Building Corporation does not issue separate financial statements.

Charter Schools—Charter schools are established within the boundaries of the District by state statutes as local educational agencies. Twenty-one charter schools were operating during fiscal year 2014. Under current Missouri statutes, charter schools are allowed to be a Local Education Agency (LEA). All charter schools are currently operating as LEA's. Accordingly, the accounts of these charter schools are not included in these financial statements.

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of government-wide financial statements and governmental, proprietary, and fiduciary fund financial statements. The government-wide financial statements report information on all the non-fiduciary activities of the District and its component units. The government-wide statements include a statement of net position and statement of activities. Governmental activities are supported by taxes, state aid, and intergovernmental revenues and are reported separate from business-type activities. The District has classified activity accounted for in the Community Service Fund as a business-type activity.

The statement of net position reports the financial condition by disclosing the assets and deferred outflows of the District (cash, investments, receivables, land, buildings, and equipment) and the liabilities and deferred inflows of the District (accounts payable, wages and benefits payable, bonds payable, and other obligations).

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

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 charges paid by recipients of the services offered by the program, grants, and contributions that are restricted to meeting the operational and capital requirements of certain programs. Property taxes, state aid, and other revenues not included among program revenues are reported as general revenues. The comparison of direct expenses to program revenues identifies the extent to which each District function is self-supporting or relies on general revenues.

The District maintains separate funds for certain functions or activities for internal accounting and financial reporting and to demonstrate compliance with state statutes. These fund financial statements are designed to present financial information at a more detailed level by identifying each major fund in a separate column and non-major funds aggregated in a single column. Fiduciary funds are reported separately by type.

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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. All current and noncurrent assets, liabilities and deferred inflows/outflows are disclosed on the statement of net position. On the statement of activities, 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 are met.

Governmental fund financial statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Generally, only current assets and current liabilities are included on the balance sheet when reporting financial condition. When reporting operating results, only sources and uses related to the current period are disclosed. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, both measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay current liabilities. Unearned revenue arises when assets are recognized before revenue criteria have been satisfied. The primary source of local revenues is property tax. Property tax revenues are recognized in the fiscal year for which the taxes have been levied. Deferred inflows of resources for property taxes arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. For property taxes, available is defined as expected to be received within 60 days of fiscal year-end. Federal, state, and local grant revenues received as reimbursement for specific purposes is recognized when the related reimbursement is received within 60 days of fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Expenditures are generally recognized in the accounting period when the related fund liabilities are incurred. Principal and interest on long-term indebtedness, as well as expenditures related to compensated absences and claims and judgments, are recorded in the governmental funds when payment is due and payable.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

The District has the following major governmental funds.

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Other Special Revenue Fund* is used to account for the resources that are restricted for payment of employee compensated absences and District contributions to the retirement plan.

The *Debt Service Fund* is used to account for resources that are restricted for payments made for principal and interest on long-term leasehold revenue bonded debt.

The *Capital Projects Fund* is used to account for financial resources that are restricted, committed or assigned to be used for the acquisition, construction, or renovation of capital facilities and the purchase of equipment, furniture, and fixtures.

The debt service fund and other special revenue fund are shown as major for public interest purposes.

The other governmental funds of the District are considered nonmajor. They are special revenue funds that account for the proceeds of specific revenue sources that are legally restricted for specific purposes and are described below:

The *Child Nutritional Services Fund* is used to account for the operation and administration of the school cafeterias.

The *Patron Gift Fund* accounts for financial activities related to the use of private gifts given to a specific school or program.

The *Student Activity Fund* accounts for fundraising activities for schools and programs.

The District has one permanent fund, which is a nonmajor fund. This fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support a specific school or program.

The *Patron Endowments Fund* accounts for assets held by the District as a legal trustee in situations requiring that the principal be preserved intact and only the interest be spent as designated.

In addition, the District has the following nonmajor enterprise fund:

The *Community Service Fund* is an enterprise fund type and accounts for accumulation and allocation of costs associated with leased land and buildings, and event rental of facilities to the community. This fund is reported as an enterprise fund because it is financed by external parties. Operating expenses are from salaries and fringe benefits.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, other government entities, and/or other funds. The District has the following fiduciary fund:

The *Student Scholarship Fund* accounts for private gifts received to benefit students through scholarship awards.

Exchange transactions between funds are reported as program revenues and/or expenditures in the appropriate fund and functional activity. The effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund activity between governmental funds and the enterprise fund has not been eliminated.

(d) *Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance*

1. Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds except those identified as component units and the student activity fund. Each participating fund's portion of the pool is recorded on the balance sheet or statement of net position as cash and investments. Earnings from such cash and investments are allocated to the funds based on the monthly average fund balance during the year.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less from the date of acquisition. The investment policy allows surplus funds to be invested in securities with maturities not to exceed five years. The policy requires the District to adopt weighted average maturity limitations that do not exceed three years and is consistent with the investment objectives.

All investments are stated at fair value. The value of marketable securities is based on market analyses provided by a securities pricing company through the District's financial banking institution.

State statutes authorize the District to invest in open time deposits; certificates of deposit; bonds of the state, of the United States, or of any wholly owned corporation of the United States; and in other short-term obligations of the United States. In accordance with these statutes, the cash and investment pool is invested in certificates of deposit, United States Treasury securities, federal agency obligations, and repurchase agreements collateralized by United States Treasury securities and federal agency obligations. The investments are purchased from Securities and Exchange Commission (SEC) registered brokers, dealers, and banks.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

The Building Corporation's investments are authorized by the applicable bond trust indentures. It is the opinion of the District and its legal counsel that such investments of the Building Corporation are not subject to state statutes regarding school districts. The Building Corporation adopted a policy substantially similar to the District's investment policy, except in specific cases where the Building Corporation's Board deems such policies inappropriate.

2. Restricted Cash and Investments

In compliance with Missouri Workers' Compensation laws, an escrow account is held by a trustee to cover claims processed under the District's self-insured workers' compensation program. As part of the collective bargaining agreement with employee unions, the District holds funds in the Other Special Revenue major fund to pay vested unused vacation and accumulated paid time off.

3. Receivables and Payables

Within the fund financial statements, activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances 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". There were no internal balances as of June 30, 2014.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form. There were no advances between funds as of June 30, 2014.

All trade and property tax receivables are shown net of an allowance of approximately \$4.5 million for uncollectible amounts.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. Property taxes are levied by the county assessor based on the assessed valuation of taxable property as of January 1 of each calendar year (tax lien date). Taxes are billed the following November 1 and become due on or before December 31. Tax bills not collected by December 31 are considered delinquent and the unpaid amount is subject to interest and penalties. The county is responsible for the collection and distribution of property taxes. Assessed values are established by the county's Department of Assessment and reviewed by the County Board of Equalization and the state tax commissioner. The total assessed value at January 1, 2014 for real estate, personal property, merchants and manufacturers, and railroad and utility property was approximately \$2.7 billion.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

4. Inventories

Inventories are stated at cost on the first-in, first-out (FIFO) basis. When individual inventory items are purchased, they are recorded as assets. When they are consumed, they are recorded as expenditures in governmental funds or as expenses in proprietary funds.

Inventories purchased are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs. Commodity contributions received by the District are recorded as inventory and unearned revenue at the date of receipt and recognized as non-operating revenues and expenses when consumed. The District recognizes the revenue once all eligibility requirements have been met (when the eligible expenditure is incurred) instead of upon receipt of commodities.

5. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, vehicles, and furniture and fixtures, are reported in the government-wide financial statements. Capital assets are defined as assets with an individual cost over a certain amount (see capitalization level by category) and an estimated useful life of two years or more. Capital assets are capitalized at cost or estimated historical cost. Donated fixed assets are valued at estimated fair market value as of the date received. Major outlays for capital acquisitions and improvements are capitalized as projects are constructed. All capital assets over the capitalization levels are depreciated. The capitalization levels, by category, are:

Land and buildings	\$	100,000
Building improvements		100,000
Equipment and vehicles		5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Useful life/range</u>
Buildings	50 years
Building improvements	20 – 25 years
Improvements other than buildings	25 years
Equipment, furniture, and fixtures	5 – 10 years
Vehicles	4 years

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

The Board of Education has declared five closed buildings will no longer be used by the District, but will be held for sale as surplus property. Once the decision is made by the Board to sell the building, it may be sold in compliance with bond covenants and state statutes. The District has recorded property held for sale in the governmental funds at the lower of the carrying value of the property or the estimated fair value. The District also has sixteen closed buildings which are no longer being used by the District, and therefore are not being depreciated. The District has recorded these buildings in the government-wide financial statements at the lower of the carrying value of the property or the estimated fair value.

6. Compensated Absences

District employees earn annual vacation leave at the following rates:

<u>Vacation days</u>	<u>Years of service</u>
10	1 year
12	2 years
14	3 years
16	4 years
18	5 years
20	over 5 years

Vested unused vacation, up to a maximum of 50 days, is payable upon the date of termination or retirement.

District employees accumulate paid time off (PTO) at the rate of one-half day per reporting period. Vested, unused PTO may be accumulated up to a maximum of 200 days. The value of unused PTO is payable upon termination or retirement at a rate of 3% for each year of employment up to a maximum of 75% of total value of sick leave.

Estimated vacation and PTO payments due to employees at June 30, 2014 of \$14.3 million have been recorded in the government-wide financial statements. Of this balance, \$.2 million is recorded as accrued liabilities in the Other Special Revenue Fund as they are considered due, for example, as a result of employee resignations and retirements. Within the governmental funds financial statements, there is a fund balance restriction at June 30, 2014 of \$10.5 million to cover these future payments. Payments of benefits to employees are made from the Other Special Revenue Fund.

7. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental fund financial statements.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

8. Deferred Inflows/Outflows

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualified for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category, unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and unreimbursed grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports unavailable revenue for property taxes levied for future years.

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations of the District are reported as liabilities in the governmental activities statement of net position. Premiums on bonds, and deferred charge on refunding are amortized over the term of the related debt using a method which approximates the effective interest method. Bond issuance costs are recorded as an expense when incurred.

In the governmental fund financial statements, bond premiums, and issuance costs are recognized in the current period when incurred. The amount of the debt issued is recorded as other financing sources. Premiums received on debt issuances are recorded as other financing sources, while discounts are recorded as other financing uses. Bond issuance costs are recorded as debt service expenditures when incurred.

10. Fund Balance and Net Position

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated by the Board of Education to the Superintendent, and the Chief Finance Officer.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

The District's minimum fund balance policy is to maintain at least \$25 million of unassigned fund balance in the General Fund.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is to pay the expenditure from the restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

In the government-wide financial statements and proprietary fund financial statements, 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 balance of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use, such as bond covenants, grantors, or laws and regulations. Restricted net position consists of assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation as reduced by recorded liabilities which are payable for those assets (except for bonds used to acquire capital assets which are presented as a reduction of net investment in capital assets).

Net position restricted through legislation, outside parties or by law through constitutional provisions consist of \$280,000 for worker's compensation, \$35,000 for nonexpendable corpus of permanent fund, \$198,931 for patron gifts, \$10,478,389 for compensated absences, and \$5,788,313 for other restrictions.

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

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(2) Fund Balances

The details for the District's fund balances are as follows:

Fund Balances:	General	Other Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:					
Patron gift	\$ -	-	-	35,000	35,000
Prepays	1,223,471	-	-	-	1,223,471
Total Nonspendable	<u>1,223,471</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>1,258,471</u>
Restricted:					
Grant restriction	2,747,433	-	-	-	2,747,433
Child Nutritional Services	-	-	-	2,585,266	2,585,266
Student activities	-	-	-	356,242	356,242
Patron gift	-	-	-	198,931	198,931
Property held for sale	-	-	2,601,900	-	2,601,900
Permanent fund	-	-	-	127,227	127,227
Compensated absences	-	10,478,389	-	-	10,478,389
Workers compensation	280,000	-	-	-	280,000
Total Restricted	<u>3,027,433</u>	<u>10,478,389</u>	<u>2,601,900</u>	<u>3,267,666</u>	<u>19,375,388</u>
Committed:					
Encumbrances	-	-	13,275,603	-	13,275,603
Capital projects-Cornerstone	-	-	6,097,170	-	6,097,170
Total Committed	<u>-</u>	<u>-</u>	<u>19,372,773</u>	<u>-</u>	<u>19,372,773</u>
Assigned:					
Encumbrances	3,997,032	-	-	-	3,997,032
Future equipment purchases	-	-	6,202,615	-	6,202,615
Total Assigned	<u>3,997,032</u>	<u>-</u>	<u>6,202,615</u>	<u>-</u>	<u>10,199,647</u>
Unassigned:					
	64,963,897	-	-	-	64,963,897
Total fund balances	<u>\$ 73,211,833</u>	<u>10,478,389</u>	<u>28,177,288</u>	<u>3,302,666</u>	<u>115,170,176</u>

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(3) Detailed Notes on All Funds

(a) Deposits and Investments

The District had the following investments at June 30, 2014:

<u>Investment type</u>	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
U.S. Treasury obligations	\$ 279,947	.37
Government-sponsored enterprises	102,553,197	3.32
Commercial paper	<u>19,998,381</u>	.08
Total fair value	<u>122,831,525</u>	
Portfolio weighted average maturity		2.69

Interest rate risk—The Board approved investment policy requires that the investment portfolio be structured so that securities mature to meet cash requirements for day-to-day operations. Primarily, operating funds are invested in short-term securities with a weighted average maturity of less than 12 months and securities are held to maturity. Investments may mature within no more than 5 years from date of purchase. The policy requires the District to adopt weighted average maturity limitations that do not exceed 3 years and is consistent with the investment objectives. The weighted average maturity for the District’s portfolio is 2.69 years.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

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Credit risk—Missouri statutes limits the type of investment securities that can be purchased (as disclosed in note 1(d)(1), primarily, U.S. Treasury obligations and federal agency obligations. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, the District’s investments in debt securities were rated as follows:

<u>Investment type</u>	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
U. S. Treasury Obligations	Aaa	AAA
Government-sponsored enterprises		
Federal Home Loan Mortgage Corporation	Aaa	AA+
Federal National Mortgage Association	Aaa	AA+
Federal National Mortgage Association Global	Aaa	AA+
Federal Home Loan Banks	Aaa	AA+
Commercial paper	A-1	A-1
Repurchase agreement	Aa3	AA-

Concentration of credit risk—The District’s investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet its anticipated cash requirements. At the time the investments are purchased, the District seeks to follow diversification standards published by the Office of Missouri State Treasurer. Those standards allows for no more than 60% of the total investment portfolio to be in U.S. Government agencies and no more than 30% to be in U.S. Government callable agencies. At June 30, the District had 70% in callable U.S. Government agencies.

Collateralized repurchase agreements are limited to 50% of the total investments. At June 30, the District had 16% of its investments in collateralized repurchase agreements.

Custodial credit risk—For deposits, this is the risk that, in the event of a bank failure, the District deposits may not be returned. Collateral is required by state statute for demand deposits and certificates of deposit. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by State Statutes and include United States Government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities, and special districts; and revenue bonds of certain Missouri agencies. For investments, there is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2014, the District had no deposits or investments exposed to custodial credit risk.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(b) Capital Assets

Capital asset activity as of June 30, 2014 is shown below:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transfers/ retirements</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,646,301	—	—	30,646,301
Construction in progress	4,592,556	856,672	(4,068,007)	1,381,221
Impairment- closed buildings	30,986,801	—	(16,129,757)	14,857,044
Total capital assets, not being depreciated	<u>66,225,658</u>	<u>856,672</u>	<u>(20,197,764)</u>	<u>46,884,566</u>
Capital assets, being depreciated:				
Buildings and improvements	434,345,465	31,147,583	2,356,605	467,849,653
Improvements other than buildings	34,273,948	7,757,318	—	42,031,266
Equipment and furniture	28,604,199	2,470,893	(5,631,397)	25,443,695
Vehicles	1,983,147	30,243	(171,219)	1,842,171
Total capital assets being depreciated	<u>499,206,759</u>	<u>41,406,037</u>	<u>(3,446,011)</u>	<u>537,166,785</u>
Less accumulated depreciation for:				
Buildings and improvements	(177,929,047)	(8,843,456)	700	(186,771,803)
Improvements other than buildings	(26,232,121)	(1,331,519)	—	(27,563,640)
Equipment and furniture	(27,600,939)	(633,981)	5,631,397	(22,603,523)
Vehicles	(1,744,495)	(108,885)	171,219	(1,682,161)
Total accumulated depreciation	<u>(233,506,602)</u>	<u>(10,917,841)</u>	<u>5,803,316</u>	<u>(238,621,127)</u>
Total capital assets, being depreciated, net	<u>265,700,157</u>	<u>30,488,196</u>	<u>2,357,305</u>	<u>298,545,658</u>
Governmental activities capital assets, net	<u>\$ 331,925,815</u>	<u>31,344,868</u>	<u>(17,840,459)</u>	<u>345,430,224</u>

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Notes to Basic Financial Statements

June 30, 2014

Within the government-wide financial statements, depreciation expense was charged to functions/programs for governmental activities as shown below:

Elementary schools	\$ 4,623,398
Middle schools	1,161,205
Senior high schools	4,668,492
Special education	<u>6,397</u>
Total instruction	<u>10,459,492</u>
Executive Administration	11,250
Food Service	17,977
Internal Services	5,878
Information technology	<u>147,324</u>
Total support services	<u>182,429</u>
Operation of facilities	69,191
Facilities improvements and renovation	<u>206,729</u>
Total governmental activities depreciation expense	<u><u>\$ 10,917,841</u></u>

As of June 30, 2014 the District has eighteen schools with a total carrying value of \$25,344,291 that are idle and considered impaired. Management has determined two of these schools with a carrying value of \$10,487,247 are considered to be temporarily impaired. The remaining sixteen closed schools were accounted for at the lower of carrying value or fair value.

(c) Transfers

The following transfers were made during the fiscal year:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Transfers from:				
Debt Service Fund	\$ —	—	10,047,836	10,047,836
Capital Project Fund	—	8,676,674	—	8,676,674
Nonmajor governmental Fund	—	—	11,746	11,746
Enterprise fund	42,642	—	—	42,642
	<u>\$ 42,642</u>	<u>8,676,674</u>	<u>10,059,582</u>	<u>18,778,898</u>

The above fund transfers are the result of budget appropriations that required fund transfers.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(d) Accrued Salaries

School-based instructional staff, are compensated over a 12-month period beginning in August and September. Remaining salaries and related payroll taxes for the fiscal year have been accrued at June 30, 2014.

(e) Long-term Borrowings

Bonds Payable—Revenue bonds issued by the Building Corporation are supported by the revenue derived from leases with the District in amounts sufficient to provide for estimated administrative and operating expenditures, principal and interest on the bonds, and establishment of bond reserves pursuant to the provisions of the applicable bond resolution. Certain bond issues hold land and buildings as collateral in the event of default by the District. In the event the District sells these assets, the District may be required to pay the difference between fair market value and the selling price to the bond trustee under the bond covenants. All sales of such assets require bond counsel concurrence and Board approval before the District can enter into such transactions.

The 2009 Leasehold Revenue Qualified School Construction Bonds are payable through 2025. The total principal and interest remaining on the debt is \$20,491,442 with annual requirements ranging from \$.4 million to \$2.4 million. For the current year, interest paid by the District was \$.4 million. The amount of tax credits issued to the bondholder from the federal government was \$1.1 million. Principal payments begin in 2015.

The 2010 Leasehold Revenue Qualified School Construction Bonds are payable through 2029. The total principal and interest remaining on the debt is \$25,626,510 with annual requirements ranging from \$1.2 million to \$2.1 million. For the current year, interest paid by the District was \$1.2 million. The amount of interest subsidy reimbursed to the District from the federal government was \$835,899. Principal payments begin in 2015.

Bonds outstanding at June 30, 2014 are as follows:

<u>Purpose</u>	<u>Amount outstanding</u>	<u>Interest rate</u>	<u>Maturity year</u>
Series 2009	\$ 17,880,000	2.23%	2025
Series 2010	16,274,000	7.12%	2029
	<u>\$ 34,154,000</u>		

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

Annual debt service requirements to maturity for leasehold revenue bonds are as follows:

	Governmental activities	
	Principal	Interest
Year ending June 30:		
2015	\$ 2,009,000	1,534,508
2016	2,110,000	1,442,054
2017	2,230,000	1,346,410
2018	2,350,000	1,247,174
2019	2,475,000	1,144,499
2020-2024	14,720,000	4,040,376
2025-2029	8,260,000	1,208,931
Total	\$ 34,154,000	11,963,952

(f) Changes in Long-term Liabilities

Long-term liability activity for the fiscal year was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Leasehold revenue bonds	\$ 39,904,000	—	(5,750,000)	34,154,000	2,009,000
Compensated absences	14,981,892	2,047,414	(2,744,646)	14,284,660	2,907,900
Long-term liabilities	\$ 54,885,892	2,047,414	(8,494,646)	48,438,660	4,916,900

Compensated absences are liquidated by the Other Special Revenue Fund.

(4) Other Information

(a) Risk Management

Resources are accumulated in the General Fund for workers' compensation, unemployment, and general liability claims. The District qualifies as a self-insurer under Missouri Workers' Compensation laws and maintains a reserve to cover estimated workers' compensation claims incurred before November 1, 1999. Restricted cash and investments of \$280,000 as of June 30, 2014 are for the self-insured portion of the workers compensation program's reserve requirement. A commercial insurance policy is purchased to cover current and future workers' compensation claims. Pursuant to 288.090:3(1)(a) of the Missouri Revised Statutes, the District participates in the State Employment Security Program on a reimbursable basis and pays claims in lieu of contributions. The District maintains a general liability reserve to cover claims in excess of existing commercial insurance coverage that is funded by contributions from the General Fund.

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Notes to Basic Financial Statements

June 30, 2014

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance. Claim settlements have not exceeded commercial insurance coverage for each of the past three fiscal years. Changes for the claims liability for fiscal years 2013 and 2014 is shown below.

	<u>Beginning of fiscal year</u>	<u>Current claims and estimated changes</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
Fiscal year 2014:				
Claims and judgments	\$ 912,000	1,412,222	258,314	2,065,908
	<u>\$ 912,000</u>	<u>1,412,222</u>	<u>258,314</u>	<u>2,065,908</u>
Fiscal year 2013:				
Claims and judgments	\$ 5,191,172	(3,597,205)	681,967	912,000
	<u>\$ 5,191,172</u>	<u>(3,597,205)</u>	<u>681,967</u>	<u>912,000</u>

(b) Post-Employment Benefits

Kansas City Public Schools Post-Employment Benefit Plan (OPEB)

Kansas City Public Schools benefit plan is a single employer defined benefit health care plan administered by the District that provides medical and long-term care insurance benefits to eligible retirees and their spouses.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

Membership in the OPEB comprised the following at July 1, 2012:

Active employees	1,869
Retired participants medical	453
Retired participants spouse medical	65
Retired participants dental	1,614
Retired participants spouse dental	320

The annual required contribution (ARC) is the basic annual expense recognized under GASB Statement No. 45, though there is no requirement to fund the ARC. ARC is calculated under the actuarial cost method that was chosen and is made up of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL - excess of the past service liability over the actuarial value of the assets). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For fiscal year 2014, the District contributed \$1,995,243 to the plan. Plan members receiving benefits from OPEB contributed \$2,168,907.

Other Post-employment Benefit cost expense is computed based on the annual required contribution (ARC) of the District. The annual required contribution is an amount of funding that if funded on a regular basis, it is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components that make up the District's OPEB Cost for 2014:

Annual Required Contribution	\$ 1,045,397
Interest on Net OPEB Obligation	(132,177)
Adjustment to ARC	<u>174,938</u>
Annual OPEB Cost (Expense)	<u>1,088,158</u>
 Contributions Made	 (1,995,243)
 Increase in net OPEB Obligation (Asset)	 (907,085)
Net OPEB Asset – Beginning of Year	<u>(3,304,425)</u>
Net OPEB Asset – End of Year	<u><u>\$(4,211,510)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2014, 2013, and 2012 are as follows in the table below:

<u>Fiscal Yr Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
06/30/14	\$1,088,158	183.4%	\$(4,211,510)
06/30/13	\$1,088,158	183.4%	\$(3,304,425)
06/30/12	\$1,409,770	119.6%	\$(2,397,340)

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June 30, 2014

As of July 1, 2012, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12,731,277 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,731,277. The covered payroll (annual payroll of active employees covered by the plan) was \$98,114,215 and the ratio of the UAAL to the covered payroll was 13.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution (ARC) of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is decreasing or increasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In July 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the District's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend rate of 8.5 percent for medical claims, reduced by decrements to an ultimate rate of 5 percent after eight years. The UAAL is being amortized as a level dollar amount over a period of 30 years.

(c) Status of Accreditation

The State Board of Education (SBE) accredits school districts through the Missouri School Improvement Program (MSIP), which sets minimum standards for high school graduation, curriculum, student testing, school resources, support services, and other areas of school operations. The SBE's accreditation review of Missouri school districts is based on compliance with certain of these standards, grouped into "Resource," "Process" and "Performance" categories.

In October 1999, the SBE voted to withdraw KCPS's accreditation effective May 2000, due to the District's failure to meet the required MSIP standards during its Second Cycle accreditation review by the Department of Elementary and Secondary Education (DESE). The areas reviewed by DESE were Resource, Process and Performance. KCPS met all the requirements for Resource and Process at an accredited level, but the Performance Standards (as measured by the MAP achievement test) were below the accredited level. After a January 2002 accreditation review by DESE (applying Second Cycle standards), the SBE voted unanimously on April 17, 2002 to grant KCPS provisional accreditation, thus lifting the threat of a state takeover.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

In the spring of 2008, DESE completed a full review of KCPS as part of MSIP Cycle 4. At that time, it required KCPS to complete a two-year accountability plan, the progress of which was reviewed quarterly by a Missouri Regional School Improvement Team (RSIT). The plan was approved on January 14, 2009. KCPS retained provisional accreditation. KCPS once again met all of the Resource and Process Standards at an accredited level in fiscal year 2009. KCPS met four of the fourteen Performance Standards. Nine were needed for full accreditation.

On September 20, 2011, the State Board of Education (SBE) voted to rescind the District's provisional accreditation effective January 1, 2012. In fiscal year 2012 KCPS met five of fourteen Performance Standards. The SBE noted the progress but expressed their desire to provide additional support so KCPS could achieve the necessary APR points needed to achieve full accreditation. Missouri statutes at that time allowed unaccredited school districts two years within which to improve before DESE could assume control. The Missouri legislature made a significant change to the law in early 2013, and Governor Jay Nixon signed the legislation which became effective on August 28, 2013. The new law authorized DESE to immediately exercise control over an unaccredited school district.

In the fall of 2012 DESE announced that MSIP 4 was being retired and replaced with MSIP 5, a more stringent measure of a school district's progress in meeting Missouri's accreditation standards. The new standard defined provisional accreditation as 70 points, and full as 99 points. In August 2013 MSIP 5 scores for the 2013 fiscal year were announced. KCPS scored 84 of 140 points, falling in the middle of the provisional accreditation range. Shortly after the results were released, DESE officials announced that no school district's accreditation status would be modified until there were 3 years of data available using the MSIP 5 standards and measurements. KCPS made an appeal to the SBE for immediate provisional accreditation. On October 22, 2013 the SBE declined to award provisional accreditation to KCPS. The refusal of the SBE to grant provisional accreditation to KCPS resulted in KCPS being subject to the "transfer law" which allows students in unaccredited districts to transfer to fully accredited districts in abutting counties. The transfer law requires unaccredited school districts to pay for transportation and tuition. Despite being subject to the transfer law, few KCPS students met the deadline to apply for transfer before the close of the February 1, 2014 deadline.

Although approximately 25 students applied to transfer to an accredited school district, KCPS staff, students and Administration thwarted those plans by their performance on the MSIP 5 tests. In early August, 2014, the SBE met at a special meeting and granted KCPS provisional accreditation. In late August, 2014, DESE announced that KCPS students scored 92.5 points, which had been known by the SBE when it voted to grant provisional accreditation. Provisional accreditation "mooted" the threat of the transfer law as well as the threat of a "state takeover." Given the latest pronouncements from DESE, it is believed that KCPS will be provisionally accredited for next year, regardless of performance on the MSIP 5 testing in the 2015 fiscal year due to DESE regulations. Provisional accreditation was a major boost to the morale of the community, the staff, the students, and Administration of KCPS.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(d) Commitments

On June 25, 2014 the Board approved a one-year agreement for fiscal year 2015 with First Student to provide regular and special education transportation services for an amount not to exceed \$8,734,801. The contract is based on variable pricing dependent on the number of bus routes scheduled.

On May 28, 2014 the Board approved a \$4,115,000 one-year agreement, with two renewal options, for fiscal year 2015 with US Food to deliver food and general supplies for the child nutrition program.

On August 12, 2013 the Board Chairman signed a contract with Pearson Education, Inc. to provide access to its portfolio of digital curriculum programs and training to teachers for use of these programs for the period August 1, 2013 to December 31, 2018. On September 22, 2014 the contract was amended to reflect the District will pay \$2,364,815 in FY15 for these products and services and a total amount of \$7,820,748 over the remaining life of the contract.

(e) Operating Leases

The District has entered into operating leases for student laptops and tablets that are below the District's capitalization threshold. Lease expenditures for the current year were \$734,000 and the estimated remaining obligation is \$8 million through fiscal year 2018.

(f) Pension Plan

The District contributes to the Public School Retirement System, a cost-sharing, multiple-employer and contributory defined benefit pension plan. Substantially all full-time employees of the District, the Kansas City Public Library and charter schools are covered by the plan. The Public School Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. All benefit provisions are established and may be amended by the legislature of the State of Missouri. The general administration and responsibility for the proper operation of the Public School Retirement System rests with a board of trustees. Financial statements of the Public School Retirement System can be obtained by writing to Public School Retirement System, 4600 Paseo Boulevard, Kansas City, Missouri 64106 or by calling (816) 472-5912.

Employee—All regular and full-time employees must become members of the Retirement System as a condition of employment. From January 1, 1999 through December 31, 2013, members contributed 7.5% of regular annual compensation. During the 2013 Missouri legislative session, SB223 was passed allowing the Kansas City Public School Retirement System Board (KCPSRS) flexibility to increase the contribution rate in ½% increments annually, to a maximum of 9%. KCPSRS notified the district, effective January 1, 2014, the contribution rate was increased to 8.0%.

Employer—Participating employers contributed 7.5% of annual compensation from January 1, 1999 through December 31, 2013. As authorized by SB223, the KCPSRS, increased the employers' contribution rate, effective January 1, 2014 to 8.0%.

The District's contributions to the Retirement System for the years ended December 31, 2013, 2012 and 2011 were \$7,719,216, \$7,104,617 and \$9,593,660, respectively, which was equal to the annual required contribution for the District.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2014

(g) New Pronouncements

As of June 30, 2014, the GASB has issued the following statements not yet implemented by the District. The statements which might impact the District are as follows:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the District beginning with its year ending June 30, 2015. This Statement eliminated a potential source of understatement of restate beginning net position and expense in a government's first year of implementing GASB Statement N0. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

The District's management has not yet determined the effect these statements will have on the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 123,774,798	129,674,773	130,727,537	1,052,764
Prop C taxes	9,757,751	9,638,020	9,272,945	(365,075)
Other local	2,855,776	6,150,714	8,939,790	2,789,076
County	3,298,853	5,385,795	4,892,896	(492,899)
Basic formula	7,370,613	5,940,107	6,280,387	340,280
Other state	7,113,610	7,650,216	5,652,738	(1,997,478)
Federal sources	31,799,157	43,562,863	36,167,062	(7,395,801)
Tuition	—	6,018	5,427	(591)
Total revenues	<u>185,970,558</u>	<u>208,008,506</u>	<u>201,938,782</u>	<u>(6,069,724)</u>
Expenditures:				
Current:				
Administration:				
Board of Education services:				
Salaries	79,024	77,024	54,902	22,122
Benefits	22,290	22,290	16,072	6,218
Purchased services	366,428	408,231	300,251	107,980
Supplies and materials	9,000	9,000	7,086	1,914
Total Board of Education services	<u>476,742</u>	<u>516,545</u>	<u>378,311</u>	<u>138,234</u>
Executive administration:				
Salaries	1,572,867	1,631,867	1,701,525	(69,658)
Benefits	468,754	486,566	417,518	69,048
Purchased services	1,889,118	1,896,339	1,720,982	175,357
Supplies and materials	58,146	65,714	56,140	9,574
Total executive administration	<u>3,988,885</u>	<u>4,080,486</u>	<u>3,896,165</u>	<u>184,321</u>
Building level administration:				
Salaries	1,814,044	1,829,305	1,793,500	35,805
Benefits	756,821	758,856	655,162	103,694
Purchased services	374,920	340,803	316,078	24,725
Supplies and materials	63,014	64,620	61,674	2,946
Total building level administration	<u>3,008,799</u>	<u>2,993,584</u>	<u>2,826,414</u>	<u>167,170</u>
Total administration	<u>7,474,426</u>	<u>7,590,615</u>	<u>7,100,890</u>	<u>489,725</u>
Instruction:				
Elementary:				
Salaries	474,588	581,379	474,975	106,404
Benefits	203,656	281,675	71,961	209,714
Purchased services	509,754	666,750	477,825	188,925
Supplies and materials	865,965	4,377,528	3,470,393	907,135
Total elementary	<u>2,053,963</u>	<u>5,907,332</u>	<u>4,495,154</u>	<u>1,412,178</u>
Middle/junior high:				
Salaries	—	—	380	(380)
Benefits	—	1,134	38	1,096
Purchased services	—	52,682	15,843	36,839
Supplies and materials	—	10,894	2,796	8,098
Total middle/junior high	<u>—</u>	<u>64,710</u>	<u>19,057</u>	<u>45,653</u>

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Senior high:				
Salaries	101,485	261,190	275,612	(14,422)
Benefits	41,927	110,002	24,439	85,563
Purchased services	181,357	509,177	1,155,846	(646,669)
Supplies and materials	625,317	4,223,037	1,737,048	2,485,989
Total senior high	<u>950,086</u>	<u>5,103,406</u>	<u>3,192,945</u>	<u>1,910,461</u>
Summer school:				
Salaries	145,000	154,524	77,412	77,112
Benefits	19,358	21,697	6,227	15,470
Purchased services	4,000	12,000	32,059	(20,059)
Supplies and materials	60,000	61,200	8,005	53,195
Total summer school	<u>228,358</u>	<u>249,421</u>	<u>123,703</u>	<u>125,718</u>
Special education:				
Salaries	2,949,972	3,407,204	2,853,581	553,623
Benefits	1,394,121	1,681,415	1,189,344	492,071
Purchased services	4,271,122	5,582,491	4,857,098	725,393
Supplies and materials	632,760	586,235	479,133	107,102
Total special education	<u>9,247,975</u>	<u>11,257,345</u>	<u>9,379,156</u>	<u>1,878,189</u>
Culturally different:				
Salaries	1,099,761	1,379,813	1,223,955	155,858
Benefits	502,667	720,359	584,050	136,309
Purchased services	5,735,499	2,821,041	2,481,956	339,085
Supplies and materials	197,489	2,567,406	556,738	2,010,668
Total culturally different	<u>7,535,416</u>	<u>7,488,619</u>	<u>4,846,699</u>	<u>2,641,920</u>
Vocational instruction:				
Salaries	181,138	181,138	182,990	(1,852)
Benefits	67,873	67,873	57,916	9,957
Purchased services	76,534	121,645	130,412	(8,767)
Supplies and materials	237,616	302,190	294,228	7,962
Total vocational instruction	<u>563,161</u>	<u>672,846</u>	<u>665,546</u>	<u>7,300</u>
Student activities:				
Salaries	394,529	355,794	605,639	(249,845)
Benefits	99,228	81,254	74,283	6,971
Purchased services	171,558	280,407	266,246	14,161
Supplies and materials	85,768	84,418	81,816	2,602
Total student activities	<u>751,083</u>	<u>801,873</u>	<u>1,027,984</u>	<u>(226,111)</u>
Tuition to Other Districts				
Purchased services	300,000	629,712	518,950	110,762
Total student activities	<u>300,000</u>	<u>629,712</u>	<u>518,950</u>	<u>110,762</u>
Total instruction	<u>21,630,042</u>	<u>32,175,264</u>	<u>24,269,194</u>	<u>7,906,070</u>
Support services:				
Attendance/placement:				
Salaries	826,790	1,184,694	1,126,508	58,186
Benefits	289,723	419,424	325,301	94,123
Purchased services	34,930	438,730	164,949	273,781
Supplies and materials	15,300	18,350	11,723	6,627
Total attendance/placement	<u>1,166,743</u>	<u>2,061,198</u>	<u>1,628,481</u>	<u>432,717</u>
Guidance/counseling:				
Purchased services	15,100	14,100	9,429	4,671
Total guidance/counseling	<u>15,100</u>	<u>14,100</u>	<u>9,429</u>	<u>4,671</u>

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Health, psychology, and speech:				
Salaries	3,973,437	4,108,360	3,489,579	618,781
Benefits	1,334,274	1,376,562	1,084,422	292,140
Purchased services	156,750	111,850	113,858	(2,008)
Supplies and materials	51,000	52,200	27,054	25,146
Total health, psychology, and speech	<u>5,515,461</u>	<u>5,648,972</u>	<u>4,714,913</u>	<u>934,059</u>
Improvement of instruction:				
Curriculum development:				
Salaries	465,312	577,027	511,423	65,604
Benefits	196,190	192,382	137,802	54,580
Purchased services	2,815,082	2,040,380	1,764,089	276,291
Supplies and materials	166,250	385,942	345,805	40,137
Total curriculum development	<u>3,642,834</u>	<u>3,195,731</u>	<u>2,759,119</u>	<u>436,612</u>
Educational media services:				
Salaries	120,000	108,000	94,448	13,552
Benefits	58,042	56,440	39,356	17,084
Purchased services	102,216	74,954	99,608	(24,654)
Supplies and materials	972,932	1,249,376	1,084,010	165,366
Total educational media services	<u>1,253,190</u>	<u>1,488,770</u>	<u>1,317,422</u>	<u>171,348</u>
Financial services:				
Salaries	2,247,525	2,218,675	2,069,548	149,127
Benefits	775,616	765,439	563,494	201,945
Purchased services	388,768	397,318	208,388	188,930
Supplies and materials	33,864	44,114	54,567	(10,453)
Total financial services	<u>3,445,773</u>	<u>3,425,546</u>	<u>2,895,997</u>	<u>529,549</u>
Internal service:				
Salaries	482,259	482,259	408,480	73,779
Benefits	161,407	161,407	124,820	36,587
Purchased services	112,000	112,000	35,210	76,790
Supplies and materials	92,998	92,998	51,127	41,871
Total internal service	<u>848,664</u>	<u>848,664</u>	<u>619,637</u>	<u>229,027</u>
Planning/research/evaluation:				
Development services:				
Salaries	299,119	322,199	364,480	(42,281)
Benefits	96,620	105,645	101,704	3,941
Purchased services	523,714	490,243	517,932	(27,689)
Supplies and materials	8,500	9,450	7,791	1,659
Total development services	<u>927,953</u>	<u>927,537</u>	<u>991,907</u>	<u>(64,370)</u>
Admissions/communication services:				
Salaries	726,439	728,215	718,162	10,053
Benefits	225,984	225,984	182,091	43,893
Purchased services	62,876	100,552	60,427	40,125
Supplies and materials	12,676	7,783	6,128	1,655
Total admissions/communications	<u>1,027,975</u>	<u>1,062,534</u>	<u>966,808</u>	<u>95,726</u>

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Human Resource services:				
Salaries	1,216,700	1,040,209	880,793	159,416
Benefits	392,954	368,745	224,205	144,540
Purchased services	1,464,689	1,193,252	973,851	219,401
Supplies and materials	40,250	66,015	53,187	12,828
Total personnel services	<u>3,114,593</u>	<u>2,668,221</u>	<u>2,132,036</u>	<u>536,185</u>
Information technology:				
Salaries	2,075,363	2,073,797	2,001,825	71,972
Benefits	664,891	664,645	547,076	117,569
Purchased services	2,267,406	2,167,481	1,739,911	427,570
Supplies and materials	457,928	425,128	338,114	87,014
Total information technology	<u>5,465,588</u>	<u>5,331,051</u>	<u>4,626,926</u>	<u>704,125</u>
Total support services	<u>26,423,874</u>	<u>26,672,324</u>	<u>22,662,675</u>	<u>4,009,649</u>
Operation of facilities:				
Salaries	12,234,617	11,518,386	11,633,581	(115,195)
Benefits	4,610,956	4,515,539	3,557,423	958,116
Purchased services	8,110,885	12,046,814	10,350,685	1,696,129
Supplies and materials	741,461	1,255,022	929,258	325,764
Other purchased services	2,538,506	3,955,358	4,181,860	(226,502)
Other supplies and materials	1,863,339	2,987,481	2,548,271	439,210
Total operation of facilities	<u>30,099,764</u>	<u>36,278,600</u>	<u>33,201,078</u>	<u>3,077,522</u>
Pupil transportation:				
Purchased services	10,463,658	11,321,048	11,442,914	(121,866)
Total pupil transportation	<u>10,463,658</u>	<u>11,321,048</u>	<u>11,442,914</u>	<u>(121,866)</u>
Facility acquisition/asbestos				
Purchased services	1,050,000	995,756	596,016	399,740
Supplies and materials	—	6,040	5,710	330
Total facility acquisition/asbestos	<u>1,050,000</u>	<u>1,001,796</u>	<u>601,726</u>	<u>400,070</u>
Community and adult services:				
Adult basic education:				
Salaries	570,076	570,386	522,399	47,987
Benefits	184,699	191,027	134,981	56,046
Purchased services	39,402	43,902	35,572	8,330
Supplies and materials	42,115	42,774	37,788	4,986
Total adult basic education	<u>836,292</u>	<u>848,089</u>	<u>730,740</u>	<u>117,349</u>

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2014

	Original budget	Final budget	Actual	Variance with Final Budget
Community services:				
Salaries	\$ 672,084	1,023,520	920,127	103,393
Benefits	253,222	480,259	331,040	149,219
Purchased services	1,290,877	467,671	107,908	359,763
Supplies and materials	24,336	74,301	58,558	15,743
Total community services	2,240,519	2,045,751	1,417,633	628,118
Early Childhood:				
Salaries	1,361,682	3,936,519	3,581,866	354,653
Benefits	586,960	1,862,691	1,336,996	525,695
Purchased services	921,945	359,784	246,876	112,908
Supplies and materials	47,162	197,023	111,489	85,534
Total early childhood	2,917,749	6,356,017	5,277,227	1,078,790
Total community and adult services	5,994,560	9,249,857	7,425,600	1,824,257
Total expenditures	103,136,324	124,289,504	106,704,077	17,585,427
Revenues over expenditures	82,834,234	83,719,002	95,234,705	11,515,703
Other financing sources (uses):				
Sale of capital assets	—	—	652,945	(652,945)
Transfers in	—	—	42,642	(42,642)
Transfers out	—	—	(88,279,977)	88,279,977
Total other financing sources	—	—	(87,584,390)	87,584,390
Revenues and other financing sources over (under) expenditures	\$ 82,834,234	83,719,002	7,650,315	(76,068,687)
Reconciliation to GAAP Basis:				
Activities reported within the Teachers' Fund (a sub-fund of the General Fund):				
Total Revenue			8,147,767	
Total Expenditures			(96,427,746)	
Total other financing sources			88,279,979	
Total reconciling items			—	
Revenues and other financing sources over expenditures			7,650,315	
Fund balance, beginning of year			65,561,518	
Fund balance, end of year			\$ 73,211,833	

See Note to Required Supplementary Information.

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—Teachers’ Fund (a sub-fund of the General fund)

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Prop C taxes	\$ 5,854,651	5,782,812	5,355,052	(427,760)
County	41,553	174,780	161,016	(13,764)
Basic Formula	2,996,786	2,202,445	2,248,221	45,776
State	84,491	51,360	65,686	14,326
Federal	309,904	303,999	317,792	13,793
Tuition	2,500	—	—	—
Total revenues	<u>9,289,885</u>	<u>8,515,396</u>	<u>8,147,767</u>	<u>(367,629)</u>
Expenditures:				
Current:				
Administration:				
Executive administration:				
Salaries	394,585	454,585	583,078	(128,493)
Benefits	103,039	103,039	81,090	21,949
Total executive administration	<u>497,624</u>	<u>557,624</u>	<u>664,168</u>	<u>(106,544)</u>
Building level administration:				
Salaries	6,373,913	6,314,659	6,319,962	(5,303)
Benefits	1,929,401	1,937,413	1,568,983	368,430
Total building level administration	<u>8,303,314</u>	<u>8,252,072</u>	<u>7,888,945</u>	<u>363,127</u>
Total administration	<u>8,800,938</u>	<u>8,809,696</u>	<u>8,553,113</u>	<u>256,583</u>
Instruction:				
Elementary:				
Salaries	25,440,692	25,047,145	24,071,679	975,466
Benefits	8,689,236	8,685,040	7,686,913	998,127
Total elementary	<u>34,129,928</u>	<u>33,732,185</u>	<u>31,758,592</u>	<u>1,973,593</u>
Middle:				
Salaries	—	13,800	3,810	9,990
Benefits	—	1,842	385	1,457
Total middle/junior high	<u>—</u>	<u>15,642</u>	<u>4,195</u>	<u>11,447</u>
Senior high:				
Salaries	13,777,399	13,359,667	13,842,442	(482,775)
Benefits	4,751,209	4,688,489	4,320,630	367,859
Total senior high	<u>18,528,608</u>	<u>18,048,156</u>	<u>18,163,072</u>	<u>(114,916)</u>
Other Instruction:				
Salaries	568,000	628,123	464,701	163,422
Benefits	72,091	80,117	37,285	42,832
Total summer school	<u>640,091</u>	<u>708,240</u>	<u>501,986</u>	<u>206,254</u>
Special education:				
Salaries	10,899,432	10,141,566	9,277,005	864,561
Benefits	3,474,846	3,407,966	2,787,787	620,179
Total special education	<u>14,374,278</u>	<u>13,549,532</u>	<u>12,064,792</u>	<u>1,484,740</u>

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—Teachers’ Fund (a sub-fund of the General fund)

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Culturally different:				
Salaries	3,317,042	5,419,088	4,854,277	564,811
Benefits	1,124,983	1,663,730	1,379,760	283,970
Total culturally different	<u>4,442,025</u>	<u>7,082,818</u>	<u>6,234,037</u>	<u>848,781</u>
Vocational instruction:				
Salaries	910,699	975,614	899,562	76,052
Benefits	297,308	338,949	265,469	73,480
Total vocational instruction	<u>1,208,007</u>	<u>1,314,563</u>	<u>1,165,031</u>	<u>149,532</u>
Student activities:				
Salaries	638,003	517,678	459,685	57,993
Fringes	85,177	84,802	38,178	46,624
Total student activities	<u>723,180</u>	<u>602,480</u>	<u>497,863</u>	<u>104,617</u>
Total instruction	<u>74,046,117</u>	<u>75,053,616</u>	<u>70,389,568</u>	<u>4,664,048</u>
Support services:				
Guidance/counseling:				
Salaries	2,883,766	2,815,926	2,881,885	(65,959)
Benefits	940,494	920,812	824,632	96,180
Total guidance/counseling	<u>3,824,260</u>	<u>3,736,738</u>	<u>3,706,517</u>	<u>30,221</u>
Health, psychology, and speech:				
Salaries	2,131,543	2,140,783	2,098,416	42,367
Benefits	699,466	713,963	661,789	52,174
Total health, psychology, and speech	<u>2,831,009</u>	<u>2,854,746</u>	<u>2,760,205</u>	<u>94,541</u>
Improvement of instruction:				
Current developments:				
Salaries	6,528,955	9,341,442	5,957,552	3,383,890
Benefits	1,229,566	2,086,021	1,232,879	853,142
Total current developments	<u>7,758,521</u>	<u>11,427,463</u>	<u>7,190,431</u>	<u>4,237,032</u>
Educational media services:				
Salaries	1,899,360	1,858,577	1,839,475	19,102
Benefits	596,998	596,043	543,660	52,383
Total educational media	<u>2,496,358</u>	<u>2,454,620</u>	<u>2,383,135</u>	<u>71,485</u>

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—Teachers’ Fund (a sub-fund of the General fund)

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Planning/research/evaluation/ development services:				
Salaries	87,364	89,764	96,105	(6,341)
Benefits	28,202	29,123	17,306	11,817
Total planning/research/ evaluation/ development services	<u>115,566</u>	<u>118,887</u>	<u>113,411</u>	<u>5,476</u>
Total support services	<u>17,025,714</u>	<u>20,592,454</u>	<u>16,153,699</u>	<u>4,438,755</u>
Community and adult services:				
Adult basic education:				
Salaries	15,000	—	—	—
Benefits	2,003	—	—	—
Total adult basic education	<u>17,003</u>	<u>—</u>	<u>—</u>	<u>—</u>
Adult continuing education:				
Salaries	—	13,141	14,588	(1,447)
Benefits	—	2,520	1,161	1,359
Total adult continuing education	<u>—</u>	<u>15,661</u>	<u>15,749</u>	<u>(88)</u>
Early Childhood				
Salaries	707,020	1,016,537	1,014,318	2,219
Benefits	232,614	371,687	301,299	70,388
Total early childhood	<u>939,634</u>	<u>1,388,224</u>	<u>1,315,617</u>	<u>72,607</u>
Total community and adult services	<u>956,637</u>	<u>1,403,885</u>	<u>1,331,366</u>	<u>72,519</u>
Total expenditures	<u>100,829,406</u>	<u>105,859,651</u>	<u>96,427,746</u>	<u>9,431,905</u>
Revenues under expenditures	<u>(91,539,521)</u>	<u>(97,344,255)</u>	<u>(88,279,979)</u>	<u>9,064,276</u>
Other financing sources:				
Transfers in	91,539,521	97,344,255	88,279,979	(9,064,276)
Revenues and other financing sources over (under) expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year			<u>—</u>	
Fund balance, end of year			<u>\$ —</u>	

See Note to Required Supplementary Information.

KANSAS CITY PUBLIC SCHOOLS

Note to the Required Supplementary Information

June 30, 2014

Budgetary Information

Budgets are prepared using the modified accrual basis of accounting. For financial reporting purposes, expenditures related to fringe costs are disclosed within the functional expenditure categories. In the GAAP-basis statements, these costs are reclassified as transfers out. Annual budgets are prepared in accordance with Missouri state statutes, which include estimated revenues from all sources, itemized by fiscal year, fund and source and proposed expenditures itemized by fiscal year, fund, function and object. The legal level of budgetary control is at the object level. The Board adopts annual appropriations for the following funds:

Major funds:

General
Teachers' fund (a sub-fund of the General fund)
Capital Projects

Nonmajor funds:

Child Nutritional Services

In the GAAP-basis financial statements, the Teachers' Fund does not qualify as a special revenue fund, as defined by GASB Statement No. 54. Therefore, it is reported with the District's General Fund. Since the Board adopts an annual budget for the Teachers' Fund separately from the General Fund, a separate budgetary-basis schedule is presented.

The capital project (life-to-date) and QSCB-ARRA budgets included in the Capital Project Fund activity are not appropriated annually, but as projects are established. The Debt Service Fund and Other Special Revenue Fund are not budgeted.

Budgets are not adopted for certain other nonmajor funds that include the Student Activity, Patron Gift and Patron Endowments.

Appropriations are encumbered upon issuance of a purchase order for budget compliance. At year-end, unencumbered appropriations lapse, and encumbered appropriations are generally re-appropriated in the following year. Encumbrances outstanding at year-end are reported as a reservation of fund balance in the governmental fund statements.

In the governmental fund financial statements, certain fringe benefit costs are classified as a transfer out and transfers into the Other Special Revenue Fund. In the budgetary comparison schedules, these fringe costs are recorded as expenditures.

The Board must approve expenditures in excess of appropriations at the fund level. Budgeted expenditure amendments during the fiscal year resulted in a 22.17% increase in the General Fund. The Board approved expenditure amendments in the Teachers' Fund of a 4.99% increase. Approved amendments to the Capital Project Fund increased by 142.35%.

KANSAS CITY PUBLIC SCHOOLS

Other Post-Employment Benefits Required Supplementary Information

Schedule of Funding Progress

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
6/30/12	7/1/10	\$ -	\$ 14,704,906	\$ 14,704,906	0%	\$ 92,812,873	15.84%
6/30/13	7/1/12	\$ -	\$ 12,731,277	\$ 12,731,277	0%	\$ 98,114,215	12.98%
6/30/14	7/1/12	\$ -	\$ 12,731,277	\$ 12,731,277	0%	\$ 98,114,215	12.98%

The information presented as required supplementary information was determined as part of the July 1, 2012 actuarial valuation. The projected unit credit method was used. The actuarial assumptions include a 4% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 8.5% for fiscal year ending 6/30/12 and for medical claims, reduced by decrements to an ultimate rate of 5% after eight years. The UAAL is being amortized as a level dollar amount over a period of 30 years.

NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

KANSAS CITY PUBLIC SCHOOLS
Nonmajor Governmental Funds—Combining Balance Sheet
June 30, 2014

Assets	Special revenue			Permanent fund patron endowments	Total nonmajor governmental funds
	Child Nutritional services	Student activity	Patron gift		
Cash and investments	\$ 2,423,386	393,858	—	—	2,817,244
Restricted cash and investments	—	—	198,343	161,858	360,201
Interest receivable	—	—	588	369	957
Due from other governments	354,175	—	—	—	354,175
Total assets	<u>\$ 2,777,561</u>	<u>393,858</u>	<u>198,931</u>	<u>162,227</u>	<u>3,532,577</u>
Liabilities, Deferred Inflows of Revenues and Fund Balance					
Liabilities:					
Accounts payable	\$ 177,933	37,616	—	—	215,549
Accrued salaries, benefits and payroll taxes	4,116	—	—	—	4,116
Total liabilities	<u>182,049</u>	<u>37,616</u>	<u>—</u>	<u>—</u>	<u>219,665</u>
Deferred inflows of resources					
Unavailable revenue - grants and services	10,246	—	—	—	10,246
Total deferred inflows of resources	<u>10,246</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,246</u>
Fund balance :					
Nonspendable	—	—	—	35,000	35,000
Restricted	2,585,266	356,242	198,931	127,227	3,267,666
Total fund balance	<u>2,585,266</u>	<u>356,242</u>	<u>198,931</u>	<u>162,227</u>	<u>3,302,666</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,777,561</u>	<u>393,858</u>	<u>198,931</u>	<u>162,227</u>	<u>3,532,577</u>

KANSAS CITY PUBLIC SCHOOLS

Nonmajor Governmental Funds—
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year ended June 30, 2014

	<u>Child Nutritional services</u>	<u>Special revenue Student activity</u>	<u>Patron gift</u>	<u>Permanent fund patron endowments</u>	<u>Total nonmajor governmental funds</u>
Revenues:					
Local, including investment income	\$ 821,449	588,575	2,043	3,747	1,415,814
Other state	71,488	—	—	—	71,488
Federal	10,154,628	—	—	—	10,154,628
Total revenues	<u>11,047,565</u>	<u>588,575</u>	<u>2,043</u>	<u>3,747</u>	<u>11,641,930</u>
Expenditures:					
Current:					
Instruction	—	563,402	—	—	563,402
Support services	10,371,363	—	7	4	10,371,374
Total expenditures	<u>10,371,363</u>	<u>563,402</u>	<u>7</u>	<u>4</u>	<u>10,934,776</u>
Revenues over (under) expenditures	<u>676,202</u>	<u>25,173</u>	<u>2,036</u>	<u>3,743</u>	<u>707,154</u>
Other financing uses, transfers out:	<u>(11,746)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,746)</u>
Revenues over expenditures and other financing uses	664,456	25,173	2,036	3,743	695,408
Fund balances, beginning of year	<u>1,920,810</u>	<u>331,069</u>	<u>196,895</u>	<u>158,484</u>	<u>2,607,258</u>
Fund balances, end of year	<u>\$ 2,585,266</u>	<u>356,242</u>	<u>198,931</u>	<u>162,227</u>	<u>3,302,666</u>

KANSAS CITY PUBLIC SCHOOLS

Child Nutritional Services Fund—
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Local	\$ 694,701	552,568	821,449	268,881
State	—	—	71,488	71,488
Federal	11,427,065	10,671,402	10,154,628	(516,774)
Total revenues	<u>12,121,766</u>	<u>11,223,970</u>	<u>11,047,565</u>	<u>(176,405)</u>
Expenditures:				
Current:				
Support services:				
Salaries	3,081,950	3,269,498	3,051,166	218,332
Benefits	1,601,204	1,744,773	1,838,596	(93,823)
Purchased services	615,445	458,756	268,934	189,822
Supplies and materials	6,823,167	5,737,655	5,212,667	524,988
Total expenditures	<u>12,121,766</u>	<u>11,210,682</u>	<u>10,371,363</u>	<u>839,319</u>
Revenues over expenditures	<u>—</u>	<u>13,288</u>	<u>676,202</u>	<u>662,914</u>
Other financing sources (uses):				
Transfers out	<u>—</u>	<u>—</u>	<u>(11,746)</u>	<u>(11,746)</u>
Total other financing (uses)	<u>—</u>	<u>—</u>	<u>(11,746)</u>	<u>(11,746)</u>
Revenues over expenditures and other financing uses	<u>\$ —</u>	<u>13,288</u>	664,456	<u>651,168</u>
Fund balance, beginning of year			<u>1,920,810</u>	
Fund balance, end of year			<u>\$ 2,585,266</u>	

KANSAS CITY PUBLIC SCHOOLS

Capital Projects Fund—
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 7,597,160	8,467,761	8,467,761	—
Other local	80,290	42,784	131,305	88,521
State	—	69,079	—	(69,079)
Federal	883,068	1,853,488	1,892,732	39,244
Total revenues	<u>8,560,518</u>	<u>10,433,112</u>	<u>10,491,798</u>	<u>58,686</u>
Expenditures:				
Capital outlay:				
Administration:				
Board of education services	2,000	2,000	—	2,000
Executive administration	—	5,900	5,325	575
Total administration	<u>2,000</u>	<u>7,900</u>	<u>5,325</u>	<u>2,575</u>
Instruction:				
Elementary	—	2,203,948	3,768	2,200,180
Special education	—	2,556	2,556	—
Culturally different	—	986,081	19,105	966,976
Vocational instruction	—	82,102	73,054	9,048
Student activities	10,000	5,500	8,129	(2,629)
Total instruction	<u>10,000</u>	<u>3,280,187</u>	<u>106,612</u>	<u>3,173,575</u>
Support services:				
Attendance/placement	—	2,000	1,828	172
Health/Psychology/Speech/Audiology	—	2,000	1,399	601
Improvement of instruction:				
Curriculum development	3,000	—	—	—
Educational media services	72,062	40,582	15,859	24,723
Finance/support services	2,839,200	2,982,678	130,368	2,852,310
Food service	—	—	11,746	(11,746)
Admissions/communication services	—	—	4,148	(4,148)
Human resource services	—	—	1,669	(1,669)
Information technology service	—	—	2,923,196	(2,923,196)
Total support services	<u>2,914,262</u>	<u>3,027,260</u>	<u>3,090,213</u>	<u>(62,953)</u>
Operation of facilities	<u>5,878,167</u>	<u>1,448,967</u>	<u>493,538</u>	<u>955,429</u>
Community and adult services:				
Adult basic education	—	—	1,249	(1,249)
Community services	—	90,000	179,790	(89,790)
Early Childhood	—	48,094	4,625	43,469
Total community and adult services	<u>—</u>	<u>138,094</u>	<u>185,664</u>	<u>(47,570)</u>
Facilities improvement and renovation:				
Capital outlay	<u>12,902,000</u>	<u>24,517,170</u>	<u>36,447,371</u>	<u>(11,930,201)</u>
Total facilities improvement and renovation	<u>12,902,000</u>	<u>24,517,170</u>	<u>36,447,371</u>	<u>(11,930,201)</u>

KANSAS CITY PUBLIC SCHOOLS

Capital Projects Fund—
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Debt service:				
Principal	—	—	5,750,000	(5,750,000)
Interest	1,557,433	1,557,433	2,926,674	(1,369,241)
Total debt service	<u>1,557,433</u>	<u>1,557,433</u>	<u>8,676,674</u>	<u>(7,119,241)</u>
Total expenditures	<u>23,263,862</u>	<u>33,977,011</u>	<u>49,005,397</u>	<u>(15,028,386)</u>
Revenues under expenditures	<u>(14,703,344)</u>	<u>(23,543,899)</u>	<u>(38,513,599)</u>	<u>(14,969,700)</u>
Other financing sources (uses):				
Transfers in	—	—	10,059,582	10,059,582
Transfers out	—	—	—	—
Sale of capital assets	—	703,354	703,355	1
Unrealized loss on property held for sale	—	—	—	—
Total other financing sources	<u>—</u>	<u>703,354</u>	<u>10,762,937</u>	<u>10,059,583</u>
Revenues and other financing sources over expenditures and other financing sources	<u>\$ (14,703,344)</u>	<u>(22,840,545)</u>	<u>(27,750,662)</u>	<u>(4,910,117)</u>
Fund balance, beginning of year			<u>55,927,950</u>	
Fund balance, end of year			<u><u>28,177,288</u></u>	

KANSAS CITY PUBLIC SCHOOLS

Capital Projects Fund—
Schedule of Revenues, Expenditures and Changes in Fund Balance—by Project
Year ended June 30, 2014

Function	Capital Projects L-T-D Fund	QSCB-ARRA Capital Projects	Operating Capital Projects	Child Nutrition Capital Projects	Building Corp Capital Projects	Total Capital Projects funds
Revenues:						
Property taxes	\$ —	—	8,467,761	—	—	8,467,761
Other local	—	—	128,061	—	3,244	131,305
County	—	—	1,892,732	—	—	1,892,732
Total revenues	—	—	10,488,554	—	3,244	10,491,798
Expenditures:						
Administration:						
Executive administration	—	—	5,325	—	—	5,325
Total administration	—	—	5,325	—	—	5,325
Instruction:						
Elementary schools	—	—	3,768	—	—	3,768
Special education	—	—	2,556	—	—	2,556
Culturally different	—	—	19,105	—	—	19,105
Vocational instruction	—	—	73,054	—	—	73,054
Student activities	—	—	8,129	—	—	8,129
Total instruction	—	—	106,612	—	—	106,612
Support services:						
Attendance/SW/Pa	—	—	1,828	—	—	1,828
Health/Psychology/Speech/Audiology	—	—	1,399	—	—	1,399
Educational media services	—	—	15,859	—	—	15,859
Financial services	—	—	130,367	—	—	130,367
Food service	—	—	—	11,746	—	11,746
Admissions/communication services	—	—	4,148	—	—	4,148
Personnel services	—	—	1,669	—	—	1,669
Information technology services	2,781,855	—	141,342	—	—	2,923,197
Total support services	2,781,855	—	296,612	11,746	—	3,090,213
Operation of plant:						
Plant services	493,538	—	—	—	—	493,538
Total operation of plant	493,538	—	—	—	—	493,538
Community and adult services:						
Adult basic education	—	—	1,249	—	—	1,249
Community services	—	—	184,415	—	—	184,415
Total community and adult services	—	—	185,664	—	—	185,664
Capital outlay:						
Operation of facilities	34,470,253	1,977,118	—	—	—	36,447,371
Total capital outlay	34,470,253	1,977,118	—	—	—	36,447,371
Total expenditures	37,745,646	1,977,118	594,213	11,746	—	40,328,723
Revenues over (under) expenditures	(37,745,646)	(1,977,118)	9,894,341	(11,746)	3,244	(29,836,925)
Other financing sources (uses):						
Transfers in	25,348,854	1,977,118	4,098,981	11,746	—	31,436,699
Transfer out	—	—	(28,076,672)	—	(1,977,119)	(30,053,791)
Sale of capital assets	—	—	703,355	—	—	703,355
Total financing sources (uses)	25,348,854	1,977,118	(23,274,336)	11,746	(1,977,119)	2,086,263
Revenues and other financing sources over (under) expenditures and other financing sources (uses)	(12,396,792)	—	(13,379,995)	—	(1,973,875)	(27,750,662)
Fund balances – beginning of year	34,371,465	—	19,582,610	—	1,973,875	55,927,950
Fund balances – end of year	\$ 21,974,673	—	6,202,615	—	—	28,177,288

KANSAS CITY PUBLIC SCHOOLS

Capital Projects Fund—
 Schedule of Revenues, Expenditures and Changes in Fund Balance- by Project
 June 30, 2014

Function	Capital Projects L-T-D Fund	QSCB-ARRA Capital Projects	General Capital Projects	Child Nutrition Capital Projects	Building Corp Capital Projects	Total Capital Projects funds
Fund balance:						
Restricted						
Property Held for Sale	\$ 2,601,900	—	—	—	—	2,601,900
Total Restricted	<u>2,601,900</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,601,900</u>
Committed						
Encumbrances-Cornerstone						—
Cornerstone/Transformation Plan	19,372,773	—		—	—	19,372,773
Total Committed	<u>19,372,773</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,372,773</u>
Assigned						
Future equipment purchases	—	—	6,202,615	—	—	6,202,615
Total Assigned	<u>—</u>	<u>—</u>	<u>6,202,615</u>	<u>—</u>	<u>—</u>	<u>6,202,615</u>
Total fund balance	\$ <u>21,974,673</u>	<u>—</u>	<u>6,202,615</u>	<u>—</u>	<u>—</u>	<u>28,177,288</u>

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CAPITAL ASSETS

KANSAS CITY PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds by Source

June 30, 2014

(with comparative totals for June 30, 2013)

	Total	
	2014	2013
Capital assets (gross):		
Land	\$ 30,646,301	30,646,301
Buildings	467,849,653	434,345,465
Improvements other than buildings	42,031,266	34,273,948
Impairment-closed buildings	14,857,044	30,986,801
Equipment, furniture, and vehicles	27,285,866	30,587,346
Construction in progress	1,381,221	4,592,556
Total	\$ 584,051,351	565,432,417
Investment in capital assets by source:		
General fund	\$ 291,953	285,556
Capital projects	583,388,285	564,696,022
Special revenue	305,090	397,943
Trust and agency	13,127	—
Donations	52,896	52,896
Total	\$ 584,051,351	565,432,417

KANSAS CITY PUBLIC SCHOOLS

Schedule of Changes of Capital Assets Used in the Operation of
Governmental Funds by Function and Activity

Year Ended June 30, 2014

Classification	Beginning balance July 1, 2013	Adjustments	Additions	Retirements	Construction- in-progress transfers	Ending balance June 30, 2014
High schools	\$ 228,117,407	213,524	16,998,412	(370,727)	—	244,958,616
Middle schools	83,861,125	240,185	19,496,611	(9,073,016)	—	94,524,905
Elementary schools	218,483,640	(5,944)	3,423,146	(5,237,835)	—	216,663,007
Administration	30,377,689	(447,765)	1,487,859	(4,894,181)	—	26,523,602
Construction in progress	4,592,556	—	856,672	—	(4,068,007)	1,381,221
Total	\$ 565,432,417	—	42,262,700	(19,575,759)	(4,068,007)	584,051,351

KANSAS CITY PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds by Function and Activity

June 30, 2014

Classification	Land	Buildings	Improvements other than buildings	Impaired assets	Equipment, furniture, vehicles	Construction- in-progress	Total
High schools	\$ 10,628,380	204,239,703	19,120,861	3,353,086	7,616,586	—	244,958,616
Middle schools	5,329,905	82,094,097	4,914,645	680,000	1,506,258	—	94,524,905
Elementary schools	11,834,452	168,891,994	15,882,758	10,823,958	9,229,845	—	216,663,007
Administration	2,853,564	12,623,859	2,113,002	—	8,933,177	—	26,523,602
Construction-in-progress	—	—	—	—	—	1,381,221	1,381,221
Total	\$ <u>30,646,301</u>	<u>467,849,653</u>	<u>42,031,266</u>	<u>14,857,044</u>	<u>27,285,866</u>	<u>1,381,221</u>	<u>584,051,351</u>

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STATISTICAL SECTION

Statistical Section

This section provides detail information to enable the reader to gain a better understanding of the District's financial statements, note disclosures and required supplementary information.

Contents

Financial Trends – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. Table 1 – Table 4

Revenue Capacity – These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax. Table 5 – Table 8

Debt Capacity – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. Table 9 – Table 11

Demographic And Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. Table 12 – Table 13

Note: Personal income data is currently not available.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. Table 14

Sources: Unless otherwise noted, the information in these schedules comes from the comprehensive annual report for the relevant year.

Table 1

KANSAS CITY PUBLIC SCHOOLS

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Classification	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 311,276	\$ 296,176	\$ 325,699	\$ 320,182	\$ 331,473	\$ 371,354	\$ 351,989	\$ 373,750	\$ 367,206	\$ 355,084
Restricted	16,781	25,587	24,503	25,484	10,594	12,489	60,705	61,244	80,562	91,949
Unrestricted	104,618	123,174	110,811	99,271	105,853	114,368	115,956	136,244	139,480	147,063
Total governmental activities, net of position	\$ 432,675	\$ 444,937	\$ 461,013	\$ 444,937	\$ 447,920	\$ 498,211	\$ 528,650	\$ 571,238	\$ 587,248	\$ 594,096
Business-type activities:										
Unrestricted	\$ 501	\$ 374	\$ 178	\$ 39	\$ 180	\$ 522	\$ 1,426	\$ 1,829	\$ 1,108	\$ 79
Total business-type activities, net of position	\$ 501	\$ 374	\$ 178	\$ 39	\$ 180	\$ 522	\$ 1,426	\$ 1,829	\$ 1,108	\$ 79
Primary government:										
Net Investment in capital assets	\$ 311,276	\$ 296,176	\$ 325,699	\$ 320,182	\$ 331,473	\$ 371,354	\$ 351,989	\$ 373,750	\$ 367,206	\$ 355,084
Restricted	16,781	25,587	24,503	25,484	10,594	12,489	60,705	61,244	80,562	91,949
Unrestricted	105,119	123,548	110,990	99,310	106,033	114,890	117,382	138,073	140,588	147,142
Total primary government, net of position	\$ 433,176	\$ 445,311	\$ 461,192	\$ 444,976	\$ 448,100	\$ 498,734	\$ 530,076	\$ 573,067	\$ 588,356	\$ 594,175

Table 2

KANSAS CITY PUBLIC SCHOOLS

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Classification	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
Administration	\$ 16,710	\$ 11,521	\$ 13,150	\$ 20,646	\$ 20,874	\$ 25,512	\$ 23,464	\$ 25,502	\$ 24,876	\$ 23,648
Instruction	105,802	100,639	101,298	116,388	149,927	175,175	193,545	193,304	174,168	182,163
Support services	51,572	51,372	46,820	52,810	67,768	76,835	79,253	77,738	93,921	86,582
Operation of facilities	33,744	52,366	28,746	29,462	41,589	40,936	44,578	40,000	38,682	36,317
Pupil transportation	11,443	11,847	12,102	12,863	15,258	17,211	18,703	22,132	23,988	23,126
Facilities improvements and renovation	14,638	3,829	2,123	15,724	225	7,909	1,413	403	612	—
Community and adult services	8,951	8,706	9,194	11,748	9,644	8,478	11,557	6,226	6,237	5,407
Interest on long-term debt	2,809	2,989	3,716	2,044	1,990	2,791	3,902	4,982	6,023	6,969
Total governmental activities expenses	\$ 245,667	\$ 243,269	\$ 217,149	\$ 261,685	\$ 307,276	\$ 354,846	\$ 376,416	\$ 370,287	\$ 368,507	\$ 364,212
Business-type activities										
Community services	\$ 57	\$ 57	\$ 151	\$ 29	\$ 32	\$ 194	\$ 389	\$ 693	\$ 121	\$ 3,586
Total governmental activities expenses	57	57	151	29	32	194	389	693	121	3,586
Total primary government expenses	\$ 245,725	\$ 243,326	\$ 217,300	\$ 261,714	\$ 307,308	\$ 355,040	\$ 376,805	\$ 370,980	\$ 368,628	\$ 367,798
Program Revenues										
Governmental activities:										
Charges for services	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Administration	—	—	—	—	—	—	—	—	—	—
Instruction	28	165	3	—	34	—	20	—	50	69
Support services	1,947	2,931	766	935	685	1,992	3,763	3,741	3,596	4,007
Operation of facilities	6	—	6	41	49	61	69	65	70	61
Pupil transportation	94	203	79	32	19	4	—	13	7	—
Facilities improvements and renovation	—	—	—	—	—	—	—	—	—	—
Community and adult services	291	—	—	2	25	156	88	—	60	741
Interest on long-term debt	—	—	—	—	—	—	—	—	—	—
Operating grants and contributions	—	—	—	—	—	—	—	—	—	—
Administration	20	—	—	183	43	—	—	10	10	22
Instruction	33,449	32,774	30,402	45,623	56,153	37,711	34,431	37,816	84,511	84,675
Support services	11,694	10,476	9,440	16,901	18,018	18,068	12,807	14,884	16,113	14,327
Operation of facilities	—	—	—	—	7	—	—	—	55	—
Pupil transportation	2,354	2,405	2,910	3,057	5,496	6,405	7,104	8,297	8,421	8,875
Facilities improvements and renovation	—	—	—	—	—	—	—	—	—	—
Community and adult services	2,198	1,626	2,398	971	528	670	895	1,227	2,714	1,557
Interest on long-term debt	—	—	—	—	—	—	—	—	—	—

KANSAS CITY PUBLIC SCHOOLS

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Classification	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Capital grants and contributions										
Administration	—	—	—	10	—	—	—	—	—	—
Instruction	—	15	813	111	804	37	620	82	51	818
Support services	—	6	25	1	—	—	37	617	5,362	4,684
Operation of facilities	—	198	249	183	230	189	—	40	11	—
Pupil transportation	—	—	—	—	—	—	—	—	—	—
Facilities improvements and renovation	—	—	—	—	—	495	—	—	—	—
Community and adult services	—	—	—	—	—	12	861	—	251	16
Interest on long-term debt	1,893	2,136	1,956	—	—	—	—	—	—	—
Total governmental activities program revenue	53,975	52,935	49,049	68,050	82,090	65,801	60,695	66,792	121,282	119,852
Business-type activities:										
Charges for services	227	253	291	46	97	287	728	1,240	146	3,197
Total business-type activities program revenues	227	253	291	46	97	287	728	1,240	146	3,197
Total primary governmental program revenues	54,201	53,188	49,340	68,097	82,187	66,088	61,423	68,032	121,428	123,049
Net (expense)/revenue	\$ (191,693)	\$ (190,333)	\$ (168,100)	\$ (193,635)	\$ (225,186)	\$ (289,045)	\$ (315,721)	\$ (303,495)	\$ (247,225)	\$ (244,360)
Governmental activities	170	196	139	17	64	93	339	547	25	(389)
Business-type activities	(191,523)	(190,137)	(167,961)	(193,617)	(225,122)	(288,952)	(315,382)	(302,948)	(247,200)	(244,749)
Total primary government net expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 141,515	\$ 136,844	\$ 138,277	\$ 146,191	\$ 144,211	\$ 152,705	\$ 159,256	\$ 146,230	\$ 146,230	\$ 135,885
Prop C/Sales tax	15,579	15,061	15,128	15,831	16,659	20,180	23,051	28,187	28,187	27,995
Other local revenues	5,039	7,256	6,067	3,363	2,249	3,600	2,100	1,935	1,935	2,558
County governmental contributions	5,054	5,284	4,287	3,489	3,295	4,209	4,025	6,356	6,356	3,949
State aid-basic formula	8,529	10,148	18,970	20,150	44,028	70,172	89,732	47,106	47,106	53,593
Grants and entitlements not restricted to specific programs	409	427	441	561	328	821	1,051	1,820	1,820	1,730
Gain on sale of capital assets	659	—	—	—	—	—	—	—	—	—
Investment earnings	2,604	(763)	1,007	906	1,753	4,500	10,486	9,747	9,747	9,609
Special item	—	—	—	—	(38,038)	—	—	—	—	—
Extraordinary item	—	—	—	161	—	1,419	(17,319)	—	—	—
Transfers	43	—	—	—	410	1,000	750	(1,004)	(1,004)	—
Total governmental activities	179,431	174,257	184,177	190,652	174,895	258,606	273,133	240,377	240,377	235,319

KANSAS CITY PUBLIC SCHOOLS

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

(unaudited)

Classification	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Investment earnings	—	—	—	2	4	3	8	—	—	—
Transfers	(43)	—	—	(161)	(410)	(1,000)	(750)	1,004	1,004	—
Total business-type activities	(43)	—	—	(159)	(406)	(997)	(742)	1,004	1,004	—
Total primary government	\$ 179,388	\$ 174,257	\$ 184,176	\$ 190,493	\$ 174,489	\$ 257,610	\$ 272,391	\$ 241,381	\$ 241,381	\$ 235,319
Change in Net Position										
Governmental activities	\$ (12,262)	\$ (16,076)	\$ 16,076	\$ (2,983)	\$ (50,291)	\$ (30,439)	\$ (42,587)	\$ (63,118)	\$ (6,848)	\$ (9,041)
Business-type activities	127	196	139	(141)	(342)	(904)	(403)	1,551	1,029	(389)
Total primary government	\$ (12,135)	\$ (15,880)	\$ 16,215	\$ (3,125)	\$ (50,633)	\$ (31,343)	\$ (42,990)	\$ (61,567)	\$ (5,819)	\$ (9,430)

Table 3

KANSAS CITY PUBLIC SCHOOLS

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(Amounts expressed in thousands)

(unaudited)

Classification	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 1,223	\$ —	\$ —	\$ —	\$ 520	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	3,027	301	837	289	816	—	—	—	—	—
Assigned	3,997	479	1,467	897	2,256	—	—	—	—	—
Unassigned	64,965	64,782	61,504	51,236	37,255	—	—	—	—	—
Reserved	—	—	—	—	—	1,853	5,243	2,565	701	1,434
Unreserved:										
Designated:										
Grant activity	—	—	—	—	—	2,742	4,041	2,394	9,946	—
Reserve for Contingency	—	—	—	—	—	5,000	—	—	—	—
Undesignated	—	—	—	—	—	37,701	35,593	57,919	55,034	44,703
Total general fund	\$ 73,212	\$ 65,562	\$ 63,808	\$ 52,422	\$ 40,847	\$ 47,296	\$ 44,877	\$ 62,878	\$ 65,681	\$ 46,137
All other governmental funds										
Nonspendable	\$ 35	\$ 2,074	\$ 2,619	\$ 2,567	\$ 1,675	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	16,348	28,802	45,336	56,904	46,043	—	—	—	—	—
Committed	19,373	31,770	45,742	34,655	25,781	—	—	—	—	—
Assigned	6,203	17,544	3,785	7,904	15,126	—	—	—	—	—
Unassigned	—	—	(759)	—	—	—	—	—	—	—
Reserved										
Teachers' funds	—	—	—	—	—	—	—	—	—	1,078
Grant activity funds	—	—	—	—	—	—	—	—	—	—
Other special revenue funds	—	—	—	—	—	—	—	—	—	—
Debt service funds	—	—	—	—	—	11,968	60,171	58,093	71,484	84,227
Capital projects funds	—	—	—	—	—	10,075	4,381	3,522	4,424	5,792
Nonmajor funds	—	—	—	—	—	239	382	733	1,133	2,118
Unreserved, reported in:										
Designated:										
Long-term building maintenance	—	—	—	—	—	11,299	9,588	15,275	14,167	15,476
Transition period funding	—	—	—	—	—	—	—	—	1,120	2,528
Technology plan	—	—	—	—	—	2,784	7,008	8,901	9,947	13,336
Sports Complex	—	—	—	—	—	—	—	—	—	—
CIP Escrow	—	—	—	—	—	12,600	—	—	—	—
Pension cost	—	—	—	—	—	—	—	—	—	—
Compensated absences	—	—	—	—	—	21,138	21,814	22,318	22,528	19,442
E-Rate/E-Rate support	—	—	—	—	—	1,848	1,835	1,821	1,510	1,235
Undesignated:										
Special revenue funds	—	—	—	—	—	(110)	372	(727)	(393)	16,433
Capital projects funds	—	—	—	—	—	6,964	17,110	22,436	26,261	28,586
Permanent funds	—	—	—	—	—	124	121	148	139	141
Total all other governmental funds	\$ 41,959	\$ 80,190	\$ 96,723	\$ 102,029	\$ 88,625	\$ 83,906	\$ 122,782	\$ 132,520	\$ 152,320	\$ 190,392

The District implemented GASB54 in fiscal year 2011.

Table 4

KANSAS CITY PUBLIC SCHOOLS

Changes in Fund Balances of Governmental Funds, and Debt Service Ratio

Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)
(unaudited)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Property taxes	\$ 139,195	\$ 142,138	\$ 138,391	\$ 147,293	\$ 144,986	\$ 149,926	\$ 157,679	\$ 147,941	\$ 147,931	\$ 136,543
Prop C-Sales tax	15,579	15,061	15,128	15,831	16,659	20,180	23,051	25,097	28,187	27,995
Other local revenues	11,055	8,702	8,647	5,581	5,375	11,836	15,527	20,324	14,871	15,631
County governmental contributions	5,054	5,284	4,287	3,489	3,295	4,209	4,025	3,433	6,357	3,949
State aid-basic formula	8,529	10,148	18,225	20,150	44,028	70,172	89,732	96,285	47,106	53,593
At risk									30,485	30,836
Other state	5,790	6,009	8,981	6,981	8,504	10,999	12,176	13,258	25,447	23,579
Federal	48,576	38,782	39,441	60,751	74,338	48,797	41,699	48,866	62,072	61,173
Tuition	5	283	25	10	52	13	4	77	37	274
Total revenues	233,783	226,407	233,126	260,086	297,236	316,132	343,893	355,281	362,493	353,573
Expenditures										
Administration	15,659	15,526	14,359	16,012	20,811	25,643	24,011	27,364	23,081	22,566
Instruction	95,329	91,352	92,571	105,754	136,551	160,407	176,156	178,472	164,151	166,442
Support services	54,967	51,560	45,983	54,740	73,343	75,984	74,219	74,311	84,975	75,569
Operation of facilities	34,296	29,478	27,624	29,569	41,205	41,286	44,483	39,375	39,552	35,073
Pupil transportation	11,443	11,847	12,102	12,863	15,258	17,211	18,703	22,133	23,985	23,125
Community and adult services	8,943	8,697	9,198	11,732	9,625	8,553	11,578	6,139	6,235	5,349
Facilities improvements and renovations	36,447	22,764	12,351	6,241	7,290	17,736	5,166	2,376	1,378	10,302
Debt service										
Principal	5,750	7,555	9,770	10,875	10,385	9,945	22,130	22,100	21,380	20,045
Interest	2,928	3,287	3,773	3,755	2,352	3,244	4,351	5,428	6,467	7,329
Total expenditures	265,763	242,066	227,730	251,541	316,822	360,009	380,797	377,698	371,204	365,800
Excess of revenues under expenditures	(31,980)	(15,659)	5,396	8,545	(19,586)	(43,877)	(36,904)	(22,417)	(8,711)	(12,227)
Other financing sources (uses)										
Transfers in	18,779	19,300	21,691	25,348	112,411	176,079	144,715	144,715	191,837	199,010
Transfers out	(18,736)	(19,300)	(21,691)	(25,188)	(112,002)	(157,909)	(149,288)	(149,288)	(202,418)	(203,719)
Refunding bonds issued										
Issuance of long term debt				16,274	17,880					
Premium on bonds										
Payment to refunded debt						(13,977)				
Capital Leases										
Unrealized proceeds - surplus assets			620				1,527	1,527		
Unrealized loss on surplus assets		(920)	(904)		(595)	1,826	3,294	3,294		
Sales of capital assets	1,356	1,798	968		161	1,401	161		328	
Total other financing sources (uses)	1,399	878	684	16,435	17,836	7,420	409	248	(10,253)	(4,709)
Net change in fund balances	\$ (30,581)	\$ (14,781)	\$ 6,080	\$ 24,979	\$ (1,730)	\$ (36,457)	\$ (36,495)	\$ (22,169)	\$ (18,964)	\$ (16,936)
Debt service as a percentage of noncapital expenditures	3.8%	5.0%	6.3%	6.2%	4.2%	3.8%	6.2%	6.2%	6.1%	5.8%

Table 5

KANSAS CITY PUBLIC SCHOOLS

Assessed and Estimated Actual Value of Taxable Property (1)

Last Ten Calendar Years

Tax levy year	Real property (2)		Personal property (2)		Total		Ratio of total assessed Actual value
	Value	Actual value	Value	Actual value	Value	Actual value	
2013	2,099,953,272	9,147,153,397	621,468,398	1,864,591,653	2,721,421,670	11,011,745,050	25 %
2012	2,084,828,732	9,066,836,031	605,311,801	1,816,117,315	2,690,140,533	10,882,953,346	25
2011	2,089,006,959	9,094,590,836	658,069,420	1,974,405,701	2,747,076,379	11,068,996,537	25
2010	2,136,547,926	9,227,817,390	648,566,756	1,945,894,857	2,785,114,682	11,173,712,247	25
2009	2,134,968,810	9,215,327,571	656,797,975	1,970,590,984	2,791,766,785	11,185,918,555	25
2008	2,270,379,857	9,881,307,807	688,862,166	2,066,793,177	2,959,242,023	11,948,100,985	25
2007	2,458,068,509	10,743,151,553	742,016,617	2,226,272,478	3,200,085,126	12,969,424,602	25
2006	2,211,529,159	11,639,627,153	674,138,810	2,022,618,692	2,885,667,969	13,662,245,845	21
2005	2,198,143,237	9,726,019,934	677,475,726	2,032,630,441	2,875,618,963	11,758,650,375	24
2004	1,944,634,173	8,232,472,044	705,468,036	2,116,615,770	2,650,102,209	10,349,087,814	26

(1) Source: Assessed valuations were made by the Jackson County Assessment Department. Section 137.115 of the Missouri Revised Statutes classifies real property to one of three categories when assigning assessed value as a percentage of actual: Agriculture at 11%; residential at 19%; or commercial at 32%. Personal property is assessed at 33.33% of actual value.

(2) Locally assessed railroad and utility property is included in either real or personal property; merchants' and manufacturers' equipment is included in personal property.

Table 6

KANSAS CITY PUBLIC SCHOOLS

Property Tax Rates (1)—Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal year ended	City of Kansas City	City of Independence (3)	State of Missouri	Jackson County	Metropolitan Community Colleges	City of Sugar Creek (3)	Kansas City, Missouri Public Library	School District	Total (2)
2014	\$ 1.5932	\$ —	0.03	0.053	\$ 0.2329	\$ —	\$ 0.5000	4.95	7.36
2013	1.5679	—	0.03	0.543	0.2329	—	0.5000	4.95	7.82
2012	1.5294	—	0.03	0.543	0.2329	—	0.5000	4.95	7.79
2011	1.5294	—	0.03	0.543	0.2329	—	0.5000	4.95	7.79
2010	1.4678	—	0.03	0.543	0.2266	—	0.4991	4.95	7.72
2009	1.4678	—	0.03	0.570	0.2143	—	0.4731	4.95	7.71
2008	1.4632	0.65	0.03	0.570	0.2100	1.07	0.4500	4.95	9.39
2007	1.5055	0.66	0.03	0.570	0.2200	1.07	0.4700	4.95	9.48
2006	1.5055	0.69	0.03	0.570	0.2200	1.07	0.4700	4.95	9.51
2005	1.3196	0.75	0.03	0.570	0.2200	1.07	0.4900	4.95	9.40

(1) Source: Tax rates per \$100 assessed valuation as confirmed directly by taxing authorities.

(2) The District's boundaries are not wholly contained in Kansas City, Missouri, but overlap other cities. Consequently, the total does not represent the actual tax burden of individual taxpayers. The total is presented only as an indicator of the change in property tax rates.

(3) On November 6, 2007, voters approved a boundary change that eliminated District school sites located in the City of Independence and the City of Sugar Creek.

Table 7

KANSAS CITY PUBLIC SCHOOLS

Principal Property Taxpayers

June 30, 2014

Taxpayers	Type of Business	2013			2004		
		Assessed value(1)	Rank	Percentage of total assessed value	Assessed value(1)	Rank	Percentage of total assessed value
Hallmark & Crown Power	Real Estate/Retail/Hotel	\$ 61,691,591	1	2.3%	69,610,954	1	3.3%
Kansas City Power and Light	Utility	45,383,538	2	1.7	32,192,396	2	1.5
A T & T	Communications	39,014,483	3	1.5	11,136,986	9	0.5
J C Nichols & Highwoods Realty	Real Estate	26,827,301	4	1.0	27,186,028	3	1.3
Southern Union Co	Utility	26,112,230	5	1.0	16,625,979	5	0.8
Bayer & Mobay	Agricultural Research and Mfg	22,472,371	6	0.8	23,740,580	4	1.1
Town Pavilion Holdings LLC	Real Estate	22,260,718	7	0.8			
twentieth Century Realty Inc	Real Estate	14,164,528	8				
1200 Chiefs Owner LLC	Real Estate	12,800,000	9				
Gateway Harrison Inc	Information Technology Services	11,700,918	10	0.4			
DST, Inc.	Information Technology Services				16,127,986	6	0.8
Southwestern Bell	Communications				15,364,710	7	0.7
EHMD LLC	Real Estate	—		0.0	15,071,841	8	0.7
IBM Credit Corporation	Finance				11,012,696	10	0.5
		\$ 282,427,678		9.5%	238,070,156		11.3%

Note: Total assessed value for 2013 was \$2,721,421,670 and 2004 was \$2,650,102,209

(1) Based on calendar year ended December 31, 2012 and December 31, 2003.

Source: Jackson County, Division of Finance, Collection Department reports.

Table 8

KANSAS CITY PUBLIC SCHOOLS

Property Tax Levies and Collections (1)
Last Ten Calendar Years

Tax levy year	Current tax levy (2)	Current tax collections	Percentage of levy collected	Delinquent tax collections	Total tax collections	Total collections as a percent of current levy (3)	Outstanding delinquent taxes (4)	Outstanding delinquent taxes as a percentage of current levy
2013	\$ 136,480,977	129,727,584	95.1%	7,921,094	137,648,678	100.9%	6,753,393	5%
2012	130,100,895	120,106,398	92.3%	12,883,252	132,989,650	102.2%	9,994,497	8%
2011	137,909,659	126,060,394	91.4%	9,641,611	135,702,005	98.4%	11,849,265	9%
2010	140,337,926	129,688,746	92.4%	13,048,624	142,737,370	101.7%	10,649,180	8%
2009	139,616,489	127,958,778	91.7%	11,173,379	139,132,157	99.7%	11,657,711	8%
2008	149,109,674	136,280,928	91.4%	11,310,642	147,591,570	99.0%	12,828,746	9%
2007	159,347,626	144,632,799	90.8%	9,125,735	153,758,534	96.5%	14,714,827	9%
2006	144,314,419	134,518,579	93.2%	10,018,326	144,536,905	100.2%	9,795,840	7%
2005	143,862,828	134,077,148	93.2%	11,644,108	145,721,256	101.3%	9,785,680	7%
2004	131,741,231	124,708,338	94.7%	8,850,541	133,558,879	101.4%	7,916,603	6%

(1) Table includes General Fund, Teachers' Fund, and Capital Projects Fund. While taxes are levied on a calendar-year basis, collections are reported on a fiscal-year basis.

(2) Includes real estate, personal property, and replacement merchants and manufacturers taxes, net of assessment and collection fees retained by Jackson County.

(3) Percentage includes collection of delinquent taxes.

(4) Includes protested taxes held by the county and all delinquent taxes outstanding at the end of the current tax levy year.

(5) Source: Jackson County, Division of Finance, Collection Department reports.

Table 9

KANSAS CITY PUBLIC SCHOOLS

Outstanding Debt by Type

Governmental Activities

Last Ten Fiscal Years

Fiscal year ended June 30	\$			Total Primary Government
	Leasehold Revenue Bonds	Capital Leases	Government	
2014	34,154,000	—	34,154,000	
2013	39,904,000	—	39,904,000	
2012	47,459,000	—	47,459,000	
2011	57,229,000	—	57,229,000	
2010	51,830,000	—	51,830,000	
2009	44,335,000	—	44,335,000	
2008	67,185,000	495,408	67,680,408	
2007	89,315,000	967,387	90,282,387	
2006	110,855,000	—	110,855,000	
2005	132,235,000	—	132,235,000	

Table 10

KANSAS CITY PUBLIC SCHOOLS

Computation of Overlapping Debt

June 30, 2014

Jurisdiction	General obligation bonds outstanding (2)	Percentage applicable to District (1)	Amount applicable to District
City of Kansas City, Missouri	\$ 407,515,000	93%	\$ 378,988,950

(1) Source: Jackson County, Division of Finance, Collection Department reports KCMUSD is composed of three cities within its boundaries, of which the City of Kansas City, Missouri is 93%.

(2) Source: City of Kansas City, Missouri Tax Administration Department.

Table 11

KANSAS CITY PUBLIC SCHOOLS

Computation of Legal Debt Margin

June 30, 2014

Total assessed value, tax levy year 2013 (1)	\$	2,721,421,670
Legal debt margin—15% of assessed value (2)		408,213,251

- (1) See Table 5.
- (2) The bonded indebtedness of the District is limited by Section 26(b) of the Missouri Constitution, Article VI, to 15% of the value of the taxable tangible property as shown by the last completed assessment for state and county purposes. The District had no outstanding general bonded debt at June 30, 2014.

Note: The District has not had outstanding general bonded debt for the last ten years. Therefore, the debt limit amount, total net debt applicable to the limit, legal debt margin amount and the ratio of either the legal debt margin to the debt limit or total debt applicable to the debt limit are not applicable.

Table 12

KANSAS CITY PUBLIC SCHOOLS

Demographic Statistics

Last Ten Fiscal Years

Fiscal year ended June 30	District population	September school membership	Ratio of membership to population	Regular school year average daily attendance	Ratio of attendance to membership
2014	\$ 193,837	14,192	7 %	12,833	90.4 %
2013	193,837	15,708	8	13,317	84.8
2012	193,837	15,403	8	13,732	89.2
2011	193,837	15,854	7	13,890	87.6
2010	193,837	17,104	7	15,451	90.3
2009	239,451	17,892	7	16,051	89.7
2008	239,451	22,429	9	19,381	86.4
2007	239,451	24,358	10	21,133	86.8
2006	239,451	25,750	11	22,633	88.0
2005	239,451	27,094	11	23,766	87.7

Source: Estimated District population is based on the 2001 census for 2001 through 2009 provided by the City Development Department; the City Planning Division provided the estimates for years from 2010 and after from the 2010 census data.

Note: Average daily attendance includes summer school attendance. Ratio of attendance to membership reflects average daily attendance of regular school year to September school membership.

Table 13

KANSAS CITY PUBLIC SCHOOLS

Property Value and Construction Costs
Last Ten Fiscal Years

Fiscal year ended June 30	Estimated actual property value (1)	Nonresidential construction (in millions)	Residential construction (in millions)
2014	\$ 11,011,745,050	24.7	44.8
2013	10,822,953,045	24.4	14.0
2012	11,068,996,537	26.3	15.5
2011	11,173,712,247	49.1	38.4
2010	11,185,918,555	27.1	51.3
2009	11,948,100,985	32.8	53.9
2008	12,969,424,032	47.2	63.9
2007	11,639,627,153	32.3	61.6
2006	11,758,650,375	13.2	36.3
2005	10,349,087,814	28.6	14.3

(1) See Table 6.

Source: Assessed valuations were made by the Jackson County Assessment Department. Estimated actual property values were calculated using percentages set forth in Section 137.115 of the Missouri Revised Statutes.

Table 14

KANSAS CITY PUBLIC SCHOOLS

Per-Pupil Costs
Last Ten Fiscal Years

Fiscal year ended June 30	Average daily attendance (2)	Eligible pupils (2)	Current expenditures per eligible pupil (1)	K-12 September enrollment	Pre-K Enrollment
2014	12,857	12,977	\$ 15,496	14,192	1,111
2013	13,417	13,517	14,877	15,708	1,388
2012	13,816	13,900	14,467	15,403	1,376
2011	14,067	14,244	14,117	15,854	1,483
2010	16,573	17,345	15,021	17,104	1,989
2009	17,384	18,186	16,570	17,892	2,139
2008	21,138	22,107	14,629	22,429	2,615
2007	23,087	24,144	13,275	24,358	2,494
2006	24,569	25,725	12,193	25,750	2,533
2005	25,449	26,605	11,590	27,094	2,428

- (1) Current expenditures as defined by the State of Missouri Department of Elementary and Secondary Education. For fiscal years 2013- 2014, expenditures include the General and Child Nutrition funds total instruction and support services expenditures net of food service revenues, divided by the total number of pupils. For fiscal years 2005-2012, expenditures include the General, Teachers' Grant Activity and Child Nutrition funds total instruction and support services expenditures net of food service revenues, divided by the total number of pupils.
- (2) Average daily attendance and Eligible pupil counts include K-12 students.

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