

KANSAS CITY

PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2020



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

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2020

(With Independent Auditor's Report Thereon)

Prepared by

Business & Finance Division

KANSAS CITY PUBLIC SCHOOLS

Table of Contents

	Page
Introductory Section	
Letter of Transmittal	i – iv
Vision and Mission of District	v
Organizational Chart	vi
List of Principal Officials	vii
Financial Section	
Independent Auditor’s Report	1 – 2
Management’s Discussion and Analysis	3 – 17
Basic Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Balance Sheet—Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Position —Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Fund Net Position—Proprietary Fund	25
Statement of Cash Flows—Proprietary Fund	26
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to Basic Financial Statements	29 – 56
Required Supplementary Information:	
Schedule of Budgetary Comparison—General Fund	57 – 63
Note to the Required Supplementary Information	64
Schedule of Changes in the Total OPEB Liability and Related Ratios	65
Net Pension Liability and Schedule of Employer Contributions – Pension	66 – 67

KANSAS CITY PUBLIC SCHOOLS

Table of Contents

	Page
Supplementary Information	
Nonmajor Fund Financial Statements and Schedules	
Nonmajor Governmental Funds—Combining Balance Sheet	68
Nonmajor Governmental Funds—Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Child Nutritional Services Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	70
Capital Projects Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual	71 – 72
Capital Projects Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—by Project	73 – 74
General Fund—Schedule of Revenues, Expenditures and Changes in Fund Balance—by Project	75
Schedule of Budgetary Comparison—Teachers’ Fund	76 – 78
Capital Assets Used in the Operation of Governmental Funds by Source	79
Schedule of Changes of Capital Assets Used in the Operation of Governmental Funds by Function and Activity	80
Capital Assets Used in the Operation of Governmental Funds by Function and Activity	81
Schedule of Expenditures of Federal Awards	82 – 83
Notes to Schedule of Expenditures of Federal Awards	84

Table

Statistical Section (Unaudited)

Table of contents	85
Net Position by Component—Last Ten Fiscal Years	1 86
Changes in Net Position—Last Ten Fiscal Years	2 87 – 88
Fund Balances of Governmental Funds—Last Ten Fiscal Years	3 89
Changes in Fund Balances of Governmental Funds and Debt Service Ratio — Last Ten Fiscal Years	4 90
Assessed and Estimated Actual Value of Taxable Property—Last Ten Calendar Years	5 91
Property Tax Rates—Direct and Overlapping Governments—Last Ten Fiscal Years	6 92
Principal Property Taxpayers	7 93
Property Tax Levies and Collections—Last Ten Calendar Years	8 94
Outstanding Debt by Type—Last Ten Fiscal Years	9 95
Computation of Overlapping Debt	10 96
Computation of Legal Debt Margin	11 97
Demographic Statistics—Last Ten Fiscal Years	12 98
Property Value and Construction Costs—Last Ten Fiscal Years	13 99
Per-Pupil Costs—Last Ten Fiscal Years	14 100

December 4, 2020

Board of Directors and Citizens of the District
School District of Kansas City, Missouri
2901 Troost Avenue
Kansas City, MO 64109

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 Kansas City, Missouri School District (the District). This report is prepared and published to fulfill this requirement for the fiscal year ending June 30, 2020. In addition, the 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, which includes financial highlights, analysis, and a discussion of the District's financial condition. The report is located in the financial section after the independent auditor's report and provides an overview of the District's financial condition at the government-wide level and at the fund level. The government-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 report including all disclosures. RSM US LLP, certified public accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2020. 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 Title 2 U.S. Code of Federal Regulations Part 2001, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 is 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 seven-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 for QSCB Bond debt service.

The District operated six high schools, one career and technical education school, two alternative schools, three middle schools, and 23 elementary schools for school year 2019-2020. At all levels, there are comprehensive neighborhood and signature/magnet school curriculums. Among the signature/magnet theme curriculums are visual and performing arts, college preparatory, foreign languages, and Montessori. The District serves about 14,100 K-12 and 1,100 pre-k students, employing over 2,000 principals, teachers, and support staff.

The District provides a comprehensive curriculum to meet the needs of a diverse student population. Course offerings at the high schools vary from those that are considered college preparatory to those that prepare students to enter particular careers upon graduating from high school. Approximately 12% of the school population is served by the Special Education Department of the District and 32% of the student population is served by the English Language Learners Department. These percentages are among the highest in the state of Missouri and the City of Kansas City. Specially trained teachers provide services to students needing both modified programs and specialized instruction. The District has developed programs for exceptional pupils that include services for students with mental or orthopedic handicaps, speech or language disorders, learning disabilities, behavior disorders, and auditory or visual handicaps, cognitive disability, as well as services for pre-school disabled children. It is the goal of the District to provide appropriate instructional services for each child according to their individual and unique needs.

During the fiscal year 100% of our students were served as eligible for free or reduced lunch under the Community Eligibility Provision (CEP) program which started during fiscal year 2015-2016.

The District contracts with Student Transportation of America to provide transportation to eligible students attending neighborhood and signature schools. Resident students living one-half miles or more from school will be entitled to free transportation to and from school. Approximately 10,974 students were eligible for free transportation in the 2019-2020 fiscal year. One hundred and forty-seven buses were used in the transportation program with most buses running at least two, and in some cases three routes each morning and afternoon.

The Kansas City Public Schools Education Foundation provides annual program grants to the Kansas City Public Schools through its own fundraising efforts. The Foundation is a legally separate entity.

An elected seven-member board governs the District. The Kansas City Public School District Board of Directors (Board) is the basic level of government that has financial accountability and control over all activities related to public school education in the District. The District is not a component unit of another reporting entity. The Board meets and adopts the annual budget prior to July 1 each year, in compliance with section 67.010 of the Missouri statute. The budget serves as the foundation for the District's financial planning and control. The budget is prepared on a modified accrual basis, by fund and function and may be amended at this level only by the approval of a majority of the members of the Board. The administration may amend the budget at the object and location (school or building) level without seeking the approval of the Board. The

Board approved two budget amendments for the year ended June 30, 2020. The Board is required to conduct at least one public hearing before adopting the budget and setting the property tax levy.

The District is committed to developing, maintaining, and improving effective management systems and controls. The District makes conscientious efforts to employ and retain highly qualified employees through active recruitment and thorough evaluations. Further, operations are continually evaluated to assure they function effectively, efficiently, and provide appropriate levels of supervision and segregation of duties.

LOCAL ECONOMIC FACTORS

Local property taxes represent approximately 68% of total revenues reported by the District. During the fiscal year, the District was entitled to receive approximately \$190 million in property taxes for tax year 2019 based on its \$4.9599 operating levy; actual current taxes collected during the fiscal year totaled \$166.9 million. These revenues are shared with and passed through to Kansas City Charter Schools on a per pupil basis in subsequent years based on expected revenues. The assessed valuation of real and personal property increased from approximately \$3.178 billion to approximately \$4.002 billion or 26%. This increase is closer to the state required market value than in the previous years where assessed valuation trailed that of the 2007 valuation of \$2.5 billion, which declined by \$373 million in five years. The difference between billed and collected is the county retention fee of 1.68%, delinquent and appealed taxes.

Due to the increase in residential and commercial real estate values, a larger than usual number and amount of appeals were filed with the Board of Equalization. As of November 1, 2020, \$6.1 million in property taxes received prior to June 30, 2020 have been returned to property owners based on the result of their appeals. The July 2020 assessed valuation decreased, as compared to July 2019, by \$267.6 million dollars. The decreased revenues will be shared with charter schools based on the assessed valuation as of the date the tax rate is established.

During 2019-20, the Kansas City Public Schools Board of Directors authorized payments to area charter schools to provide for a shortfall in state funding which precluded funding of the prescribed local property taxes to charter schools. The roughly \$8.8 million in voluntary payments was possible due to the increase in assessed valuation.

Within the boundaries of Kansas City, Missouri are 14 school districts. Within the Kansas City Public School District are 20 charter schools. The number of school options inside the Kansas City Public School Boundaries places pressure on available revenues. The Kansas City Missouri Public School District employs over 2,000 personnel in varying positions with a \$171 million salary and benefit expense.

All school districts in our boundaries have experienced varying levels of implications relating to COVID. Kansas City Public Schools boundaries include some of the highest positivity rates in the metropolitan area. Schools in our boundaries closed March 12th, 2020 and remain closed as we monitor local gating criteria. A variety of federal, state and local grants as well as allocated fund balance are providing for additional costs relating to a safe return for students. Child Nutrition Services has transitioned to state and federally approved feeding models to feed children at home. This feeding model will result in a net loss, which will be covered by the excess reserve funds in the Child Nutrition Services Fund.

Kansas City has numerous medical and research facilities as well as many insurance and financial institutions. Retail shopping and tourism and events are a major portion of a thriving downtown Kansas City Market. Economic development continues to thrive in the downtown and other areas of the City.

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 Finance 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 is very much appreciated.

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

Yours in education,



Mark T. Bedell Ed.D.
Superintendent of Schools



Linda D. Quinley
Chief Financial and Operations Officer



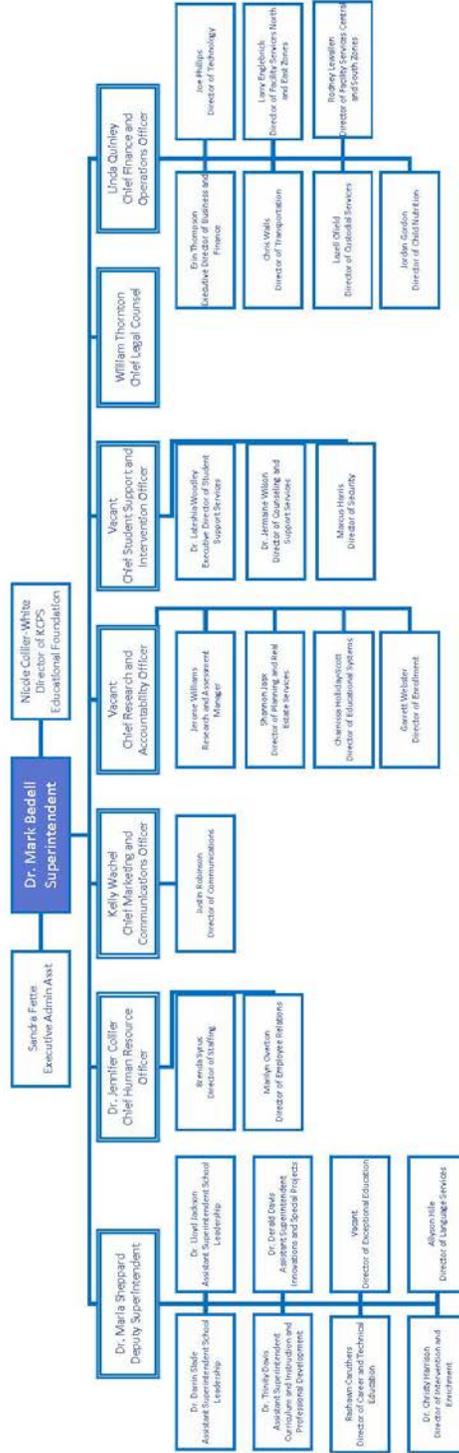
Our Vision

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.



As of June 30, 2020

LIST OF PRINCIPAL OFFICIALS

June 30, 2020

BOARD OF EDUCATION

Executive Officers

Pattie Mansur, Chair
Nate Hogan, Vice Chair

Treasurer

Manny R Abarca

Secretary of the Board

June Kolkmeier

Members

Rita M. Cortés
Marvia Jones
Mark Wasserstrom
Jennifer Wolfsie

SENIOR ADMINISTRATORS

Mark Bedell, Ed.D., Superintendent
Marla Sheppard, Ed.D., Deputy Superintendent
Jennifer Collier, Ed.D., Chief Human Resources Officer
Linda Quinley, Chief Financial and Operations Officer
Kelly Wachel, Chief Communications Officer
William Thornton, J.D., Chief Legal Counsel



RSM US LLP

Independent Auditor's Report

Board of Directors
The School District of 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, 2020, 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, 2020, 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, the Budgetary Comparison Schedules, and the pension and other postemployment benefit information, as listed in the table of contents, 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 accompanying schedule of expenditures of federal awards (SEFA), as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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, and SEFA, 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 and statistical sections, 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 December 4, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kansas City Public Schools' 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.

RSM US LLP

Kansas City, Missouri
December 4, 2020

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

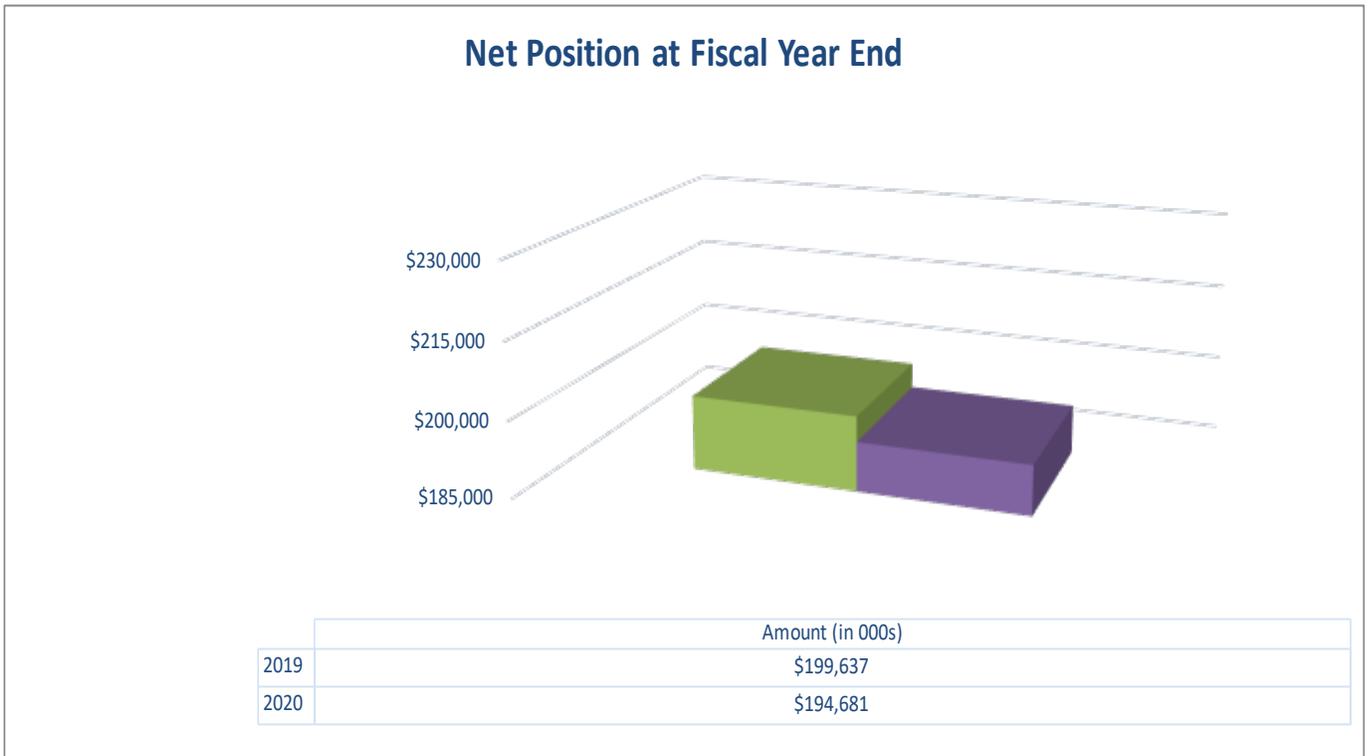
June 30, 2020

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, 2020. 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 \$194.7 million.

The graph below shows the changes in net position and indicates the District's overall financial position decreased in fiscal year 2020 by 2.5% when compared to fiscal year 2019.



The District's governmental funds (summarized in Table 1 below) reported an ending total fund balance of \$102.2 million, an increase of \$6.75 million in comparison with the prior year. Approximately 54.9% of this amount, \$56.2 million, is available for spending at the District's discretion (unassigned fund balance).

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020

Table 1—Summary of Governmental Fund Balances

	FY20	Percentage of total	FY19	Percentage of total	Increase (decrease)	Unassigned portion fiscal year 2020
General	\$ 62,576,115	61.19%	\$ 53,501,671	56.02%	9,074,444	56,174,980
Capital projects	25,171,924	24.62%	27,156,500	28.44%	(1,984,576)	-
Other special revenue	8,403,471	8.22%	8,447,988	8.85%	(44,517)	-
Nonmajor funds	6,104,908	5.97%	6,394,754	6.70%	(289,846)	-
	<u>\$ 102,256,418</u>	<u>100.00%</u>	<u>\$ 95,500,913</u>	<u>100.00%</u>	<u>6,755,505</u>	<u>56,174,980</u>

Unassigned fund balance as of June 30, 2020 for the General Fund was \$56.2 million and represents 24.96% of total General Fund expenditures and transfers compared to 21.50 % for fiscal year 2019. Assigned fund balance in the General Fund for general operating encumbrances and insurance reserves was \$5.9 million, an increase from the \$3.7 million reserves at year end 2019. Restricted fund balance in the General Fund for workers’ compensation was \$0.28 million for both fiscal years 2020 and 2019. Overall, governmental fund balances increased at June 30 primarily due to the increase in property tax revenue.

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 outflows/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.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

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.

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 the General Fund, the Other Special Revenue Fund and the Capital Projects Fund. Data for the other five 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.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

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.

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.

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020

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	
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)	2020	2019
Assets:								
Current and other assets	\$ 358,393	341,735	16,658	1,315	1,243	72	359,708	342,978
Capital assets	379,084	391,460	(12,376)	—	—	—	379,084	391,460
Total assets	<u>737,477</u>	<u>733,195</u>	<u>4,282</u>	<u>1,315</u>	<u>1,243</u>	<u>72</u>	<u>738,792</u>	<u>734,438</u>
Deferred outflows of resources	13,229	52,303	(39,074)	—	—	—	13,229	52,303
Liabilities:								
Other liabilities	42,286	30,986	11,300	83	103	(20)	42,369	31,089
Long-term liabilities	317,170	357,641	(40,471)	—	—	—	317,170	357,641
Total liabilities	<u>359,456</u>	<u>388,627</u>	<u>(29,171)</u>	<u>83</u>	<u>103</u>	<u>(20)</u>	<u>359,539</u>	<u>388,730</u>
Deferred inflows of resources	196,570	197,198	(628)	—	—	—	196,570	197,198
Net position:								
Net investment in capital assets	291,110	304,186	(13,076)	—	—	—	291,110	304,186
Restricted	16,538	16,873	(335)	—	—	—	16,538	16,873
Unrestricted (deficit)	(112,967)	(121,386)	8,419	1,232	1,140	92	(111,735)	(120,246)
Total net position	<u>\$ 194,681</u>	<u>199,673</u>	<u>(4,992)</u>	<u>1,232</u>	<u>1,140</u>	<u>92</u>	<u>195,913</u>	<u>200,813</u>

Overall, governmental activities current and other assets increased by 4.87%; business-type activities current and other assets increased 5.79%. Long-term liabilities decreased \$40.4 million due to a decrease in the net pension liability from \$226.15 million fiscal year 2019 to \$188.57 million fiscal year 2020.

Unrestricted net position of (\$113.0) million includes management commitments, assignments and unassigned fund balances. The Board of Education has authorized management to assign funds for certain obligation that make up 14.09% of net position.

The changes in net position for the business-type activities primarily relate 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.

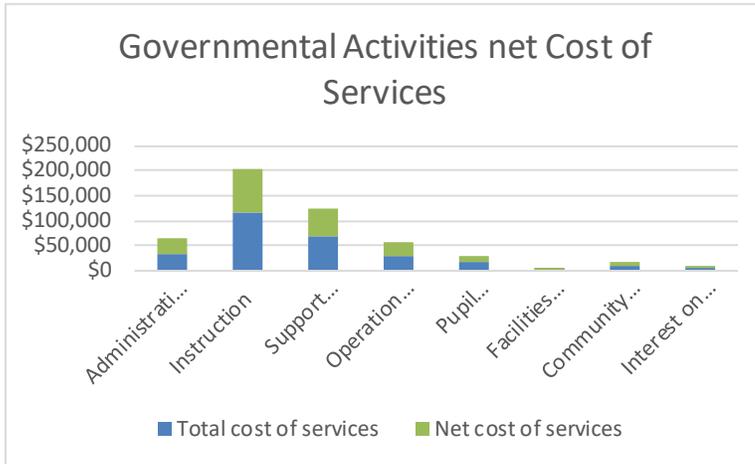
Table 3A—Changes in Net Position —Governmental Activities highlights the District’s revenues and expenses for the 2020 and 2019 fiscal years. The difference between revenues and expenses equals the change in net position. Revenue is divided into two major components, program revenue and general revenue. 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

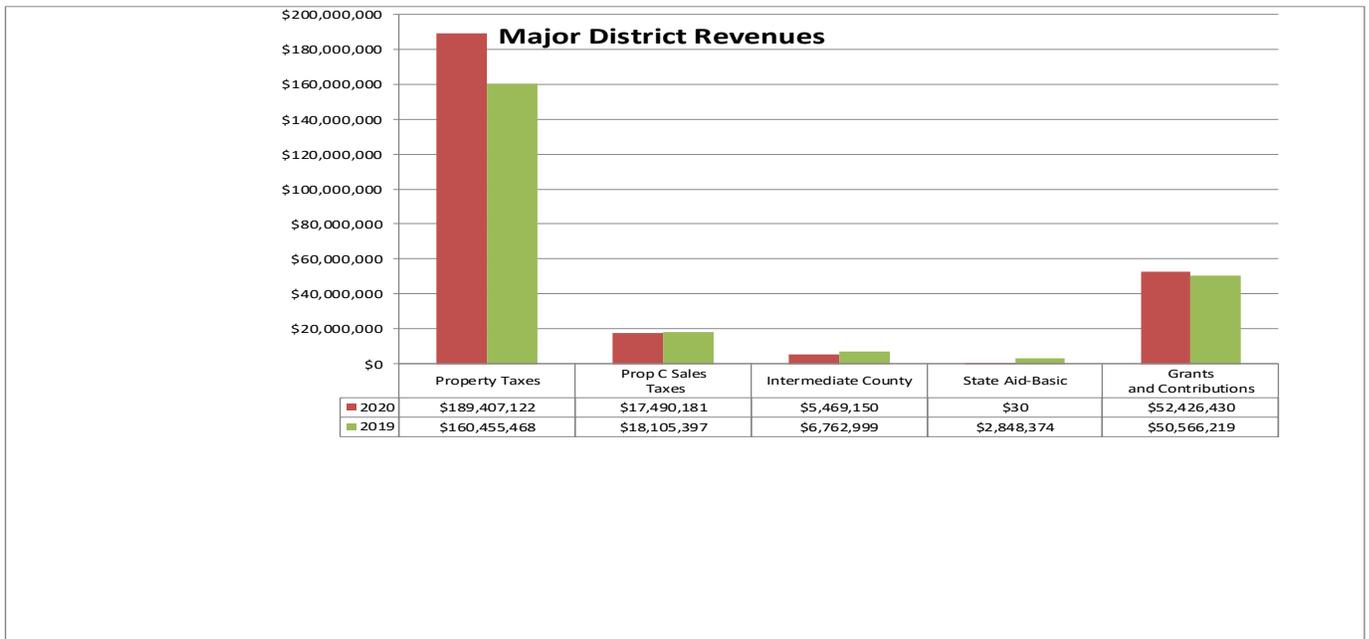
Management’s Discussion and Analysis

June 30, 2020

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



A graph of major District government-wide revenues is shown below.



KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

The most significant sources of governmental fund revenues:

Property Taxes (Local) 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. Property tax revenues are recognized as revenue in the fiscal year for which the taxes have been levied. Property taxes increased \$13.9 million or 8.42% from fiscal year 2019.

The total assessed valuation for tax year 2019 was approximately \$4.002 billion compared to the total assessed valuation for tax year 2018 of \$3.178 billion, an increase of approximately 25.96%.

Proposition C Sales Tax is a one-percent statewide sales tax collected and distributed to the District based on the prior year weighted average daily attendance (WADA). The District reported sales tax revenue of approximately \$17.5 million during fiscal year 2020, a decrease of approximately 3.4% from fiscal year 2019. The sales tax rate per WADA decreased to \$1,005.99 for fiscal year 2020 from \$1,006.83 for fiscal year 2019.

Other local revenue is primarily comprised of interest on current, back and replacement taxes, taxes collected (levied on the intangible assets) from financial institutions operating within the District boundaries (FIT/Intangible tax), payments in lieu of taxes (as required by tax compliance agreements, industrial development plans issued under Chapter 100 or other tax abatement agreements), tuition and fees and rebates. Other local revenue increased approximately \$0.534 million.

Investment earnings on district owned funds (investments in overnight repurchase agreements, U.S. Treasuries, government-sponsored enterprise securities, commercial paper, and the MOSIP government investment pool) totaled approximately \$2.4 million for fiscal year 2020.

County revenue includes fines, state-assessed railroad and utility taxes and stock insurance. Fines are collected by Jackson County and distributed to the District based on the September membership (enrollment). State-assessed railroad and utility taxes are computed based on an average levy for all school Districts operating in Jackson County and applied against the total assessed valuation of railroad and utility properties as assessed by the state and distributed to the District based on the September membership. Stock insurance revenue is based on the prior year premiums collected from stock insurances companies conducting business within the county and is distributed based on the property tax levy. During fiscal year 2020, the District reported county revenue of approximately \$5.47 million compared to approximately \$6.76 million during fiscal year 2019, a decrease of approximately \$1.29 million or 19.13%.

State Aid Basic Formula is a child-needs based education funding formula that is calculated based on weighted average daily attendance (WADA), the state adequacy target (target funding per student), the dollar value modifier (DVM or localized cost of living adjustment) and local effort (based on the District's assessed valuation and tax levy). The formula contains a "hold harmless" provision under which no district can receive less revenue, on a per-WADA basis, than the district received in the final year (2005-2006) of the old formula. State aid for fiscal year decreased \$2.8 million for fiscal year 2020 or 100%. This decrease is due to the net change in weighted average daily attendance for the District and for the charter schools. The Department of Elementary and Secondary Education withholds District state aid to share the appropriate local revenues due to the charter schools. As charter school enrollment increases, more local taxation is passed to the charter schools resulting in a decrease of net state aid. Additionally, the District passed through approximately \$8.8 million of property tax revenue to the charter schools during fiscal year 2020.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

Federal revenues, approximately 15% of total revenue, discussed as reported in the government-wide statements:

- The Elementary and Secondary Education Act (ESEA) of 1965 as amended by the Every Student Succeeds Act/ESSA (Title I. A Improving the Academic Achievement of the Disadvantaged, Title II Preparing, Training and Recruiting High Quality Teachers and Principals, and Title III Language Instruction for Limited English Proficient and Immigrant Students). ESSA federal funds reported as revenue by the District during fiscal year 2020 decreased approximately \$.4 million from the prior year – total fiscal year 2020 revenue of approximately \$14.0 million compared to approximately \$14.4 million during fiscal year 2019.
- The Individuals with Disabilities Education Act (IDEA) Part B defines students with disabilities as those children, ages three (3) to twenty-one (21), who have been properly evaluated in all areas related to the suspected disability (health, vision, hearing, social and emotional status, general intelligence, academic performance, communicative status, and motor disabilities) and who because of that disability, require special education and related services. (Includes early childhood special education – moderately and severely disabled children who are three (3) to five (5) years of age). The District reported revenue of approximately \$5.2 million from federal sources to operate its special education program during school year 2020 compared to approximately \$4.9 million during fiscal year 2019.
- Child nutrition services: The National School Lunch Program (NSLP); the School Breakfast Program (SBP); the Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP). Revenue for the child nutrition program decreased from approximately \$12.4 million reported during fiscal year 2019 to approximately \$11.0 million during fiscal year 2020.
- Head Start – A comprehensive child development program for pre-kindergarten children and their families. The District reported revenue of approximately \$5.3 million and \$5.1 million to operate the head start program for school years 2020 and 2019, respectively.

The most significant changes in government-wide expenses occurred in the following areas:

The Total OPEB Liability increased from approximately \$21.0 million fiscal year 2019 to \$22.70 million fiscal year 2020. The primary loss to the Total OPBEB Liability was a 70 basis-point decrease in the discount rate from 3.36% to 2.66%.

The net pension liability decreased from approximately \$226.1 million as of June 30, 2019 to approximately \$188.6 million as of June 30, 2020. Total pension liability will increase or decrease as a result of changes in the benefit structure, actual versus expected experience, actuarial assumptions or other inputs. The most significant change in actuarial assumptions was a change in the discount rate from 7.57% to 7.75%.

Principal on long-term debt – Principal costs decreased \$0.32 million and interest costs increased by \$0.20 million due to the required principal and interest payments pursuant to the scheduled debt service.

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.

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Community services:			
Charges for services	\$ 139	561	(422)
Expenses	(47)	(141)	94
Revenue over expenditures before transfers	92	420	(328)
Transfers	-	(102)	102
Increase (decrease)	<u>\$ 92</u>	<u>318</u>	<u>(226)</u>

The decrease in revenue was due primarily to a decrease in fees received from the community’s use of facilities. The decrease in expenditures is a direct correlation of the decrease in revenues.

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 81.11% 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 from the prior year percentage by 1.25%. The decrease in total expenditures of \$9.8 million was greater than the combined decrease of \$.94 million in charges for services and the \$1.90 million increase in grants and contributions.

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

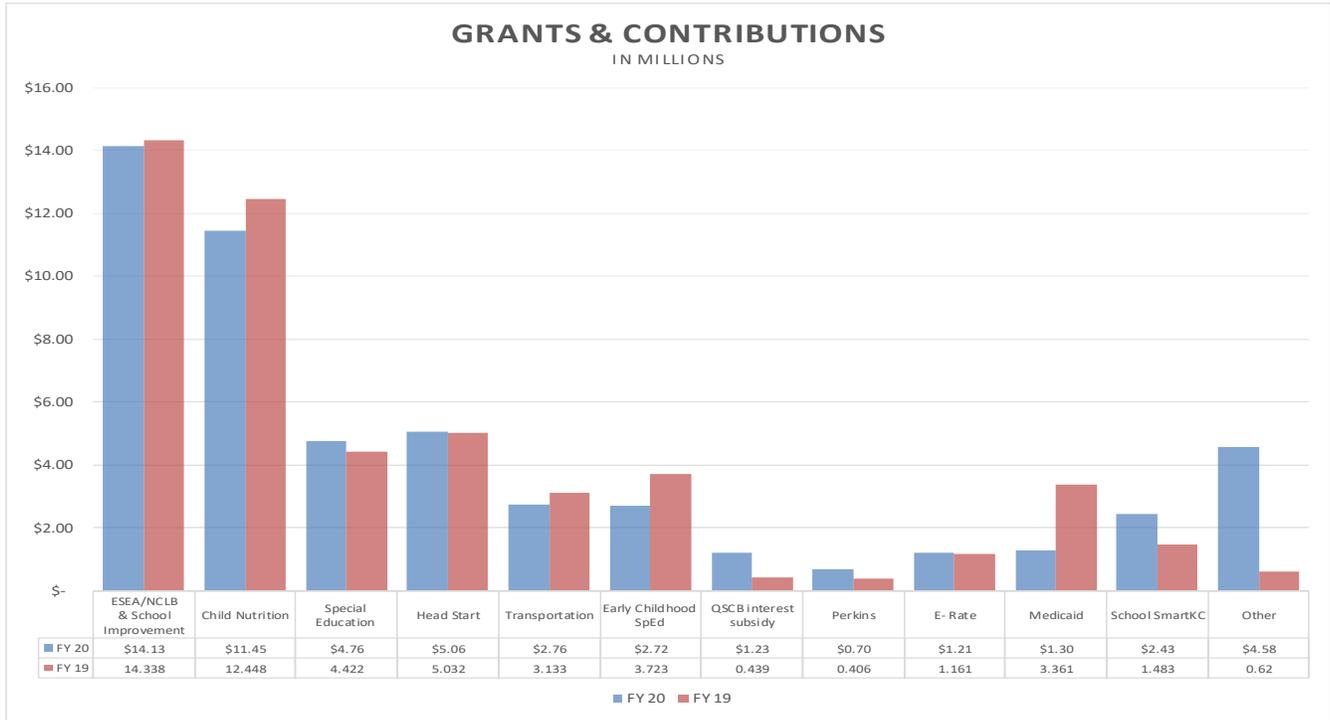
	<u>2020</u>		<u>2019</u>	
	<u>Total cost of services</u>	<u>Net cost of services</u>	<u>Total cost of services</u>	<u>Net cost of services</u>
Administration	\$ 31,188	28,952	17,561	17,561
Instruction	109,200	76,925	117,759	91,314
Support services	79,494	68,644	90,931	77,929
Operation of facilities	27,743	26,940	29,208	29,194
Pupil transportation	16,019	13,415	16,225	13,295
Facilities improvements and renovations	1,670	1,670	2,187	2,187
Community and adult services	10,063	7,410	11,053	3,928
Interest on long-term debt	3,941	2,596	4,228	2,745
Total	<u>\$ 279,318</u>	<u>226,552</u>	<u>289,152</u>	<u>238,153</u>

The District received program revenues specifically to offset the cost of certain functions/programs. The major source of this type of revenue is from grants and contributions (operating and capital). Of the total \$52.3 million, 77% is from federal sources. The graph below depicts the operating and capital grants, and contributions the District received that are restricted to a particular purpose.

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020



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.

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, 2020, 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</u>
General	\$ 189,266	283,752	5,928,117	56,174,980	62,576,115

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 operating fund balance represents 27.80% of total operating expenditures and transfers. The total operating fund balance increased by 16.96% when compared to fiscal year 2019 primarily due the increase in property tax revenue.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

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 12.2%. Projection for local including county revenues increased by \$15.7 million mainly due to the sale of district property at 1211 McGee, distribution of protested taxes and M&M replacement tax, and various local grants. State funding decreased by \$2.2 million mainly due to basic formula, Missouri Preschool Program and Governor's state withholding. Federal grant awards of \$16.3 million were received after the original budget was approved that included Title I, IIA & IV, School Improvement, IDEA Entitlement, Head Start, VOCA, Refugee and Cares Act grants.

Budgeted expenditures increased by \$20.1 million or 8.3%. The increase is primarily due to funding additional employees in IT department and state refund of prior years' ADA overpayment. In addition, local and federal final grant awards for Title I, IIA & IV, School Improvement, IDEA Entitlement, Head Start, VOCA, Refugee Children, Cares Act, School Smart KC, Kauffman Foundation, Hall Family Foundation, Baum Family Foundation, NFL, and various local partnership grants were received after the original budget was approved.

When comparing the original budget to the final budget, there was a favorable variance of \$29.7 million for revenues and transfers in, and an unfavorable budgeted variance for expenditure and transfers out of \$20.1 million, without a use of fund balance.

When compared to the prior year (see Table 5B), budgeted revenues and transfers increased by 10.57% and expenditures and transfers out increased by 6.73%.

KANSAS CITY PUBLIC SCHOOLS

Management’s Discussion and Analysis

June 30, 2020

Table 5A—Budget Comparison, Original to Final Budget, Fiscal Year 2020

	Revenues and Transfers In	Expenditures and Transfers Out
Original budget	\$ 243,150,361	243,150,128
Final budget	<u>272,846,735</u>	<u>263,291,027</u>
Increase	<u>\$ 29,696,374</u>	<u>20,140,899</u>

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

	Revenues and transfers in	Expenditures and transfers out
Fiscal year 2020 final budget	\$ 272,846,735	263,291,027
Fiscal year 2019 final budget	<u>246,766,441</u>	<u>246,691,852</u>
Increase (decrease)	<u>\$ 26,080,294</u>	<u>16,599,175</u>
Percentage of change	10.57%	6.73%

Major Funds—Financial Highlights

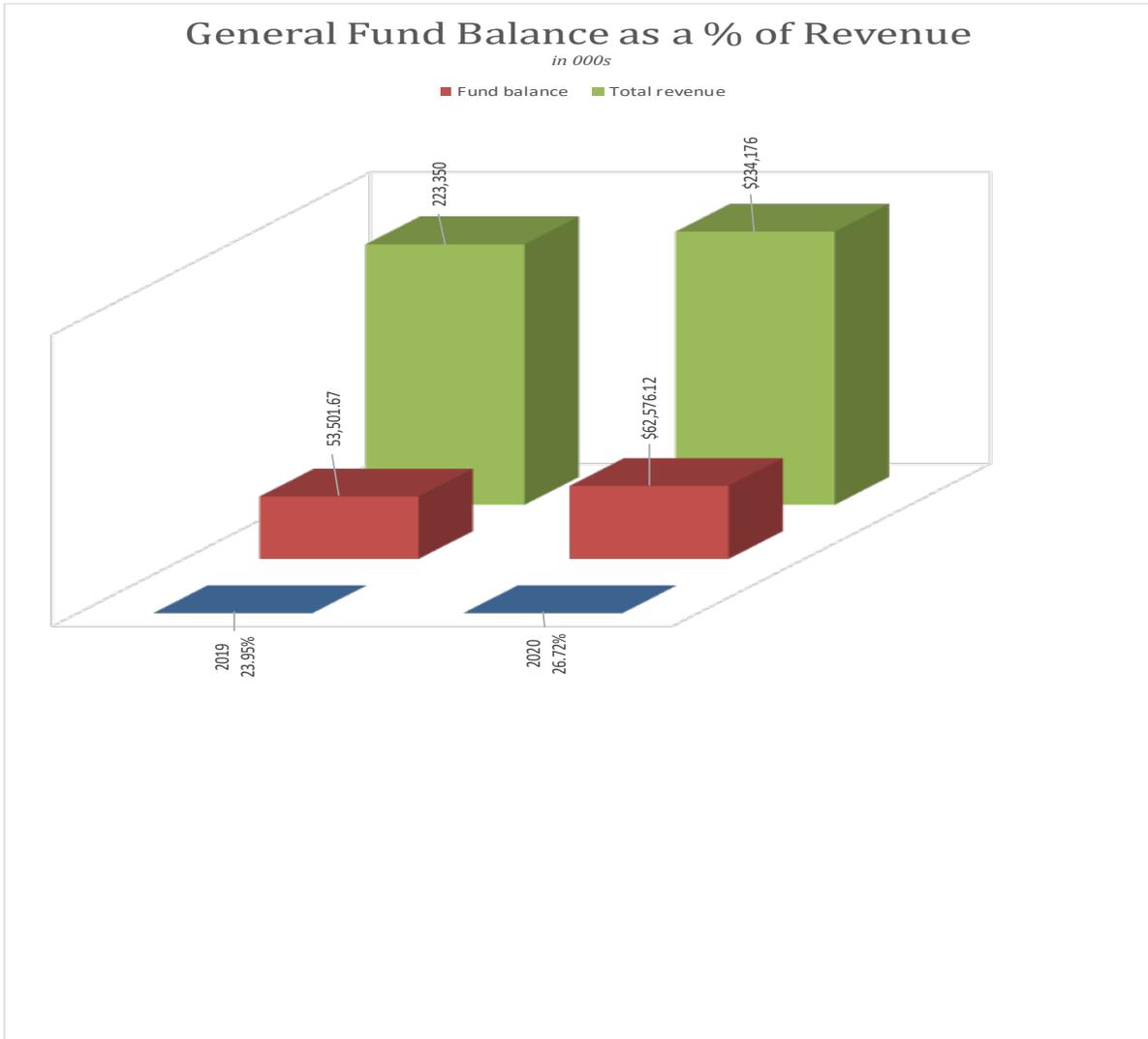
When compared to fiscal year 2019, General Fund revenues increased by \$10.8 million or 4.85%, and expenditures increased by \$3.4 million or 1.52%. The General Fund’s ending fund balance is used to balance the operating budget. The level of fund balance in the General Fund is increased in relation to 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 Capital Projects Fund’s revenues increased by 18.55% due to the increase in replacement (M & M surtax) taxes from the prior year. Expenditures decreased by \$7.6 million primarily due to the completion of projects during fiscal year 2019.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020



KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

Capital Assets and Debt Administration

Capital assets—The District's capital assets for its governmental activities as of June 30, 2020 amounts to \$379.1 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 decreased by \$12.4 million 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

	<u>2020</u>	<u>2019</u>
Land	\$ 28,753,189	31,252,500
Buildings	311,144,454	322,610,112
Improvements other than buildings	26,097,617	25,033,804
Equipment and furniture	2,675,074	2,428,148
Software	241,774	—
Vehicles	261,715	178,566
Buildings-Impaired	9,900,582	9,900,582
Construction in progress	10,067	56,084
	<u>\$ 379,084,472</u>	<u>391,459,796</u>

Long-term debt— During fiscal year 2010, authorized as part of the American Recovery and Reinvestment Act of 2009, the District was awarded \$17.9 million in Qualified 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 QSCB 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%. During fiscal year 2011, the District was again awarded Qualified School Construction Bonds (QSCB). 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 during fiscal year 2020 resulted in a 5.44% reduction. Therefore, the amount of interest subsidy for the quarterly payments was reduced to a net interest rate subsidy of 5.08% and the District's net interest rate of 2.04%. The District is required to make lease payments to the Building Corporation in an amount sufficient to cover principal and interest payments each year.

KANSAS CITY PUBLIC SCHOOLS

Management's Discussion and Analysis

June 30, 2020

On June 23, 2015, the District executed a lease financing agreement in the amount of \$27,789,986 to finance the purchase and installation of equipment to save energy and reduce related costs with principal and interest due quarterly until fiscal year 2030.

On August 24, 2016, the District issued \$51,035,000 of Certificates of Participation, Series 2016. These certificates are proportionate interests of the certificate owners in the rental payments made by the District in accordance with the lease agreement with the trustee. The Series 2016 Certificates of Participation were issued to establish funds for capital improvement projects.

Approximately 3.5% of total District expenditures relate to payments of principal, interest, and bond-related costs. See notes 3(f) and 3(g) for additional information.

Economic Factors That Impact Fiscal Year 2021 Budgets

- The Board approved the fiscal year 2021 comprehensive budget on June 24, 2020. Fiscal year 2021 projected current revenues of approximately \$258.6 million is a decrease of about \$28.4 million or (9.90%) when compared to fiscal year 2020.
 - Proposition C sales taxes decrease by \$1.1 million as District's enrollment decreases.
 - Other local revenues are projected to decrease by \$9.6 million mainly due to disposal of property, investment earnings and grants that ended in FY20.
 - State aid is projected to decline by approximately \$2.9 million as a result of estimated increase in charter schools enrollment.
 - Federal grants projection is a decrease of \$14.6 million until the actual amount of the grant is awarded by the government. In addition, the District received Cares Act funding in FY20 due to COVID-19.
 - It is anticipated that additional local, state and federal grants will be awarded during the fiscal year. Federal grants awarded after the board adopted the budget are Homeless Children & Youth Grant, Head Start and School Improvement Grant. Local grants were received from School Smart KC, Kauffman Foundation and Jackson County Community Children's' Service Fund.

Fiscal year 2021 expenditures of approximately \$264.1 million represent a decrease of about \$13.4 million or (4.82%) when compared to the prior year. Budgeted expenditures mainly due to Cares Act funding, and reduction in IDEA Entitlement, Title I and Head start program until the final award is received from federal government.

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, 2901 Troost Avenue, Kansas City, Missouri 64109, Attn: Chief Financial and Operations Officer.

BASIC FINANCIAL STATEMENTS

KANSAS CITY PUBLIC SCHOOLS
Statement of Net Position
June 30, 2020

	Governmental activities	Business-type activities	Total
Assets:			
Cash and investments	\$ 121,129,477	1,282,014	122,411,491
Restricted cash and investments	11,772,354	—	11,772,354
Taxes receivable (net of allowance for uncollectibles)	208,293,308	—	208,293,308
Interest receivable	492,267	—	492,267
Due from other governmental units	12,896,655	—	12,896,655
Prepaid expenses	593,121	—	593,121
Other receivables	1,345,248	33,249	1,378,497
Supplies inventories	125,638	—	125,638
Property held for sale	1,745,400	—	1,745,400
Capital assets (net of accumulated depreciation):			
Nondepreciable	38,663,838	—	38,663,838
Depreciable	340,420,634	—	340,420,634
Total assets	<u>737,477,940</u>	<u>1,315,263</u>	<u>738,793,203</u>
Deferred outflows of resources:			
Pension-related amounts	11,123,119	—	11,123,119
Other post employment benefits	2,105,981	—	2,105,981
Total deferred outflows of resources	<u>13,229,100</u>	<u>—</u>	<u>13,229,100</u>
Liabilities:			
Accounts payable and other	18,753,698	—	18,753,698
Accrued salaries, benefits, and payroll taxes	23,074,259	—	23,074,259
Accrued interest payable	458,146	—	458,146
Unearned revenue	—	83,476	83,476
Long-term liabilities:			
Due within one year:			
Compensated absences	1,594,314	—	1,594,314
Revenue bonds	2,770,000	—	2,770,000
Lease purchase agreement	1,704,703	—	1,704,703
Certificates of participation	775,000	—	775,000
Due in more than one year:			
Compensated absences	14,781,362	—	14,781,362
Claims payable	200,000	—	200,000
Revenue bonds	17,590,000	—	17,590,000
Lease purchase agreement	18,336,601	—	18,336,601
Certificates of participation	46,335,000	—	46,335,000
Premium on COP	1,853,960	—	1,853,960
Total other post-employment benefits liability	22,660,765	—	22,660,765
Net pension liability	188,568,788	—	188,568,788
Total liabilities	<u>359,456,596</u>	<u>83,476</u>	<u>359,540,072</u>
Deferred inflows of resources:			
Pension-related amounts	17,485,376	—	17,485,376
Other post employment benefits	591,497	—	591,497
Property taxes	178,492,723	—	178,492,723
Total deferred inflows of resources	<u>196,569,596</u>	<u>—</u>	<u>196,569,596</u>
Net position:			
Net investment in capital assets	291,109,681	—	291,109,681
Restricted for:			
Workers' compensation	283,752	—	283,752
Permanent fund, nonexpendable corpus	35,000	—	35,000
Patron gifts	226,897	—	226,897
Compensated absences	8,403,471	—	8,403,471
Other restrictions	7,588,411	—	7,588,411
Unrestricted (deficit)	(112,966,364)	1,231,787	(111,734,577)
Total net position	<u>\$ 194,680,848</u>	<u>1,231,787</u>	<u>195,912,635</u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Statement of Activities

Year ended June 30, 2020

Functions/programs	Expenses	Program revenues			Net revenue (expense) and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
Administration	\$ 31,187,550	190	1,559,107	676,175	(28,952,078)	—	(28,952,078)
Instruction	109,200,120	30,450	32,244,344	—	(76,925,326)	—	(76,925,326)
Support services	79,493,711	145,419	10,704,259	—	(68,644,033)	—	(68,644,033)
Operation of facilities	27,742,784	—	471,414	331,251	(26,940,119)	—	(26,940,119)
Pupil transportation	16,019,412	—	2,604,747	—	(13,414,665)	—	(13,414,665)
Facilities improvements and renovation	1,670,047	—	—	—	(1,670,047)	—	(1,670,047)
Community and adult services	10,063,415	163,229	2,490,659	—	(7,409,527)	—	(7,409,527)
Interest on long-term debt	3,940,889	—	—	1,344,474	(2,596,415)	—	(2,596,415)
Total governmental activities	279,317,928	339,288	50,074,530	2,351,900	(226,552,210)	—	(226,552,210)
Business-type activities:							
Community services	47,174	138,603	—	—	—	91,429	91,429
Total	\$ 279,365,102	477,891	50,074,530	2,351,900	(226,552,210)	91,429	(226,460,781)
General revenues:							
Property taxes					189,407,122	—	189,407,122
Prop C sales tax					17,490,181	—	17,490,181
Other local revenues					6,785,065	—	6,785,065
Intermediate/county					5,469,150	—	5,469,150
State aid—basic formula					30	—	30
Investment earnings					2,408,283	—	2,408,283
Total general revenues and transfers					221,559,831	—	221,559,831
Change in net position					(4,992,379)	91,429	(4,900,950)
Net position—beginning					199,673,227	1,140,358	200,813,585
Net position—ending					\$ 194,680,848	1,231,787	195,912,635

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2020

Assets	General	Capital Projects	Other Special Revenue	Nonmajor Governmental funds	Total Governmental funds
Cash and investments	\$ 92,359,684	23,152,118	—	5,617,675	121,129,477
Restricted cash and investments	283,752	—	11,083,168	405,434	11,772,354
Taxes receivable, net of allowance for uncollectibles	205,791,637	2,501,671	—	—	208,293,308
Interest receivable	357,502	88,962	44,223	1,580	492,267
Supplies inventories	1,185	—	—	124,453	125,638
Other receivables	1,345,040	—	—	208	1,345,248
Prepaid expenses	189,266	403,855	—	—	593,121
Due from other governments	11,810,685	806,491	—	279,479	12,896,655
Property held for sale	—	1,745,400	—	—	1,745,400
Total assets	<u>\$ 312,138,751</u>	<u>28,698,497</u>	<u>11,127,391</u>	<u>6,428,829</u>	<u>358,393,468</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 17,724,611	894,586	—	134,501	18,753,698
Accrued salaries, benefits, and payroll taxes	20,734,710	—	2,274,582	64,967	23,074,259
Compensated absences	—	—	449,338	—	449,338
Total liabilities	<u>38,459,321</u>	<u>894,586</u>	<u>2,723,920</u>	<u>199,468</u>	<u>42,277,295</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	197,627,953	2,501,671	—	—	200,129,624
Unavailable revenue-grants and services	13,475,362	130,316	—	124,453	13,730,131
Total deferred inflows of resources	<u>211,103,315</u>	<u>2,631,987</u>	<u>—</u>	<u>124,453</u>	<u>213,859,755</u>
Fund balances:					
Nonspendable	189,266	403,855	—	35,000	628,121
Restricted	283,752	1,745,400	8,403,471	6,069,908	16,502,531
Committed	—	1,754,879	—	—	1,754,879
Assigned	5,928,117	21,267,790	—	—	27,195,907
Unassigned	56,174,980	—	—	—	56,174,980
Total fund balances	<u>62,576,115</u>	<u>25,171,924</u>	<u>8,403,471</u>	<u>6,104,908</u>	<u>102,256,418</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 312,138,751</u>	<u>28,698,497</u>	<u>11,127,391</u>	<u>6,428,829</u>	<u>358,393,468</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, 2020

Fund balances—balance sheet	\$	102,256,418
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		379,084,472
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		(20,360,000)
Lease purchase agreement		(20,041,304)
Certificates of participation		(47,110,000)
Unamortized premium on bonds		(1,853,961)
Net pension liability		(188,568,788)
Accrued interest payable		(458,146)
Total other post-employment benefits liability		(22,660,765)
Compensated absences		(15,926,338)
Claims payable		(200,000)
		(317,179,302)
Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds:		
Deferred inflows of resources—property taxes		21,636,901
Deferred inflows of resources—grants		13,730,132
Pension related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred inflows of resources—pension related amounts		(17,485,376)
Deferred outflows of resources—pension related amounts		11,123,119
Deferred inflows of resources—other post employment benefits		(591,497)
Deferred outflows of resources—other post employment benefits		2,105,981
		2,105,981
Net position of governmental activities	\$	194,680,848

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, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Other Special Revenue</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
Revenues:					
Property taxes	\$ 168,128,705	11,077,371	—	—	179,206,076
Prop C sales tax	16,488,981	—	1,001,200	—	17,490,181
Other local, including investment income	10,833,292	1,624,347	369,321	1,055,019	13,881,979
Intermediate/county	5,469,146	—	—	—	5,469,146
State aid—basic formula	30	—	—	—	30
Other state	6,873,566	—	—	77,266	6,950,832
Federal	26,188,911	1,786,046	—	11,029,416	39,004,373
Tuition	193,679	—	—	—	193,679
Total revenues	<u>234,176,310</u>	<u>14,487,764</u>	<u>1,370,521</u>	<u>12,161,701</u>	<u>262,196,296</u>
Expenditures:					
Current:					
Administration	28,659,062	—	—	—	28,659,062
Instruction	103,473,145	—	—	492,043	103,965,188
Support services	36,715,132	—	1,415,037	11,958,176	50,088,345
Operation of facilities	29,105,364	—	—	—	29,105,364
Pupil transportation	16,038,413	—	—	1,328	16,039,741
Community and adult services	10,882,033	—	—	—	10,882,033
Debt service:					
Principal	—	2,446,322	—	2,620,000	5,066,322
Interest and fiscal charges	—	2,233,485	—	1,720,345	3,953,830
Capital outlay:					
Administration	—	5,216,956	—	—	5,216,956
Instruction	—	270,853	—	—	270,853
Support services	—	23,814	—	—	23,814
Community and adult services	—	7,067	—	—	7,067
Operation of facilities	—	371,666	—	—	371,666
Facilities improvement and renovation	228,717	7,775,428	—	—	8,004,145
Total expenditures	<u>225,101,866</u>	<u>18,345,591</u>	<u>1,415,037</u>	<u>16,791,892</u>	<u>261,654,386</u>
Revenues over (under) expenditures	<u>9,074,444</u>	<u>(3,857,827)</u>	<u>(44,516)</u>	<u>(4,630,191)</u>	<u>541,910</u>
Other financing sources (uses):					
Transfers in	—	—	—	4,340,345	4,340,345
Transfers out	—	(4,340,345)	—	—	(4,340,345)
Sale of capital assets	—	6,213,596	—	—	6,213,596
Total other financing sources (uses)	<u>—</u>	<u>1,873,251</u>	<u>—</u>	<u>4,340,345</u>	<u>6,213,596</u>
Net change in fund balances	9,074,444	(1,984,576)	(44,516)	(289,846)	6,755,506
Fund balances, beginning of year	53,501,671	27,156,500	8,447,987	6,394,754	95,500,912
Fund balances, end of year	<u>\$ 62,576,115</u>	<u>25,171,924</u>	<u>8,403,471</u>	<u>6,104,908</u>	<u>102,256,418</u>

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, 2020

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

Net change in fund balances—total governmental funds	\$	6,755,506
--	----	-----------

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		8,753,480
Depreciation expense		(14,248,324)
		(5,494,844)

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		(6,213,596)
Loss on disposal of capital assets		(666,882)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

12,067,147

The issuance of long-term debt (e.g., bonds, COPs, 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 payments on certificates of participation		800,000
Payments on lease purchase agreement		1,646,322
Principal payment on revenue bonds		2,620,000
Amortization of bond premium		115,872
Accrued interest payable		12,940
		5,195,134

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		(1,091,869)
Pension-related amount, pension expense		(14,167,666)
Compensated absences		(1,470,309)
Claims payable		95,000
		(16,634,844)

Change in net position of governmental activities	\$	(4,992,379)
---	----	-------------

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Net Position—Proprietary Fund
June 30, 2020

	Nonmajor Enterprise Fund
Assets:	
Cash and investments	\$ 1,282,014
Due from other government	33,249
Total assets	1,315,263
Liabilities:	
Unearned revenue	83,476
Total liabilities	83,476
Net position, unrestricted	\$ 1,231,787

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, 2020

	Nonmajor Enterprise Fund
Operating revenues:	
Charges for community support services	\$ 138,603
Total operating revenues	<u>138,603</u>
Operating expenses:	
Salaries, wages, and employee benefits	38,064
Other contractual services	9,110
Total operating expenses	<u>47,174</u>
Change in net position	91,429
Total net position, beginning of year	<u>1,140,358</u>
Total net position, end of year	<u><u>\$ 1,231,787</u></u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Cash Flows—Proprietary Fund
Year ended June 30, 2020

	Nonmajor Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 142,642
Payments to suppliers	(9,110)
Payments to employees	(40,250)
Net cash provided by operating activities	93,282
Net increase in cash and cash equivalents	93,282
Cash and cash equivalents, beginning of year	1,188,732
Cash and cash equivalents, end of year	\$ 1,282,014
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 91,429
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other government	20,987
Decrease in unearned revenue	(16,949)
Decrease in accrued salaries, benefits and payroll taxes	(2,185)
Total adjustments	1,853
Net cash provided by operating activities	\$ 93,282

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust— Student Scholarship Fund
Assets:	
Cash	\$ 242,326
Interest receivable	1,036
Total assets	<u>243,362</u>
Liabilities:	
Accounts payable	<u>—</u>
Total liabilities	<u>—</u>
Net position:	
Net position held in trust for other purposes	<u>\$ 243,362</u>

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Private Purpose Trust— Student Scholarship Fund
Additions:	
Contributions:	
Private donations	\$ 35,319
Total contributions	35,319
Investment income:	
Adjustment of investments to fair market value	7,691
Total investment income	7,691
Total additions	43,010
Deductions:	
Scholarship awards	8,900
Total deductions	8,900
Net increase in net position	34,110
Net position, beginning of year	209,252
Net position, end of year	\$ 243,362

See accompanying notes to basic financial statements.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(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 seven-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, 2020 are included in the basic financial statements as the Debt Service Fund. 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 charter schools were operating during fiscal year 2020. 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.

The Kansas City Public Schools Education Foundation (the Foundation) provides annual program grants to the District through its own fundraising efforts. The Foundation is a legally separate entity and it has been excluded from the District's reporting entity because its assets are not significant to the District.

(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 of 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.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

The statement of net position reports the financial condition by disclosing the assets and deferred outflows of the District, and the liabilities and deferred inflows of the District.

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. The fiduciary fund is reported separately.

(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, and associated deferred inflows/outflows of resources, 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 prior to eligible expenditures being incurred 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, pensions, other post-employment benefits, 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, 2020

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 *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 *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 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 debt service fund, which is a nonmajor fund. This fund accounts for resources that are restricted for payments made for principal and interest on long-term leasehold revenue bonded debt.

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 primarily from salaries and fringe benefits.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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* is a private purpose trust fund and 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.

Investments in the U.S. Treasuries and U.S. Agencies are recorded at fair value. Investments in certificates of deposit are recorded at amortized cost. The value of marketable securities is based on quoted market prices provided by a securities pricing company through the District's financial banking institution. The District's investment in the external investment pool (MOSIP) is not SEC-registered and is regulated by the State of Missouri. This external investment pool is reported at amortized cost or net asset value depending on the type of investment option.

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**

All trade and property tax receivables are shown net of an allowance of approximately \$4.31 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

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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, 2020 for real estate, personal property, merchants and manufacturers, and railroad and utility property was approximately \$3.7 billion.

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.

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 the acquisition 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 revenue at the date of receipt and recognized as an expenditure when consumed (consumption method).

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 the acquisition 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, 2020

The Board of Education has two parcels of land held for sale as surplus property. Disposition of these assets will be completed 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 declared nine closed buildings as impaired, 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. For employees hired before January 1, 2009, 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 200 days at 75% of total value of PTO. Employees hired after January 1, 2009 may accumulate 175 days, at a rate of 3% for each year of service up to 75% of total value of PTO.

Estimated vacation and PTO payments due to employees at June 30, 2020 of \$16.37 million have been recorded in the government-wide financial statements. Of this balance, \$.45 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, 2020 of \$8.4 million to cover these future payments. Payments of benefits to employees are made from the Other Special Revenue Fund.

7. Interfund Transactions

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, 2020.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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, 2020.

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.

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 has two items that qualified for reporting in this category: the deferred pension related amounts and amounts related to other post-employment benefits (OPEB) reported in the government-wide statement of net position. The pension-related deferred outflow consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, the difference between expected and actual plan experience and changes of plan assumptions. It also consists of contributions made to the pension plan subsequent to the measurement date. The amounts related to the total OPEB liability consist of changes in assumptions used to calculate the liability.

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 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 a deferred inflow of resources from property taxes levied for future years. The statement of net pension also reports pension and other post-employment benefit related deferred inflows, which consist of the unamortized portion of the change in the District's proportionate share of the net pension liability and the change in assumptions from the prior valuation of total OPEB liability.

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.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

10. Pensions

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

11. Tax Abatements

The District is subject to property and sales tax abatements through various programs implemented by the city of Kansas City, Missouri. For purposes of GASB Statement No. 77, the "tax abatement" programs include Tax Increment Financing (TIF), Enhanced Enterprise Zone, Chapter 99, Chapter 100, Chapter 353, LCRA sale/leaseback, and Port KC sale/leaseback. The financial impact of these tax abatement programs on the district during fiscal year 2020 is \$29,422,000 offset in part by PILOTs received of \$957,000. The financial impact of the Planned Industrial Expansion Authority (PIEA) tax abatement program is \$10,217,000 offset in part by PILOTs received of \$626,000.

12. 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.

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.

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.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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 \$283,752 for worker's compensation, \$35,000 for nonexpendable corpus of permanent fund, \$226,897 for patron gifts, \$8,403,471 for compensated absences and \$7,588,411 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.

13. 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 amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(2) Fund Balances

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

Fund Balances:	General	Capital Projects	Other Special Revenue	Nonmajor Governmental Funds	Total
Nonspendable:					
Patron gift	\$ —	—	—	35,000	35,000
Prepays	189,266	403,855	—	—	593,121
Total nonspendable	189,266	403,855	—	35,000	628,121
Restricted:					
Child nutritional services	—	—	—	5,320,706	5,320,706
Student activities	—	—	—	377,188	377,188
Patron gift	—	—	—	226,897	226,897
Property held for sale	—	1,745,400	—	—	1,745,400
Permanent fund	—	—	—	145,117	145,117
Compensated absences	—	—	8,403,471	—	8,403,471
Workers compensation	283,752	—	—	—	283,752
Total restricted	283,752	1,745,400	8,403,471	6,069,908	16,502,531
Committed:					
Encumbrances	—	1,754,879	—	—	1,754,879
Total committed	—	1,754,879	—	—	1,754,879
Assigned:					
Encumbrances	3,875,455	—	—	—	3,875,455
Capital projects	—	21,267,790	—	—	21,267,790
Insurance	2,052,662	—	—	—	2,052,662
Total assigned	5,928,117	21,267,790	—	—	27,195,907
Unassigned	56,174,980	—	—	—	56,174,980
Total fund balances	\$ 62,576,115	25,171,924	8,403,471	6,104,908	102,256,418

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(3) Detailed Notes on All Funds

(a) Deposits and Investments

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.

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.

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 0.26 years.

The District had the following investments in debt securities at June 30, 2020:

<u>Investment type</u>	<u>Investment balance</u>	<u>Weighted average maturity (years)</u>
U.S. Treasury obligations	\$ 80,628,675	0.26
Government-sponsored enterprises	10,036,045	0.39
Commercial paper	4,998,098	0.03
Total debt securities	\$ <u>95,662,818</u>	
Portfolio weighted average maturity		0.26

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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	AA+
Government-sponsored enterprises:		
Federal National Mortgage Association	Aaa	AA+
Commercial paper	P1	A1
Local Government Investment Pool:		
MOSIP Liquid Series	-	AAAm

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 allow for no more than 70% of the total investment portfolio to be in U.S. Government agencies and no more than 50% to be in U.S. Government callable agencies. Collateralized repurchase agreements are limited to 75% of the total investments. At June 30, 2020, the District’s investments in Federal National Mortgage Association constituted approximately 7.42% of its total investment portfolio. The District’s investments in U.S. Treasury obligations and local government investment pools are not subject to concentration of credit risk disclosures.

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, 2020, the District had no deposits or investments exposed to custodial credit risk.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

Fair value measurements—Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The District categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

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

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

Level 3 input—Inputs that are unobservable for the asset or liability which are typically based on the District’s own assumptions as there is little, if any, related market activity.

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

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

	Total	Level 1	Level 2
Investments:			
Repurchase agreements	\$ 23,870,000	\$ -	\$ 23,870,000
U.S. Treasuries	80,628,675	80,628,675	-
U.S. Agencies	10,036,045	-	10,036,045
Commercial paper	4,998,098	-	4,998,098
	119,532,818	\$ 80,628,675	\$ 38,904,143
Investments measured at amortized cost:			
Local government investment pool - MOSIP	15,811,671		
Total investments	\$ 135,344,489		

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(b) Capital Assets

Capital asset activity as of June 30, 2020 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	\$ 31,252,501	—	(2,499,312)	28,753,189
Construction in progress	56,083	10,067	(56,083)	10,067
Impairment- closed buildings	9,900,582	—	—	9,900,582
Total capital assets, not being depreciated	<u>41,209,166</u>	<u>10,067</u>	<u>(2,555,395)</u>	<u>38,663,838</u>
Capital assets, being depreciated:				
Buildings and improvements	562,150,490	4,294,423	(11,166,787)	555,278,126
Improvements other than buildings	59,076,165	3,000,651	(1,918,343)	60,158,473
Equipment and furniture	18,953,121	859,318	(2,858,245)	16,954,194
Software	—	392,690	—	392,690
Vehicles	1,736,453	196,330	(207,976)	1,724,807
Total capital assets being depreciated	<u>641,916,229</u>	<u>8,743,412</u>	<u>(16,151,351)</u>	<u>634,508,290</u>
Less accumulated depreciation for:				
Buildings and improvements	(239,540,378)	(12,053,838)	7,460,544	(244,133,672)
Improvements other than buildings	(34,042,361)	(1,319,650)	1,301,155	(34,060,856)
Equipment and furniture	(16,524,972)	(612,393)	2,858,245	(14,279,120)
Software	—	(150,916)	—	(150,916)
Vehicles	(1,557,888)	(111,528)	206,324	(1,463,092)
Total accumulated depreciation	<u>(291,665,599)</u>	<u>(14,248,325)</u>	<u>11,826,268</u>	<u>(294,087,656)</u>
Total capital assets, being depreciated, net	<u>350,250,630</u>	<u>(5,504,913)</u>	<u>(4,325,083)</u>	<u>340,420,634</u>
Governmental activities capital assets, net	<u>\$ 391,459,796</u>	<u>(5,494,846)</u>	<u>(6,880,478)</u>	<u>379,084,472</u>

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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

Elementary schools	\$	5,378,638
Middle schools		2,076,630
Senior high schools		6,119,370
Supplemental instruction		1,850
Total instruction		13,576,488
Student activities		2,326
Attendance and social work		1,522
Nursing services		400
Visually impaired		798
Educational media services		700
Office of the superintendent services		7,230
Administrative technology services		278,223
Food service		3,830
Total support services		295,029
Operation and maintenance of plant services		94,987
Internal service		660
Parental involvement		31,754
Early childhood instruction		2,680
Facilities acquisition and construction		246,726
Total governmental activities depreciation expense	\$	14,248,324

As of June 30, 2020, the District has nine buildings with a total carrying value of \$9,900,582 that are idle and considered impaired. These buildings are accounted for at the lower of carrying value or fair value. Management has determined an additional six buildings with a carrying value of \$20,787,145 are considered to be temporarily impaired.

(c) Transfer

The following transfer was made during the fiscal year:

		Nonmajor
		<u>Governmental</u>
Transfer from:		
Capital project fund	\$	4,340,345
	\$	4,340,345

The above fund transfer is the result of debt service payments that required a fund transfer.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(d) Accrued Salaries

School-based instructional staff are compensated over a 12-month period beginning in August. Remaining salaries and related payroll taxes for the fiscal year have been accrued at June 30, 2020.

(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 \$10,750,536 with annual requirements ranging from \$1.92 million to \$2.40 million. For the current year, interest paid by the District was \$.25 million. The amount of tax credits issued to the bondholder from the federal government was \$.682 million.

The 2010 Leasehold Revenue Qualified School Construction Bonds are payable through 2029. The total principal and interest remaining on the debt is \$13,820,639 with annual requirements ranging from \$1.29 million to \$1.78 million. For the current year, interest paid by the District was \$.79 million. The amount of interest subsidy reimbursed to the District from the federal government was \$.558 million.

On August 24, 2016, the District issued the Series 2016 Certificates of Participation in the amount of \$51,035,000. The Certificates mature in 2036 and require annual principal payments and semi-annual interest payments at a variable of 2%-5%. Proceeds were used for school renovations, rehabilitation, and other capital improvements. The total principal and interest remaining on the debt is \$63,309,019.

Bonds and certificates of participation outstanding at June 30, 2020 are as follows:

<u>Series</u>	<u>Amount outstanding</u>	<u>Interest rate</u>	<u>Maturity year</u>
Revenue bonds:			
Series 2009	\$ 10,095,000	2.23%	2025
Series 2010	10,265,000	7.12%	2029
Certificate of participation			
Series 2016	47,110,000	2.00%	2036
	<u>\$ 67,470,000</u>		

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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

	Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2021	\$ 2,770,000	927,524	775,000	1,479,869
2022	2,930,000	812,599	750,000	1,448,869
2023	3,105,000	693,228	715,000	1,433,869
2024	3,295,000	568,893	640,000	1,419,569
2025	3,500,000	439,259	585,000	1,406,769
2026-2030	4,760,000	769,672	17,070,000	6,063,975
2031-2035	—	—	21,800,000	2,802,850
2036	—	—	4,775,000	143,250
Total	\$ 20,360,000	4,211,175	47,110,000	16,199,020

Equipment Lease Purchase Agreement

The equipment lease purchase agreement was executed June 23, 2015 in the amount of \$27,786,986 to finance the energy performance contract for the purpose of the purchase and installation of specified energy saving equipment and the provision of other services designed to save energy and reduce related costs for identified property and buildings owned by the District. The District recorded the liability for this agreement when eligible costs were incurred. The obligation bears interest at 3.5% with principal and interest due quarterly through 2030. The total principal and interest remaining on the agreement is \$23,839,374.

The lease is secured by the capital assets purchased. Capital assets, net of accumulated depreciation, relating to this lease are \$24,892,032 as of June 30, 2020.

Aggregate maturities are as follows:

	Lease Purchase Agreement	
	Principal	Interest
Year ending June 30:		
2021	\$ 1,704,703	679,234
2022	1,765,156	618,782
2023	1,827,752	556,185
2024	1,892,568	491,370
2025	1,959,682	424,255
2026-2030	10,891,444	1,028,243
Total	\$ 20,041,305	3,798,069

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(f) Changes in Long-term Liabilities

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Leasehold revenue bonds	\$ 22,980,000	—	(2,620,000)	20,360,000	2,770,000
Certificate of participation	47,910,000	—	(800,000)	47,110,000	775,000
Net pension liability	226,149,556	—	(37,580,768)	188,568,788	—
Total OPEB liability	21,016,401	1,644,364	—	22,660,765	—
Compensated absences	15,632,610	2,615,285	(1,872,219)	16,375,676	1,594,314
Lease purchase agreement	21,687,626	—	(1,646,322)	20,041,304	1,704,703
	<u>355,376,193</u>	<u>4,259,649</u>	<u>(44,519,309)</u>	<u>315,116,533</u>	<u>6,844,017</u>
Long-term liabilities	\$ 355,376,193	4,259,649	(44,519,309)	315,116,533	6,844,017

Compensated absences are liquidated by the Other Special Revenue Fund. Net pension liability and total OPEB liability are liquidated by the General 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 \$283,752 as of June 30, 2020 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.

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.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

(b) Post-Employment Benefits

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

A. General Information about the OPEB Plan

Plan Description—Kansas City Public Schools benefit plan is a single employer defined benefit health care plan administered by the District that provides medical and dental insurance benefits to eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided—The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms –

Membership in the OPEB comprised the following at July 1, 2018:

Active employees	1,697
Inactive employees and spouses	119

B. Total OPEB Liability

The District’s total OPEB liability of \$22,660,765 was measured as of June 30, 2020, and was determined based on an actuarial valuation prepared as of July 1, 2018 rolled forward to June 30, 2020 using generally accepted actuarial principles and methods.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	5.00 percent, including inflation
Discount Rate	3.45 percent at valuation date, 2.66 percent as of measurement date
Healthcare Cost Trend Rates	7.50 percent first year after valuation date, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2026 and later years
Retirees' Share of Benefit-Related Costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

Mortality rates were based on the SOA RPH-2014 Total Dataset Headcount-weighted Mortality, adjusted to 2006. Margin for mortality improvements: Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2018.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 21,016,401
Service cost	978,975
Interest	722,530
Changes in assumptions or other inputs	925,921
Benefits payments	<u>(983,062)</u>
Balance at June 30, 2020	<u>\$ 22,660,765</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	<u>\$ 27,356,768</u>	<u>\$ 22,660,765</u>	<u>\$ 18,977,856</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current healthcare cost trend rate:

	1% Decrease (6.0%)	Healthcare Cost Trend Rates (7.0%)	1% Increase (8.0%)
Total OPEB Liability	<u>\$ 17,348,979</u>	<u>\$ 22,660,765</u>	<u>\$ 26,813,687</u>

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,091,869. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125	\$ -
Changes of assumptions	2,105,856	(591,497)
Total	<u>\$ 2,105,981</u>	<u>\$ (591,497)</u>

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

Fiscal Year Ending June 30	Amount
2021	\$ 373,426
2022	373,426
2023	373,426
2024	349,624
2025	44,582
	<u>\$ 1,514,484</u>

(c) Commitments

On June 22, 2016, the board approved an agreement with Kansas City Taxi doing business as Yellow Cab of Kansas City for a three-year agreement for a term of August 01, 2016 through July 31, 2019. The District reserved the right to allocate funds annually, and a corresponding not to exceed amount annually via annual fiscal year amendments. On July 12, 2017, the board approved the first amendment to provide a not to exceed amount of \$1,927,800. On June 27, 2018, the board approved a second amendment to increase the not to exceed amount to \$2,000,000. On November 20, 2019, the Board approved a renewal Agreement with WHC KCT dba zTrip (formerly Kansas City Taxi dba Yellow Cab of Kansas City) for the term of August 1, 2019 through July 31, 2020. The not to exceed amount for the renewal contract is \$2,000,000.

On January 10, 2018, the board approved an agreement with All Copy Products for leased printer services for a sixty-month lease agreement with automatic renewals after the original term unless terminated. The total amount of this contract is \$1,500,000. The District executed a first amendment to extend the end term to March 31, 2023 to provide the vendor and KCPS with sixty months of actual usage.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

On February 27, 2019 the board approved a three-year agreement from July 1, 2019 through June 30, 2022, with annual increases of 3% throughout the life of the contract and an option to extend up to two one-year periods, with Student Transportation of America to provide regular and special education transportation services for an amount not to exceed \$14,500,000 for the first year. On February 26, 2020, the Board approved the First Amendment to the contract to provide compensation for all hours of service related to after school activity transportation services. The additional hours approved to bill under this Amendment will not increase the previously approved annual contract total.

On June 26, 2019, the board approved a three-year agreement with Ferrellgas for a school bus propane fueling station and LPG supply for an estimated total of \$1,450,000.

On May 23, 2018, the Board approved an Agreement with U.S. Foods for the supply and delivery of prime food and optional commodity storage for a not to exceed amount of \$4,883,444 for the term of July 1, 2018 through June 30, 2019. On April 24, 2019, the Board approved a renewal Agreement with U.S. Foods for a not to exceed amount of \$4,600,000. This Agreement is for the term July 1, 2019 through June 30, 2020. On April 22, 2019, the Board approved the second renewal Agreement for the term of July 1, 2020 through June 30, 2021 a not to exceed amount of \$4,900,000.

(d) *Operating Leases*

The District has entered into an operating lease for 35 vehicles with a five-year lease term which includes an option to terminate the lease. Lease expenditures for the current year were \$150,115 and the estimated remaining obligation is \$758,575 through fiscal year 2025.

(e) *Pension Plan and Retirement Benefits*

Plan description: The District contributes to the Kansas City Public School Retirement System (KCPSRS), 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 Kansas City 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 Kansas City Public School Retirement System rests with a board of trustees. Financial statements of the Kansas City Public School Retirement System can be obtained by writing to Kansas City Public School Retirement System, 3100 Broadway, Suite 1211, Kansas City, Missouri 64111 or by calling (816) 472-5912.

Benefits provided: KCPSRS provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's average final salary and a multiplier based on the years of service. Employees, hired prior to January 1, 2014, are eligible for full retirement at age 60 with at least 5 years of covered employment or when the years of service plus the employee's age equals or exceeds 75 credits. Employees, hired after January 1, 2014, are eligible for full retirement at age 62 with at least 5 years of covered employment, or when the years of service plus the employee's age equals or exceeds 80 credits. Five years of service is required for disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement death benefits, at a minimum, are based on a calculation of the employee's contributions plus interest. Post retirement death benefits, at a minimum, are based on a calculation of accumulated contributions in excess of total benefits received.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

Contributions: 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%. January 1, 2016 the rate increased to 9.0 percent. The District's contractually required contribution rate for the year ended June 30, 2016, was 9.0% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer contribution for calendar year 2019 was 10.5%. The employer contribution rate for the eighteen-month period beginning January 1, 2020 through June 30, 2022 shall be 12.0%. At the point the system is fully funded the employer contribution will be recalculated annually increasing and decreasing depending on requirements to keep fully funded. The employer contribution will not exceed 12%. The changes are subject to statutory limitations. The employer contribution rate will continue to be at 12% until the Retirement System is fully funded. Employee contributions are capped at 9.0%. Contributions to the pension plan from the District were \$13,565,434 for the year ended June 30, 2020.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$188,568,788 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward one year to December 31, 2019, using generally accepted actuarial principles and methods. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating governments. At December 31, 2019, the District's collective proportion was 56.808637 percent, which was an increase of .0300523 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$14,167,666. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

		Deferred Outflows of Resources	Deferred Inflows of Resources
		<u> </u>	<u> </u>
Difference between expected and actual Plan experience	\$	-	(1,474,925)
Net difference between projected and actual earnings on pension plan investments		-	(10,977,074)
Changes of assumptions		2,142,607	(4,902,516)
Changes in proportion and differences between District contributions and proportionate share of contributions		598,017	(130,861)
District contributions subsequent to the measurement date		8,382,495	-
Total	\$	<u>11,123,119</u>	<u>(17,485,376)</u>

The \$8,382,495 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period. The remaining amount of deferred outflows and inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of each measurement period.

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

Year ended June 30:	Pension Expense
	<u> </u>
2021	\$ (5,349,695)
2022	(5,113,442)
2023	2,659,940
2024	(6,941,555)
Total	\$ <u>(14,744,752)</u>

There were no non-employer contributing entities at KCPSRS.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 percent including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense and including price inflation

Pre-retirement mortality rates were based on the RP-2014 Healthy Non-Annuitant Blue Collar Table with a one-year setback for females, projected 15 years from valuation date using Scale MP-2016. Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table with a one-year setback for females, projected 7 years from valuation date using Scale MP-2016.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015 (dated October 3, 2016).

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

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	10.5 %	6.20 %
U.S. Mid Cap Equity	6.0	6.80
U.S. Small Cap Equity	6.0	7.30
International Developed Equity	12.0	7.00
Emerging Market Equity	10.0	9.90
Core Fixed Income	10.0	2.00
Global Fixed Income	5.0	1.80
High Yield Bonds	2.5	4.20
Multi-Asset Class (MACS)	13.5	5.20
Hedge Fund of Funds	5.0	3.80
Private equity	7.5	10.40
Real estate - Core	6.0	4.80
Real estate - Value Add	3.0	7.50
Real estate - Opportunistic	3.0	9.60
Total	<u>100%</u>	

Discount rate (SEIR) The discount rate used to measure the total pension liability (TPL) at December 31, 2019 was 7.75 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. The Municipal Bond Index Rate was not used to determine the SEIR (7.75%).

The projection of cash flows used to determine the discount rate assumed that plan contributions from members and employers will be made as follows:

- a. Employee contribution rate: 9.00 percent of covered compensation. Effective July 1, 2021, the lesser of (1) 9.00 percent of covered compensation, or (2) half of the actuarial required contribution rate, as determined in the valuation prepared for the prior calendar year.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

- b. Employer contribution rate: 10.50 percent of covered compensation in 2019, 12.00 percent effective January 1, 2020, then beginning July 1, 2021, the employer contribution rate will be the greater of (1) the actuarial required contribution rate, as determined in the valuation prepared for the prior calendar year, less the member contribution rate, or (2) 12.00 percent of pay, until the pension plan is fully funded. Once the pension plan is fully funded, the employer contribution rate may increase or decrease in subsequent years, depending on the valuation results and the employee contribution rate may decrease from 9.00 percent depending on valuation results. However, such changes are subject to statutory limitations.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability \$	243,774,579	188,568,788	141,775,644

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KCPSRS financial report, which can be located at www.kcpsrs.org.

Payable to the pension plan at June 30, 2020:

The District reported payables to the defined benefit pension plan of \$2,274,582 for legally required employer contributions and \$1,272,879 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to KCPSRS.

(f) New Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. GASB 84 clarifies the criteria for identifying fiduciary activities, with the focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Activities meeting certain criteria should be reported in a fiduciary fund in the financial statements.

KANSAS CITY PUBLIC SCHOOLS

Notes to Basic Financial Statements

June 30, 2020

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

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, 2020

	Original budget	Final budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 171,612,825	175,608,382	168,128,705	(7,479,677)
Prop C taxes	11,145,635	11,390,412	10,931,363	(459,049)
Other local	8,389,272	11,846,236	10,725,882	(1,120,354)
County	5,698,148	5,234,273	5,356,478	122,205
Basic formula	(951,459)	(1,312,926)	30	1,312,956
Other state	10,007,315	9,526,135	6,861,566	(2,664,569)
Federal sources	22,796,803	37,904,644	25,882,867	(12,021,777)
Tuition	244,226	—	193,679	193,679
Total revenues	<u>228,942,765</u>	<u>250,197,156</u>	<u>228,080,570</u>	<u>(22,116,586)</u>
Expenditures:				
Current:				
Support services - general administration:				
Board of education services:				
Salaries	62,218	62,218	58,196	4,022
Benefits	24,147	24,147	20,730	3,417
Purchased services	243,274	243,274	151,282	91,992
Supplies and materials	27,600	27,600	11,680	15,920
Total board of education services	<u>357,239</u>	<u>357,239</u>	<u>241,888</u>	<u>115,351</u>
Office of the superintendent services:				
Salaries	1,360,125	1,430,463	1,139,922	290,541
Benefits	455,951	484,555	323,007	161,548
Purchased services	1,620,051	2,383,995	2,273,964	110,031
Supplies and materials	46,280	110,126	74,377	35,749
Total office of the superintendent services	<u>3,482,407</u>	<u>4,409,139</u>	<u>3,811,270</u>	<u>597,869</u>
Other executive administration services:				
Salaries	52,455	216,598	177,423	39,175
Benefits	22,497	104,621	68,952	35,669
Purchased services	—	189,796	189,796	—
Total other executive administration services	<u>74,952</u>	<u>511,015</u>	<u>436,171</u>	<u>74,844</u>
Administrative technology services:				
Salaries	2,353,257	2,623,687	2,453,136	170,551
Benefits	794,474	888,236	791,479	96,757
Purchased services	3,721,891	2,270,331	1,854,302	416,029
Supplies and materials	516,500	2,127,075	3,106,679	(979,604)
Total administrative technology services	<u>7,386,122</u>	<u>7,909,329</u>	<u>8,205,596</u>	<u>(296,267)</u>
Total support services - general administration	<u>11,300,720</u>	<u>13,186,722</u>	<u>12,694,925</u>	<u>491,797</u>
Support services - building level administration:				
Office of principal services:				
Salaries	2,080,668	2,029,257	2,108,823	(79,566)
Benefits	992,424	959,331	825,304	134,027
Purchased services	331,945	351,906	379,560	(27,654)
Supplies and materials	87,320	56,527	46,617	9,910
Total office of principal services	<u>3,492,357</u>	<u>3,397,021</u>	<u>3,360,304</u>	<u>36,717</u>
Instruction:				
Elementary:				
Salaries	702,398	860,051	772,395	87,656
Benefits	371,155	448,482	326,831	121,651
Purchased services	1,624,474	2,023,919	1,183,859	840,060
Supplies and materials	267,626	1,221,092	359,150	861,942
Total elementary	<u>2,965,653</u>	<u>4,553,544</u>	<u>2,642,235</u>	<u>1,911,309</u>
Middle/junior high:				
Salaries	82,082	32,082	—	32,082
Benefits	46,383	25,799	—	25,799
Purchased services	312,727	349,652	334,027	15,625
Supplies and materials	42,820	1,383,761	149,912	1,233,849
Total middle/junior high	<u>484,012</u>	<u>1,791,294</u>	<u>483,939</u>	<u>1,307,355</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—General Fund

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
High school:				
Salaries	\$ 313,240	385,544	358,877	26,667
Benefits	144,187	163,235	112,510	50,725
Purchased services	1,375,463	1,454,696	1,249,297	205,399
Supplies and materials	173,225	2,069,642	226,732	1,842,910
Total high school	<u>2,006,115</u>	<u>4,073,117</u>	<u>1,947,416</u>	<u>2,125,701</u>
Summer school:				
Salaries	67,209	82,515	51,062	31,453
Benefits	6,187	38,932	34,822	4,110
Purchased services	1,630,225	836,420	348,353	488,067
Supplies and materials	65,319	59,387	15,595	43,792
Total summer school	<u>1,768,940</u>	<u>1,017,254</u>	<u>449,832</u>	<u>567,422</u>
Gifted and talented:				
Purchased services	71,500	51,700	19,230	32,470
Supplies and materials	13,000	12,800	6,624	6,176
Total gifted and talented	<u>84,500</u>	<u>64,500</u>	<u>25,854</u>	<u>38,646</u>
Special education:				
Salaries	2,795,508	2,409,804	2,235,675	174,129
Benefits	1,641,806	1,256,664	1,109,077	147,587
Purchased services	4,623,032	8,474,263	5,613,309	2,860,954
Supplies and materials	224,892	266,750	245,837	20,913
Total special education	<u>9,285,238</u>	<u>12,407,481</u>	<u>9,203,898</u>	<u>3,203,583</u>
Supplemental instruction:				
Salaries	1,344,851	1,374,053	301,489	1,072,564
Benefits	774,374	750,771	123,921	626,850
Purchased services	3,437,506	2,398,044	1,629,781	768,263
Supplies and materials	160,133	1,874,615	1,575,255	299,360
Total supplemental instruction	<u>5,716,864</u>	<u>6,397,483</u>	<u>3,630,446</u>	<u>2,767,037</u>
Bilingual				
Salaries	—	—	1,021,674	(1,021,674)
Benefits	—	—	520,554	(520,554)
Purchased services	—	—	31,795	(31,795)
Supplies and materials	—	—	1,753	(1,753)
Total bilingual	<u>—</u>	<u>—</u>	<u>1,575,776</u>	<u>(1,575,776)</u>
Early childhood special education:				
Salaries	854,503	394,656	331,964	62,692
Benefits	333,288	139,286	167,598	(28,312)
Purchased services	1,528,776	1,830,134	1,220,154	609,980
Supplies and materials	22,000	22,000	16,323	5,677
Total early childhood special education	<u>2,738,567</u>	<u>2,386,076</u>	<u>1,736,039</u>	<u>650,037</u>
Other career education:				
Salaries	177,144	294,611	290,146	4,465
Benefits	67,434	113,207	99,203	14,004
Purchased services	322,525	371,029	354,174	16,855
Supplies and materials	330,500	344,727	318,869	25,858
Total other career education	<u>897,603</u>	<u>1,123,574</u>	<u>1,062,392</u>	<u>61,182</u>
Student activities:				
Salaries	758,900	771,225	978,254	(207,029)
Benefits	111,723	112,215	140,017	(27,802)
Purchased services	309,558	335,682	349,477	(13,795)
Supplies and materials	256,688	280,179	243,882	36,297
Total student activities	<u>1,436,869</u>	<u>1,499,301</u>	<u>1,711,630</u>	<u>(212,329)</u>
Tuition to other districts:				
Purchased services	400,000	450,000	441,294	8,706
Total tuition to other districts	<u>400,000</u>	<u>450,000</u>	<u>441,294</u>	<u>8,706</u>
Total instruction	<u>27,784,361</u>	<u>35,763,624</u>	<u>24,910,751</u>	<u>10,852,873</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2020

	Original budget	Final budget	Actual	Variance with Final Budget
Support services - pupils:				
Attendance and social work area:				
Salaries	\$ 2,638,523	3,300,333	1,196,539	2,103,794
Benefits	1,104,307	1,308,961	450,335	858,626
Purchased services	672,035	1,318,433	460,224	858,209
Supplies and materials	15,000	244,769	29,808	214,961
Total attendance and social work area	<u>4,429,865</u>	<u>6,172,496</u>	<u>2,136,906</u>	<u>4,035,590</u>
Attendance services				
Salaries	—	—	482,156	(482,156)
Benefits	—	—	166,966	(166,966)
Purchased services	—	—	13,001	(13,001)
Supplies and materials	—	—	127,133	(127,133)
Total attendance services	<u>—</u>	<u>—</u>	<u>789,256</u>	<u>(789,256)</u>
Social work services:				
Salaries	—	102,652	1,418,586	(1,315,934)
Benefits	—	44,430	419,360	(374,930)
Purchased services	—	—	192,787	(192,787)
Supplies and materials	—	—	14,014	(14,014)
Total social work services	<u>—</u>	<u>147,082</u>	<u>2,044,747</u>	<u>(1,897,665)</u>
Pupil accounting services:				
Salaries	—	—	385,294	(385,294)
Benefits	—	—	120,737	(120,737)
Purchased services	—	—	39,624	(39,624)
Supplies and materials	—	—	14,871	(14,871)
Total pupil accounting services	<u>—</u>	<u>—</u>	<u>560,526</u>	<u>(560,526)</u>
Guidance services-system support				
Salaries	507,583	553,326	533,710	19,616
Benefits	206,807	226,159	193,615	32,544
Purchased services	166,200	257,477	143,761	113,716
Supplies and materials	5,500	26,170	10,954	15,216
Total guidance services-system support	<u>886,090</u>	<u>1,063,132</u>	<u>882,040</u>	<u>181,092</u>
Health services area direction				
Supplies and materials	3,240	1,500	—	1,500
Total health services area direction	<u>3,240</u>	<u>1,500</u>	<u>—</u>	<u>1,500</u>
Nursing services:				
Salaries	1,797,404	1,919,857	1,854,907	64,950
Benefits	740,091	796,604	678,364	118,240
Purchased services	1,500	1,500	—	1,500
Supplies and materials	27,000	58,161	20,111	38,050
Total nursing services	<u>2,565,995</u>	<u>2,776,122</u>	<u>2,553,382</u>	<u>222,740</u>
Psychological services:				
Salaries	—	1,245,872	898,768	347,104
Benefits	—	421,613	282,704	138,909
Total psychological services	<u>—</u>	<u>1,667,485</u>	<u>1,181,472</u>	<u>486,013</u>
Speech pathology and audiology services				
Salaries	2,312,541	934,880	1,390,551	(455,671)
Benefits	855,347	359,489	457,503	(98,014)
Purchased services	—	—	345	(345)
Total speech pathology and audiology services	<u>3,167,888</u>	<u>1,294,369</u>	<u>1,848,399</u>	<u>(554,030)</u>
Occupational therapy				
Salaries	—	256,611	193,448	63,163
Benefits	—	104,399	70,551	33,848
Total occupational therapy	<u>—</u>	<u>361,010</u>	<u>263,999</u>	<u>97,011</u>
Total support services - pupils	<u>11,053,078</u>	<u>13,483,196</u>	<u>12,260,727</u>	<u>1,222,469</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Support services instructional staff:				
Instruction and curriculum development:				
Salaries	\$ 298,945	303,645	318,181	(14,536)
Benefits	119,949	120,477	103,059	17,418
Purchased services	1,236,506	1,984,658	1,618,519	366,139
Supplies and materials	535,918	2,503,544	1,155,660	1,347,884
Total instruction and curriculum development	<u>2,191,318</u>	<u>4,912,324</u>	<u>3,195,419</u>	<u>1,716,905</u>
Instructional staff training services:				
Purchased services	—	2,500	—	2,500
Total instructional staff training services	<u>—</u>	<u>2,500</u>	<u>—</u>	<u>2,500</u>
Educational media services area direction:				
Purchased services	—	6,903	2,067	4,836
Supplies and materials	296,244	412,596	345,842	66,754
Total educational media services area direction	<u>296,244</u>	<u>419,499</u>	<u>347,909</u>	<u>71,590</u>
Total support services - instructional staff	<u>2,487,562</u>	<u>5,334,323</u>	<u>3,543,328</u>	<u>1,790,995</u>
Business support services:				
Business support services area direction:				
Salaries	—	—	58,326	(58,326)
Benefits	—	—	17,101	(17,101)
Total business support services area direction	<u>—</u>	<u>—</u>	<u>75,427</u>	<u>(75,427)</u>
Fiscal service area direction:				
Salaries	2,095,979	2,182,151	1,163,158	1,018,993
Benefits	804,769	832,183	384,342	447,841
Purchased services	292,946	296,259	292,752	3,507
Supplies and materials	17,606	20,887	27,974	(7,087)
Total fiscal service area direction	<u>3,211,300</u>	<u>3,331,480</u>	<u>1,868,226</u>	<u>1,463,254</u>
Budgeting services:				
Salaries	370,148	355,148	304,160	50,988
Benefits	134,692	133,292	95,446	37,846
Purchased services	14,840	16,171	7,059	9,112
Supplies and materials	11,750	11,750	4,024	7,726
Total budgeting services	<u>531,430</u>	<u>516,361</u>	<u>410,689</u>	<u>105,672</u>
Receiving and disbursing services:				
Salaries	—	—	231,200	(231,200)
Benefits	—	—	70,164	(70,164)
Total receiving and disbursing services	<u>—</u>	<u>—</u>	<u>301,364</u>	<u>(301,364)</u>
Payroll services:				
Salaries	—	—	176,683	(176,683)
Benefits	—	—	53,032	(53,032)
Total payroll services	<u>—</u>	<u>—</u>	<u>229,715</u>	<u>(229,715)</u>
Financial accounting services:				
Salaries	—	—	133,436	(133,436)
Benefits	—	—	41,335	(41,335)
Total financial accounting services	<u>—</u>	<u>—</u>	<u>174,771</u>	<u>(174,771)</u>
Property accounting services:				
Salaries	—	—	78,790	(78,790)
Benefits	—	—	22,769	(22,769)
Total property accounting services	<u>—</u>	<u>—</u>	<u>101,559</u>	<u>(101,559)</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS
Schedule of Budgetary Comparison—General Fund
Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other fiscal services:				
Salaries	\$ —	—	65,665	(65,665)
Benefits	—	—	22,417	(22,417)
Purchased services	—	—	211	(211)
Supplies and materials	—	—	—	—
Total other fiscal services	<u>—</u>	<u>—</u>	<u>88,293</u>	<u>(88,293)</u>
Operation and maintenance of plant service area direction:				
Salaries	463,648	461,891	420,867	41,024
Benefits	120,834	120,396	100,874	19,522
Purchased services	142,700	111,542	94,902	16,640
Supplies and materials	5,000	5,170	2,727	2,443
Total operation and maintenance of plant	<u>732,182</u>	<u>698,999</u>	<u>619,370</u>	<u>79,629</u>
Care and upkeep of building services:				
Salaries	9,027,682	8,044,246	7,928,994	115,252
Benefits	4,007,129	3,309,286	2,952,287	356,999
Purchased services	3,740,199	4,529,958	4,048,635	481,323
Supplies and materials	8,285,400	8,864,921	7,424,743	1,440,178
Total care and upkeep of building services	<u>25,060,410</u>	<u>24,748,411</u>	<u>22,354,659</u>	<u>2,393,752</u>
Care and upkeep of grounds services:				
Salaries	405,280	341,376	320,505	20,871
Benefits	174,031	158,542	119,949	38,593
Purchased services	480,000	480,000	396,156	83,844
Supplies and materials	65,000	51,414	37,514	13,900
Total care and upkeep of grounds services	<u>1,124,311</u>	<u>1,031,332</u>	<u>874,124</u>	<u>157,208</u>
Vehicle servicing and maintenance services:				
Purchased services	165,000	78,556	85,559	(7,003)
Supplies and materials	160,000	53,305	38,075	15,230
Total vehicle servicing and maintenance	<u>325,000</u>	<u>131,861</u>	<u>123,634</u>	<u>8,227</u>
Security services:				
Salaries	3,744,792	3,594,400	3,287,923	306,477
Benefits	1,898,113	1,592,676	1,112,537	480,139
Purchased services	699,920	815,755	671,005	144,750
Supplies and materials	87,000	183,427	158,307	25,120
Total security services	<u>6,429,825</u>	<u>6,186,258</u>	<u>5,229,772</u>	<u>956,486</u>
Contracted transportation services for students:				
Salaries	175,000	175,000	171,889	3,111
Benefits	60,805	60,805	47,221	13,584
Purchased services	10,621,261	10,259,406	10,864,844	(605,438)
Supplies and materials	3,500	509,199	455,459	53,740
Total contracted transportation services	<u>10,860,566</u>	<u>11,004,410</u>	<u>11,539,413</u>	<u>(535,003)</u>
Contracted transportation services for students with disabilities:				
Purchased services	4,021,492	3,710,992	2,639,680	1,071,312
Supplies and materials	—	100,500	4,235	96,265
Total contracted transportation disabilities	<u>4,021,492</u>	<u>3,811,492</u>	<u>2,643,915</u>	<u>1,167,577</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—General Fund

Year ended June 30, 2020

	Original budget	Final budget	Actual	Variance with Final Budget
Early childhood special education transportation:				
Purchased services	\$ 1,327,524	1,327,524	1,856,476	(528,952)
Total early childhood special education transportation	1,327,524	1,327,524	1,856,476	(528,952)
Food service area direction:				
Supplies and materials	—	2,500	—	2,500
Total food service area direction	—	2,500	—	2,500
Internal service area direction				
Salaries	453,872	453,872	457,548	(3,676)
Benefits	179,104	179,104	157,357	21,747
Purchased services	28,600	31,700	31,356	344
Supplies and materials	14,500	31,500	67,039	(35,539)
Total internal service area direction	676,076	696,176	713,300	(17,124)
Other business support services:				
Salaries	—	—	283,109	(283,109)
Benefits	—	—	90,169	(90,169)
Total other business support services	—	—	373,278	(373,278)
Total business support services	54,300,116	53,486,804	49,577,985	3,908,819
Support services - central office:				
Planning, research, development, and evaluation services area direction:				
Salaries	931,924	953,078	900,737	52,341
Benefits	317,039	317,452	260,009	57,443
Purchased services	677,100	478,020	355,739	122,281
Supplies and materials	10,350	412,091	389,036	23,055
Total planning research, development, and evaluation	1,936,413	2,160,641	1,905,521	255,120
Information services area direction:				
Salaries	1,123,719	1,263,219	788,662	474,557
Benefits	436,077	482,911	247,613	235,298
Purchased services	544,035	524,496	351,238	173,258
Supplies and materials	30,859	122,129	84,369	37,760
Total information services area direction	2,134,690	2,392,755	1,471,882	920,873
Human resource services:				
Salaries	1,209,880	1,214,880	1,213,622	1,258
Benefits	448,479	448,942	385,645	63,297
Purchased services	584,198	538,182	465,935	72,247
Supplies and materials	24,402	48,402	78,142	(29,740)
Total human resource services	2,266,959	2,250,406	2,143,344	107,062
Total support services - central office	6,338,062	6,803,802	5,520,747	1,283,055
Community services area direction:				
Salaries	63,844	—	—	—
Benefits	25,338	—	—	—
Purchased services	128,850	148,789	112,657	36,132
Supplies and materials	4,500	4,500	3,051	1,449
Total community services area direction	222,532	153,289	115,708	37,581
Early childhood programs:				
Early childhood program:				
Salaries	243,607	253,689	296,314	(42,625)
Benefits	73,186	79,186	73,980	5,206
Purchased services	11,052	31,302	33,899	(2,597)
Supplies and materials	2,500	2,500	1,677	823
Total early childhood program	330,345	366,677	405,870	(39,193)
Early childhood instruction:				
Salaries	2,139,631	4,859,638	4,025,218	834,420
Benefits	878,250	2,173,845	1,647,959	525,886
Purchased services	179,074	320,578	167,301	153,277
Supplies and materials	68,500	154,059	515,740	(361,681)
Total early childhood instruction	3,265,455	7,508,120	6,356,218	1,151,902
Total early childhood programs	3,595,800	7,874,797	6,762,088	1,112,709

(Continued)

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—General Fund

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Adult education:				
Salaries	\$ —	20,000	27,158	(7,158)
Benefits	—	1,862	1,853	9
Purchased services	—	24,622	253	24,369
Supplies and materials	—	9,470	6,035	3,435
Total adult education	<u>—</u>	<u>55,954</u>	<u>35,299</u>	<u>20,655</u>
Afterschool program:				
Purchased services	480,000	480,000	450,000	30,000
Total afterschool program	<u>480,000</u>	<u>480,000</u>	<u>450,000</u>	<u>30,000</u>
Parental involvement:				
Salaries	852,382	1,035,761	1,009,822	25,939
Benefits	416,903	501,982	418,077	83,905
Purchased services	137,260	146,142	61,126	85,016
Supplies and materials	79,509	128,282	41,138	87,144
Total parental involvement	<u>1,486,054</u>	<u>1,812,167</u>	<u>1,530,163</u>	<u>282,004</u>
Facilities acquisition and construction services area direction:				
Supplies and materials	—	219,463	228,717	(9,254)
Total facilities acquisition and construction services	<u>—</u>	<u>219,463</u>	<u>228,717</u>	<u>(9,254)</u>
Total expenditures	<u>122,540,642</u>	<u>142,051,162</u>	<u>120,990,742</u>	<u>21,060,420</u>
Revenues over expenditures	<u>106,402,123</u>	<u>108,145,994</u>	<u>107,089,828</u>	<u>(1,056,166)</u>
Other financing sources (uses):				
Transfers in	128,300	128,300	—	128,300
Transfers out	(106,103,979)	(107,369,606)	(98,015,384)	(9,354,222)
Total other financing sources	<u>(105,975,679)</u>	<u>(107,241,306)</u>	<u>(98,015,384)</u>	<u>(9,225,922)</u>
Revenues and other financing sources over expenditures	<u>\$ 426,444</u>	<u>904,688</u>	<u>9,074,444</u>	<u>8,169,756</u>
Reconciliation to GAAP Basis:				
Activities reported within the Teachers' Fund (a sub-fund of the General Fund):				
Total revenue			7,096,940	
Total expenditures			(105,112,324)	
Total other financing sources			<u>98,015,384</u>	
Total reconciling items			<u>—</u>	
Revenues and other financing sources over expenditures			9,074,444	
Fund balance, beginning of year			<u>53,501,671</u>	
Fund balance, end of year			<u>\$ 62,576,115</u>	

See Note to Required Supplementary Information.

KANSAS CITY PUBLIC SCHOOLS

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) included in the Capital Project Fund activity is not appropriated annually, but as projects are established.

Budgets are not adopted for certain other nonmajor funds that include the Debt Service, Other Special Revenue, 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 approved by the Board during the fiscal year resulted in a 14.85% increase in the General Fund, .07% decrease in the Teachers Fund, 20.16% increase in the Capital Projects Fund and a .35% increase in the Child Nutritional Services Fund.

KANSAS CITY PUBLIC SCHOOLS

Schedule of Changes in the Total OPEB Liability and Related Ratios Required Supplement Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 978,975	909,063	1,169,924
Interest	722,530	704,433	608,874
Benefit payments	(983,062)	(880,141)	(1,403,849)
Differences between expected and actual	—	189	—
Changes in assumptions	925,921	2,016,015	(959,648)
Net change in total OPEB liability	1,644,364	2,749,559	(584,699)
Total OPEB liability—beginning	21,016,401	18,266,842	18,851,541
Total OPEB liability—ending	\$ <u>22,660,765</u>	<u>21,016,401</u>	<u>18,266,842</u>
Covered payroll	\$ 120,127,775	113,148,130	107,918,134
Total OPEB liability as a percentage of covered payroll	18.86%	18.57%	16.93%

Notes to Schedule:

Note GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Changes to assumptions:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Changes of assumptions and other inputs reflect the changes in the discount rate each period.	2.66%	3.36%	3.45%
Health care cost trend rates used in each period	7.5% decreasing 0.5% per year to an ultimate rate of 4.5% for 2026 and later years	7.5% decreasing 0.5% per year to an ultimate rate of 4.5% for 2026 and later years	8.5% decreasing 0.5% per year to an ultimate rate of 4.5% for 2025 and later years

KANSAS CITY PUBLIC SCHOOLS

Schedule of Employer Contributions Required Supplementary Information

Fiscal Year	Statutorial required contribution	Contributions in relation to the required contribution	Contribution deficiency (excess)	Contribution as a % of district's covered payroll
2020	\$ 13,565,434	\$ 13,565,434	-	11.38%
2019	10,917,591	10,917,591	-	9.73%
2018	9,578,553	9,578,553	-	8.93%
2017	9,586,293	9,586,293	-	8.94%
2016	8,786,297	8,786,297	-	8.41%
2015	8,324,500	8,324,500	-	8.01%
2014	7,719,216	7,719,216	-	n/a
2013	7,104,617	7,104,617	-	n/a
2012	9,593,660	9,593,660	-	n/a
2011	11,382,658	11,382,658	-	n/a

Net Pension Liability Required Supplementary Information

Fiscal Year	Plan fiduciary net position as a % of the total pension liability	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered payroll	District's proportionate share of the net pension liability (asset) as a % of covered payroll
2020	66.61%	56.808637%	\$188,568,788	\$ 119,238,315	158.14%
2019	60.10%	56.508114%	\$226,149,556	\$ 112,171,812	201.61%
2018	69.31%	56.744811%	\$172,353,704	\$ 107,243,972	160.71%
2017	70.09%	59.045964%	\$158,248,820	\$ 107,282,763	147.51%
2016	70.93%	60.790116%	\$158,472,857	\$ 104,510,704	151.63%
2015	79.44%	62.829118%	\$113,573,271	\$ 103,970,133	109.24%
2014	n/a	64.011121%	\$ 95,311,292	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Changes in actuarial assumptions and methods:

- June 30, 2020
 - Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.
 - There was a change in discount rate from 7.57% to 7.75%.

KANSAS CITY PUBLIC SCHOOLS

- June 30, 2019
 - Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.
- June 30, 2018
 - The investment return assumption was lowered from 8.00% to 7.75%
 - The inflation assumption was lowered from 3.00% to 2.75%
 - The assumed interest rate credited on employee account balances was lowered from 5.00% to 3.25%.
 - The general wage increase assumption was set at 3.50%.
 - The payroll growth assumption was set at 3.00%.
 - The mortality assumption was changed to the RP-2014 Blue Collar Mortality table, with a one-year age setback for females, no adjustment for males. Mortality improvements are projected 7 years from the valuation date for retirees and beneficiaries and 15 years for actives, using Scale MP-2016.
 - Retirement rates were modified to partially reflect observed experience.
 - Termination rates were changed to be pure service-based rates.
 - Disability rates were reduced by 50%.
 - The amortization of the UAAL was changed to a “layered” approach with new pieces of UAAL amortized over a closed 20-year period beginning on the valuation date. The UAAL as of January 1, 2017 is being amortized over a closed 30-year period. Amortization payments are determined under the level percent of payroll method.
- June 30, 2017
 - Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.
- June 30, 2016
 - Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.
- June 30, 2015
 - Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.

NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

KANSAS CITY PUBLIC SCHOOLS

Nonmajor Governmental Funds—Combining Balance Sheet

June 30, 2020

Assets	Special revenue			Permanent fund patron endowments	Total nonmajor governmental funds
	Child nutritional services	Student activity	Patron gift		
Cash and investments	\$ 5,213,706	403,969	—	—	5,617,675
Restricted cash and investments	—	—	225,934	179,500	405,434
Interest receivable	—	—	963	617	1,580
Supplies inventories	124,453	—	—	—	124,453
Other receivables	—	208	—	—	208
Due from other governments	279,153	326	—	—	279,479
Total assets	\$ 5,617,312	404,503	226,897	180,117	6,428,829
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$ 107,188	27,315	—	—	134,503
Accrued salaries, benefits and payroll taxes	64,965	—	—	—	64,965
Total liabilities	172,153	27,315	—	—	199,468
Deferred inflows of resources					
Unavailable revenue - grants and services	124,453	—	—	—	124,453
Total deferred inflows of resources	124,453	—	—	—	124,453
Fund balance:					
Nonspendable	—	—	—	35,000	35,000
Restricted	5,320,706	377,188	226,897	145,117	6,069,908
Total fund balance	5,320,706	377,188	226,897	180,117	6,104,908
Total liabilities, deferred inflows of resources and fund balance	\$ 5,617,312	404,503	226,897	180,117	6,428,829

KANSAS CITY PUBLIC SCHOOLS

Nonmajor Governmental Funds—
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2020

	Debt Service	Special revenue			Permanent fund patron endowments	Total nonmajor governmental funds
		Child nutritional services	Student activity	Patron gift		
Revenues:						
Local, including investment income	\$ —	474,951	567,990	7,534	4,544	1,055,019
Other state	—	77,266	—	—	—	77,266
Federal	—	11,029,416	—	—	—	11,029,416
Total revenues	—	11,581,633	567,990	7,534	4,544	12,161,701
Expenditures:						
Current:						
Instruction	—	—	492,043	—	—	492,043
Support services	—	11,958,176	—	—	—	11,958,176
Transportation	—	—	1,328	—	—	1,328
Debt Service:						
Principal	2,620,000	—	—	—	—	2,620,000
Interest & fiscal charges	1,720,345	—	—	—	—	1,720,345
Total expenditures	4,340,345	11,958,176	493,371	—	—	16,791,892
Revenues over (under) expenditures	(4,340,345)	(376,543)	74,619	7,534	4,544	(4,630,191)
Other financing sources (uses):						
Transfers in	4,340,345	—	—	—	—	4,340,345
Total other financing sources (uses)	4,340,345	—	—	—	—	4,340,345
Revenues over (under) expenditures and other financing sources (uses)	—	(376,543)	74,619	7,534	4,544	(289,846)
Fund balances, beginning of year	—	5,697,249	302,569	219,363	175,573	6,394,754
Fund balances, end of year	\$ —	5,320,706	377,188	226,897	180,117	6,104,908

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Local	\$ 689,327	686,264	474,951	(211,313)
State	86,906	86,906	77,266	(9,640)
Federal	13,311,444	13,364,507	11,029,416	(2,335,091)
Total revenues	<u>14,087,677</u>	<u>14,137,677</u>	<u>11,581,633</u>	<u>(2,556,044)</u>
Expenditures:				
Current:				
Support services:				
Salaries	4,495,271	4,414,576	3,885,070	529,506
Benefits	2,197,760	2,069,011	1,757,581	311,430
Purchased services	365,061	602,811	409,994	192,817
Supplies and materials	6,584,466	6,638,160	5,345,959	1,292,201
Capital outlay	445,119	413,119	559,572	(146,453)
Total support services	<u>14,087,677</u>	<u>14,137,677</u>	<u>11,958,176</u>	<u>2,179,501</u>
Total expenditures	<u>14,087,677</u>	<u>14,137,677</u>	<u>11,958,176</u>	<u>2,179,501</u>
Revenues under				
expenditures	<u>—</u>	<u>—</u>	<u>(376,543)</u>	<u>(376,543)</u>
Revenues over				
expenditures and other				
financing uses	<u>\$ —</u>	<u>—</u>	<u>(376,543)</u>	<u>(376,543)</u>
Fund balance, beginning of year			<u>5,697,249</u>	
Fund balance, end of year			<u>\$ 5,320,706</u>	

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

	Original budget	Final budget	Actual	Variance with final budget
Revenues:				
Property taxes	\$ 8,853,157	11,077,371	11,077,371	—
Other local	132,511	271,866	1,624,347	1,352,481
Federal	593,318	1,818,086	1,786,046	(32,040)
Total revenues	<u>9,578,986</u>	<u>13,167,323</u>	<u>14,487,764</u>	<u>1,320,441</u>
Expenditures:				
Capital outlay:				
Support services - general administration				
Office of the superintendent services	1,406	16,028	10,012	6,016
Administrative technology services	—	5,562,274	5,206,946	355,328
Total support services - general administration	<u>1,406</u>	<u>5,578,302</u>	<u>5,216,958</u>	<u>361,344</u>
Support services - building level administration:				
Office of principal services	17,070	—	—	—
Instruction:				
Elementary	—	1,189,167	6,197	1,182,970
Middle schools	—	166,114	156,738	9,376
Senior high	—	10,000	9,939	61
Gifted and talented	—	20,000	—	20,000
Special education and related services	78,510	56,336	—	56,336
Supplemental instruction	180,000	50,773	16,027	34,746
Other career education	67,700	45,200	42,637	2,563
Student activities	39,500	62,331	39,313	23,018
Total instruction	<u>365,710</u>	<u>1,599,921</u>	<u>270,851</u>	<u>1,329,070</u>
Support services - instructional staff:				
Instruction and curriculum development	689,652	5,842	228	5,614
Educational media services	121,000	5,049	1,717	3,332
Total support services - instructional staff	<u>810,652</u>	<u>10,891</u>	<u>1,945</u>	<u>8,946</u>
Business support services:				
Fiscal area direction	8,200	25,303	8,388	16,915
Budgeting services	5,000	3,669	—	3,669
Operation and maintenance of plant services	8,000	8,000	—	8,000
Care and upkeep of building services	180,000	451,500	166,899	284,601
Care and upkeep of grounds services	15,000	136,902	130,616	6,286
Security services	243,150	267,896	74,151	193,745
Contracted services for students	—	39,880	—	39,880
Pupil transportation vehicle-school bus	—	295,120	—	295,120
Internal services area direction	11,000	25,074	8,387	16,687
Total business support services	<u>470,350</u>	<u>1,253,344</u>	<u>388,441</u>	<u>864,903</u>

(Continued)

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
Support services - central office:				
Planning research	—	2,000	—	2,000
Information technology	11,670	9,638	5,094	4,544
Human resources services	—	34,088	—	34,088
Total support services - central office	<u>11,670</u>	<u>45,726</u>	<u>5,094</u>	<u>40,632</u>
Early childhood instruction	—	—	7,067	(7,067)
Facilities acquisition and construction	—	12,759,275	7,775,428	4,983,847
Debt service:				
Principal	5,066,322	5,066,322	2,446,322	2,620,000
Interest	3,271,617	3,271,617	2,233,485	1,038,132
Total debt service	<u>8,337,939</u>	<u>8,337,939</u>	<u>4,679,807</u>	<u>3,658,132</u>
Total expenditures	<u>10,014,797</u>	<u>29,585,398</u>	<u>18,345,591</u>	<u>11,239,807</u>
Revenues under expenditures	<u>(435,811)</u>	<u>(16,418,075)</u>	<u>(3,857,827)</u>	<u>12,560,248</u>
Other financing sources (uses):				
Transfers out	—	—	(4,340,345)	(4,340,345)
Sale of capital assets	6,600	6,203,471	6,213,596	10,125
Total other financing sources	<u>6,600</u>	<u>6,203,471</u>	<u>1,873,251</u>	<u>(4,330,220)</u>
Revenues and other financing sources over expenditures and other financing sources	<u>\$ (429,211)</u>	<u>(10,214,604)</u>	<u>(1,984,576)</u>	<u>8,230,028</u>
Fund balance, beginning of year			<u>27,156,500</u>	
Fund balance, end of year			<u><u>25,171,924</u></u>	

KANSAS CITY PUBLIC SCHOOLS
Capital Projects Fund—
Schedule of Revenues, Expenditures and Changes in Fund Balance—by Project
Year ended June 30, 2020

Function	Capital Projects L-T-D Fund	Operating Capital Projects	Child Nutrition Capital Projects	Bond Capital Projects	Eliminations	Total Capital Projects funds
Revenues:						
Property taxes	\$ 11,077,371	—	—	—	—	11,077,371
Other local	1,604,532	—	—	19,815	—	1,624,347
Federal	1,786,046	—	—	—	—	1,786,046
Total revenues	<u>14,467,949</u>	<u>—</u>	<u>—</u>	<u>19,815</u>	<u>—</u>	<u>14,487,764</u>
Expenditures:						
Administration:						
Office of the superintendent services	10,012	—	—	—	—	10,012
Administrative technology services	5,206,299	—	—	647	—	5,206,946
Total administration	<u>5,216,311</u>	<u>—</u>	<u>—</u>	<u>647</u>	<u>—</u>	<u>5,216,958</u>
Instruction:						
Elementary schools	6,197	—	—	—	—	6,197
Middle schools	156,738	—	—	—	—	156,738
High schools	9,939	—	—	—	—	9,939
Supplemental instruction	16,027	—	—	—	—	16,027
Other career education	42,637	—	—	—	—	42,637
Student activities	39,313	—	—	—	—	39,313
Total instruction	<u>270,851</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>270,851</u>
Support services:						
Instruction and curriculum development	228	—	—	—	—	228
Educational media services	1,717	—	—	—	—	1,717
Fiscal services area direction	8,388	—	—	—	—	8,388
Internal service area direction	8,387	—	—	—	—	8,387
Information technology	5,094	—	—	—	—	5,094
Total support services	<u>23,814</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,814</u>
Community and adult services						
Early childhood instruction	7,067	—	—	—	—	7,067
Total community and adult service	<u>7,067</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,067</u>
Operation of plant:						
Plant services	371,666	—	—	—	—	371,666
Total operation of plant	<u>371,666</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>371,666</u>
Debt service:						
Principal	2,446,322	—	—	—	—	2,446,322
Interest and fiscal charges	2,233,485	—	—	—	—	2,233,485
Total debt service	<u>4,679,807</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,679,807</u>
Facilities improvement and renovation:						
Operation of facilities	7,775,428	—	—	—	—	7,775,428
Total facilities improvement and renovation	<u>7,775,428</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,775,428</u>
Total expenditures	<u>18,344,944</u>	<u>—</u>	<u>—</u>	<u>647</u>	<u>—</u>	<u>18,345,591</u>
Revenues over (under) expenditures	<u>(3,876,995)</u>	<u>—</u>	<u>—</u>	<u>19,168</u>	<u>—</u>	<u>(3,857,827)</u>
Other financing sources (uses):						
Transfers in	—	—	—	74,547	(74,547)	—
Transfers out	(4,414,892)	—	—	—	74,547	(4,340,345)
Sale of capital assets	6,213,596	—	—	—	—	6,213,596
Total financing sources (uses)	<u>1,798,704</u>	<u>—</u>	<u>—</u>	<u>74,547</u>	<u>—</u>	<u>1,873,251</u>
Net change in fund balances	<u>(2,078,291)</u>	<u>—</u>	<u>—</u>	<u>93,715</u>	<u>—</u>	<u>(1,984,576)</u>
Fund balances – beginning of year	27,250,215	—	—	(93,715)	—	27,156,500
Fund balances – end of year	<u>\$ 25,171,924</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,171,924</u>

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

Function	Capital Projects L-T-D Fund	Operating Capital Projects	Child Nutrition Capital Projects	Bond Capital Projects	Total Capital Projects funds
Fund balance:					
Nonspendable					
Prepays	\$ 403,855	—	—	—	403,855
Total Nonspendable	<u>403,855</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>403,855</u>
Restricted					
Property held for sale	1,745,400	—	—	—	1,745,400
Total Restricted	<u>1,745,400</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,745,400</u>
Committed					
Encumbrances	1,754,879	—	—	—	1,754,879
Total Committed	<u>1,754,879</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,754,879</u>
Assigned					
Future equipment purchases	21,267,790	—	—	—	21,267,790
Total Assigned	<u>21,267,790</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,267,790</u>
Total fund balance	\$ <u><u>25,171,924</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>25,171,924</u></u>

KANSAS CITY PUBLIC SCHOOLS

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Year ended June 30, 2020

<u>Function</u>	<u>Operating General</u>	<u>C-I-P General</u>	<u>Bond Capital Projects General</u>	<u>Eliminations</u>	<u>Total General funds</u>
Revenues:					
Property taxes	\$ 168,128,705	—	—	—	168,128,705
Prop C sales tax	16,488,981	—	—	—	16,488,981
Other local, including investment income	10,833,292	—	—	—	10,833,292
Intermediate/county	5,469,146	—	—	—	5,469,146
State aid—basic formula	30	—	—	—	30
Other state	6,873,566	—	—	—	6,873,566
Federal	26,188,911	—	—	—	26,188,911
Tuition	193,679	—	—	—	193,679
Total revenues	<u>234,176,310</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>234,176,310</u>
Expenditures:					
Current:					
Administration	28,659,062	—	—	—	28,659,062
Instruction	103,473,145	—	—	—	103,473,145
Support services	36,715,132	—	—	—	36,715,132
Operation of facilities	29,105,364	—	—	—	29,105,364
Pupil transportation	16,038,413	—	—	—	16,038,413
Community and adult services	10,882,033	—	—	—	10,882,033
Capital outlay	228,717	—	—	—	228,717
Total expenditures	<u>225,101,866</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225,101,866</u>
Revenues over expenditures	<u>9,074,444</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,074,444</u>
Other financing sources (uses):					
Transfers in	230,811	—	—	(230,811)	—
Transfers out	—	—	(230,811)	230,811	—
Total other financing sources (uses)	<u>230,811</u>	<u>—</u>	<u>(230,811)</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>9,305,255</u>	<u>—</u>	<u>(230,811)</u>	<u>—</u>	<u>9,074,444</u>
Fund balances, beginning of year	53,270,860	—	230,811	—	53,501,671
Fund balances, end of year	\$ <u><u>62,576,115</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>62,576,115</u></u>

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Prop C taxes	\$ 6,687,381	6,834,247	6,558,818	275,429
Local	—	—	107,411	(107,411)
County	209,308	170,097	112,668	57,429
Basic formula	(2,854,377)	(3,938,777)	—	(3,938,777)
State	308,300	—	12,000	(12,000)
Federal	271,398	213,218	306,043	(92,825)
Total revenues	4,622,010	3,278,785	7,096,940	(3,818,155)
Expenditures:				
Current:				
Support services - general administration:				
Office of superintendent services:				
Salaries	455,627	712,321	694,354	17,967
Benefits	132,498	215,362	203,414	11,948
Total office of superintendent services	588,125	927,683	897,768	29,915
Other executive administration services:				
Salaries	114,490	1,953,634	1,463,124	490,510
Benefits	37,974	694,710	468,748	225,962
Total other executive administration services	152,464	2,648,344	1,931,872	716,472
Total support services - general administration	740,589	3,576,027	2,829,640	746,387
Support services - building level administration:				
Office of principal services:				
Salaries	7,945,686	7,649,423	7,699,711	(50,288)
Benefits	2,742,043	2,553,400	2,200,824	352,576
Total office of principal services	10,687,729	10,202,823	9,900,535	302,288
Instruction:				
Elementary:				
Salaries	25,723,595	25,978,640	26,968,339	(989,699)
Benefits	10,335,952	9,949,154	8,994,619	954,535
Total elementary	36,059,547	35,927,794	35,962,958	(35,164)
Middle:				
Salaries	3,930,619	3,764,557	3,514,852	249,705
Benefits	1,578,010	1,476,209	1,242,564	233,645
Total middle/junior high	5,508,629	5,240,766	4,757,416	483,350
Senior high:				
Salaries	10,560,015	11,108,488	10,927,252	181,236
Benefits	4,337,805	4,304,922	3,652,288	652,634
Total senior high	14,897,820	15,413,410	14,579,540	833,870
Summer school:				
Salaries	886,165	892,135	557,735	334,400
Benefits	82,160	98,158	53,561	44,597
Total summer school	968,325	990,293	611,296	378,997
Gifted and talented:				
Salaries	310,616	310,616	316,114	(5,498)
Benefits	116,467	116,467	108,280	8,187
Total gifted and talented	427,083	427,083	424,394	2,689
Special education:				
Salaries	8,837,012	6,718,999	6,684,612	34,387
Benefits	2,953,936	2,434,765	2,166,492	268,273
Total special education	11,790,948	9,153,764	8,851,104	302,660
Proportionate share services:				
Salaries	50,000	21,715	15,121	6,594
Benefits	92,118	3,001	1,317	1,684
Total proportionate share services	142,118	24,716	16,438	8,278
Supplemental instruction:				
Salaries	8,268,877	7,980,490	3,291,584	4,688,906
Benefits	2,989,364	2,949,746	998,766	1,950,980
Total supplemental instruction	11,258,241	10,930,236	4,290,350	6,639,886

(Continued)

KANSAS CITY PUBLIC SCHOOLS

Schedule of Budgetary Comparison—Teachers’ Fund (a sub-fund of the General fund)
Year ended June 30, 2020

	Original budget	Final budget	Actual	Variance with Final Budget
Bilingual				
Salaries	\$ —	—	4,431,230	(4,431,230)
Benefits	—	—	1,483,065	(1,483,065)
Total bilingual	—	—	5,914,295	(5,914,295)
Early childhood special education:				
Salaries	1,412,139	910,559	667,754	242,805
Benefits	330,861	255,875	212,470	43,405
Total early childhood special education	1,743,000	1,166,434	880,224	286,210
Business education:				
Salaries	175,271	136,171	126,185	9,986
Benefits	62,790	54,050	44,608	9,442
Total business education	238,061	190,221	170,793	19,428
Family and consumer science:				
Salaries	209,732	186,036	186,432	(396)
Benefits	75,102	69,805	64,403	5,402
Total family and consumer science	284,834	255,841	250,835	5,006
Health science:				
Salaries	113,955	118,679	119,075	(396)
Benefits	44,287	45,342	39,686	5,656
Total health science	158,242	164,021	158,761	5,260
Other career education:				
Salaries	1,246,691	1,109,601	966,414	143,187
Benefits	486,189	434,927	319,094	115,833
Total other career education	1,732,880	1,544,528	1,285,508	259,020
Student activities:				
Salaries	776,504	762,679	867,620	(104,941)
Benefits	71,670	71,178	76,048	(4,870)
Total student activities	848,174	833,857	943,668	(109,811)
Adult education:				
Salaries	—	121,786	151,642	(29,856)
Benefits	—	45,685	50,875	(5,190)
Total adult education	—	167,471	202,517	(35,046)
Total instruction	86,057,902	82,430,435	79,300,097	3,130,338
Support services - pupils:				
System support for guidance services:				
Salaries	2,832,368	2,848,212	2,800,266	47,946
Benefits	1,056,853	1,060,270	946,764	113,506
Total system support for guidance services	3,889,221	3,908,482	3,747,030	161,452
Speech pathology and audiology services:				
Salaries	1,081,343	811,860	855,633	(43,773)
Benefits	401,634	294,359	274,938	19,421
Total speech pathology and audiology services	1,482,977	1,106,219	1,130,571	(24,352)
Occupational therapy:				
Salaries	—	280,000	58,246	221,754
Benefits	—	100,216	19,403	80,813
Total occupational therapy	—	380,216	77,649	302,567
Total support services - pupils	5,372,198	5,394,917	4,955,250	439,667

(Continued)

KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2020

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Support services - instructional staff:				
Instruction and curriculum development services:				
Salaries	\$ 2,770,898	3,279,605	3,214,388	65,217
Benefits	940,014	1,076,896	874,129	202,767
Total instruction and curriculum development	<u>3,710,912</u>	<u>4,356,501</u>	<u>4,088,517</u>	<u>267,984</u>
Educational media services area direction:				
Salaries	1,570,154	1,570,154	1,630,992	(60,838)
Benefits	560,437	560,437	524,349	36,088
Total educational media services area direction	<u>2,130,591</u>	<u>2,130,591</u>	<u>2,155,341</u>	<u>(24,750)</u>
Total support services - instructional staff	<u>5,841,503</u>	<u>6,487,092</u>	<u>6,243,858</u>	<u>243,234</u>
Planning, research, development, and evaluation services area direction:				
Salaries	—	12,000	125	11,875
Benefits	—	1,099	11	1,088
Total planning research and evaluation	<u>—</u>	<u>13,099</u>	<u>136</u>	<u>12,963</u>
Information services area direction				
Salaries	—	3,700	3,500	200
Benefits	—	342	303	39
Total information services	<u>—</u>	<u>4,042</u>	<u>3,803</u>	<u>239</u>
Human resource services':				
Salaries	—	64,000	34,000	30,000
Benefits	—	5,273	2,940	2,333
Total human resource services	<u>—</u>	<u>69,273</u>	<u>36,940</u>	<u>32,333</u>
Early childhood programs:				
Salaries	1,393,353	1,687,906	1,393,840	294,066
Benefits	501,415	652,336	448,225	204,111
Total early childhood programs	<u>1,894,768</u>	<u>2,340,242</u>	<u>1,842,065</u>	<u>498,177</u>
Total expenditures	<u>110,594,689</u>	<u>110,517,950</u>	<u>105,112,324</u>	<u>5,405,626</u>
Revenues under expenditures	<u>(105,972,679)</u>	<u>(107,239,165)</u>	<u>(98,015,384)</u>	<u>(9,223,781)</u>
Other financing sources:				
Transfers in	<u>105,972,679</u>	<u>107,239,165</u>	<u>98,015,384</u>	<u>(9,223,781)</u>
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.

CAPITAL ASSETS

KANSAS CITY PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds by Source

June 30, 2020

(with comparative totals for June 30, 2019)

	Total	
	2020	2019
Capital assets (gross):		
Land	\$ 28,753,189	31,252,501
Buildings	555,278,126	562,150,490
Improvements other than buildings	60,158,473	59,076,165
Impairment-closed buildings	9,900,582	9,900,582
Equipment, furniture, and vehicles	18,679,002	20,689,574
Software	392,690	—
Construction in progress	10,067	56,083
Total	\$ 673,172,129	683,125,395
Investment in capital assets by source:		
General fund	\$ 254,917	448,846
Capital projects	666,302,680	681,156,901
Special revenue	6,548,509	1,453,625
Trust and agency	13,127	13,127
Donations	52,896	52,896
Total	\$ 673,172,129	683,125,395

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, 2020

Classification		Beginning balance July 1, 2019	Adjustments	Additions	Retirements	Ending balance June 30, 2020
High schools	\$	287,329,804	(13,536)	2,765,061	(1,245,828)	288,835,501
Middle schools		104,723,721	(159,405)	1,491,733	(43,866)	106,012,183
Elementary schools		260,358,191	172,941	2,097,406	(1,295,022)	261,333,516
Administration		30,657,596	—	2,389,214	(16,065,948)	16,980,862
Construction in progress		56,083	—	10,067	(56,083)	10,067
Total	\$	<u>683,125,395</u>	<u>—</u>	<u>8,753,481</u>	<u>(18,706,747)</u>	<u>673,172,129</u>

KANSAS CITY PUBLIC SCHOOLS

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

June 30, 2020

Classification	Land	Buildings	Improvements other than buildings	Impaired assets	Equipment, furniture, vehicles	Software	Construction- in-progress	Total
High schools	\$ 9,994,919	236,261,458	34,144,484	2,689,519	5,745,121	—	—	288,835,501
Middle schools	4,320,628	98,063,773	2,684,443	—	943,339	—	—	106,012,183
Elementary schools	12,812,441	213,116,457	23,186,166	7,211,063	5,007,389	—	—	261,333,516
Administration	1,625,201	7,836,438	143,380	—	6,983,153	392,690	—	16,980,862
Construction-in-progress	—	—	—	—	—	—	10,067	10,067
Total	\$ 28,753,189	555,278,126	60,158,473	9,900,582	18,679,002	392,690	10,067	673,172,129

Kansas City Public Schools

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Expenditures
U.S. Department of Education:			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I	84.010A	S010A180025 & S010A190025	\$ 8,684,799
Title I - School Improvement 1003A	84.010A	S010A170025	2,580,971
Title ID - Prevention & Intervention	84.010A	S010A180025	52,381
Title IV, Part A	84.424A	S424A180026	463,387
Subtotal			11,781,538
Individuals with Disabilities Education Act (IDEA):			
Entitlement	84.027A	H027A170040 & H027A180040	4,501,763
Early Childhood Special Education (611)	84.027A	H027A180040	617,298
Subtotal			5,119,061
Early Childhood Special Education (619)	84.173A	H171A180103	155,437
Subtotal			5,274,498
Title III, English Language Learners	84.365	S365A180025	549,623
Title III, Language Instruction Immigrant SEE-TEL	84.365A 84.365Z	S365A180025	72,313 344
School Improvement Grant CADRE IV	84.377A	S377A140026	492,308
Title II, Part A	84.367A	S367A180024 & S367A190024	1,045,276
Carl D. Perkins Vocational Education Act (P.L. 98-524), Title I, Part C, Migrant Education	84.011A	S011A190025	39,101
Title II, Part C, Improvement and Expansion	84.048A	V048A180025	697,280
Total U.S. Department of Education			\$ 19,952,281
U.S. Department of Army:			
Direct program - ROTC Salary Grant	12.999	N/A	\$ 306,043

Kansas City Public Schools

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed through Missouri Department of Elementary and Secondary Education:			
Food Distribution (noncash)	10.555	N/A	787,330
National School Lunch Program	10.555	20198N109943 & 20209N109943	5,245,527
National School Breakfast Program	10.553	20198N109943 & 20209N109943	2,455,188
National School Snack Program	10.555	20198N109943 & 20209N109943	16,390
Subtotal			8,504,435
National School Fruit & Vegetable Program	10.582	20208L160343	34,322
Passed through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	ERS46111932	1,207,429
Summer Nutrition Program	10.559	ERS0461932S	1,283,231
Total U.S. Department of Agriculture			11,029,417
U.S. Department of Justice			
Passed through Missouri Department of Social Services			
Victims of Crime Act	16.575	2018-V2-GX-0035	392,637
U.S. Department of Labor			
Passed through Full Employment Council			
WIOA Youth Activities	17.259	AA-30771-18-60-a-29	88,298
U.S. Department of Health and Human Services:			
Passed through Missouri Department of Elementary and Secondary Education			
JAG TANF Grant	93.558	1701MDTANF S196A180026 & S196A190026	45,949
Homeless Children & Youth	84.196A	1901MORSOC	118,700
Refugee Children School Impact	93.566		190,132
Subtotal			354,781
Passed through Mid America Regional Council			
Early Head Start Expansion	93.600	07HP000084	327,487
Head Start	93.600	07CH7056	4,664,240
Total U.S. Department of Health and Human Services			5,346,508
Total expenditures of federal awards			\$ 37,115,184

See notes to schedule of expenditures of federal awards.
There were no amounts paid to subrecipients

KANSAS CITY PUBLIC SCHOOLS
Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kansas City Public Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when Kansas City Public Schools has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (food commodities) received during the year in the amount of \$787,330 related to the U.S. Department of Agriculture passed through the Missouri Department of Elementary and Secondary Education—CFDA No. 10.555.

Note 4. Subrecipients

There were no federal awards passed through to subrecipients for the year ended June 30, 2020.

Note 5. Indirect Cost Rate

The Kansas City Public Schools has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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)

Classification	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in capital assets	\$ 291,110	\$ 304,186	\$ 302,544	\$ 317,613	\$ 318,262	\$ 313,050	\$ 311,276	\$ 296,176	\$ 325,699	\$ 320,182
Restricted	16,538	16,873	29,536	12,281	14,847	15,479	16,781	25,587	24,503	25,484
Unrestricted	(112,967)	(121,386)	(93,944)	(42,264)	(25,324)	2,477	104,618	123,174	110,811	99,271
Total governmental activities, net of position	\$ 194,681	\$ 199,673	\$ 238,135	\$ 287,630	\$ 307,785	\$ 331,005	\$ 432,675	\$ 444,937	\$ 461,013	\$ 444,937
Business-type activities:										
Unrestricted	\$ 1,232	\$ 1,140	\$ 823	\$ 465	\$ 433	\$ 288	\$ 501	\$ 374	\$ 178	\$ 39
Total business-type activities, net of position	\$ 1,232	\$ 1,140	\$ 823	\$ 465	\$ —	\$ 288	\$ 501	\$ 374	\$ 178	\$ 39
Primary government:										
Net investment in capital assets	\$ 291,110	\$ 304,186	\$ 302,544	\$ 317,613	\$ 318,262	\$ 313,050	\$ 311,276	\$ 296,176	\$ 325,699	\$ 320,182
Restricted	16,538	16,873	29,536	12,281	14,847	15,479	16,781	25,587	24,503	25,484
Unrestricted	(111,735)	(120,245)	(93,121)	(41,799)	(24,891)	2,765	105,119	123,548	110,990	99,310
Total primary government, net of position	\$ 195,913	\$ 200,814	\$ 238,958	\$ 288,095	\$ 308,218	\$ 331,293	\$ 433,176	\$ 445,311	\$ 461,192	\$ 444,976

The District adopted GASB Statement Nos. 68 and 71 in 2015, which restated beginning net position of governmental activities.

The District adopted GASB Statement No. 75 in 2018, which restated beginning net position of governmental activities.

Prior years have not been restated.

Table 2

KANSAS CITY PUBLIC SCHOOLS

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Classification	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
Administration	\$ 31,188	\$ 17,561	\$ 16,195	\$ 16,035	\$ 17,416	\$ 16,326	\$ 16,710	\$ 11,521	\$ 13,150	\$ 20,646
Instruction	109,200	117,759	118,416	115,241	127,841	118,825	105,802	100,639	101,298	116,388
Support services	79,494	90,931	78,338	69,642	57,780	58,340	51,572	51,372	46,820	52,810
Operation of facilities	27,743	29,208	29,943	30,741	33,451	34,467	33,744	52,366	28,746	29,462
Pupil transportation	16,019	16,225	15,786	15,802	12,725	12,124	11,443	11,847	12,102	12,863
Facilities improvements and renovation	1,670	2,187	3,922	1,051	826	2,604	14,638	3,829	2,123	15,724
Community and adult services	10,063	11,053	12,125	12,222	12,353	10,347	8,951	8,706	9,194	11,748
Interest on long-term debt	3,941	4,228	4,491	5,749	3,332	2,597	2,809	2,989	3,716	2,044
Total governmental activities expenses	\$ 279,318	\$ 289,152	\$ 279,216	\$ 266,483	\$ 265,724	\$ 255,630	\$ 245,667	\$ 243,269	\$ 217,149	\$ 261,685
Business-type activities										
Community services	\$ 47	\$ 141	\$ 108	\$ 107	\$ 116	\$ 393	\$ 57	\$ 57	\$ 151	\$ 29
Total business-type activities expenses	47	141	108	107	116	393	57	57	151	29
Total primary government expenses	\$ 279,365	\$ 289,293	\$ 279,324	\$ 266,591	\$ 265,840	\$ 256,023	\$ 245,725	\$ 243,326	\$ 217,300	\$ 261,714
Program Revenues										
Governmental activities:										
Charges for services										
Administration	\$ —	\$ —	\$ —	\$ 9	\$ 3	\$ —	\$ —	\$ —	\$ 2	\$ —
Instruction	30	21	42	11	147	65	28	165	3	—
Support services	145	156	252	1,328	1,690	3,715	1,947	2,931	766	935
Operation of facilities	—	—	—	21	3	—	6	—	6	41
Pupil transportation	—	—	—	—	3	3	94	203	79	32
Community and adult services	163	257	245	112	151	47	291	—	—	2
Operating grants and contributions										
Administration	1,559	—	—	119	—	26	20	—	—	183
Instruction	32,244	26,423	28,743	30,901	29,015	36,633	33,449	32,774	30,402	45,623
Support services	10,704	12,822	12,219	12,895	13,572	11,863	11,694	10,476	9,440	16,901
Operation of facilities	471	14	132	2	—	2	—	—	—	—
Pupil transportation	2,605	2,931	2,634	2,117	2,708	2,668	2,354	2,405	2,910	3,057
Community and adult services	2,491	6,868	2,881	2,250	1,446	1,189	2,198	1,626	2,398	971
Capital grants and contributions										
Administration	676	—	—	—	—	—	—	—	—	10
Instruction	—	—	3	5	—	456	—	15	813	111
Support services	—	25	—	298	—	150	—	6	25	1
Operation of facilities	331	—	25	225	—	225	—	198	249	183
Community and adult services	—	—	—	—	—	5	—	—	—	—
Interest on long-term debt	1,344	1,483	1,614	1,739	1,743	2,043	1,893	2,136	1,956	—
Total governmental activities program revenue	52,763	51,000	48,789	52,031	50,481	58,864	53,975	52,935	49,049	68,050

Classification	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type activities:										
Charges for services	139	561	540	381	412	301	227	253	291	46
Total business-type activities program revenues	139	561	540	381	412	301	227	253	291	46
Total primary governmental program revenues	\$ 52,902	\$ 51,561	\$ 49,329	\$ 52,412	\$ 50,893	\$ 59,166	\$ 54,201	\$ 53,188	\$ 49,340	\$ 68,097
Net (expense)/revenue										
Governmental activities	\$ (226,552)	\$ (238,152)	\$ (230,427)	\$ (214,452)	\$ (215,243)	\$ (196,766)	\$ (191,693)	\$ (190,333)	\$ (168,100)	\$ (193,635)
Business-type activities	91	420	432	273	295	(92)	170	196	139	17
Total primary government net expense	\$ (226,461)	\$ (237,732)	\$ (229,995)	\$ (214,179)	\$ (214,947)	\$ (196,858)	\$ (191,523)	\$ (190,137)	\$ (167,961)	\$ (193,617)

General Revenues and Other Changes in Net Position

Governmental activities:										
Property taxes	\$ 189,407	\$ 160,455	\$ 165,714	\$ 158,869	\$ 146,959	\$ 144,992	\$ 141,515	\$ 136,844	\$ 138,277	\$ 146,191
Prop C Sales tax	17,490	18,105	17,761	17,798	17,616	15,149	15,579	15,061	15,128	15,831
Other local revenues	6,785	6,975	5,119	4,341	7,706	5,559	5,039	7,256	6,067	3,363
County governmental contributions	5,469	6,763	5,907	5,672	4,964	5,284	5,054	5,284	4,287	3,489
State aid-basic formula	—	2,848	5,018	6,626	12,365	12,274	8,529	10,148	18,970	20,150
Grants and entitlements not restricted to specific programs	—	1,462	146	7	743	705	409	427	441	561
Gain (loss) on sale of capital assets	—	—	(317)	—	—	545	659	—	—	—
Investment earnings	2,408	2,980	1,884	743	1,519	1,499	2,604	(763)	1,007	906
Extraordinary item	—	—	—	—	—	—	—	—	—	161
Transfers	—	102	74	242	150	120	43	—	—	—
Total governmental activities	221,559	199,690	201,306	194,298	192,023	186,127	179,431	174,257	184,177	190,652
Business-type activities:										
Investment earnings	—	—	—	—	—	—	—	—	—	2
Transfers	—	(102)	(74)	(242)	(150)	(120)	(43)	—	—	(161)
Total business-type activities	—	(102)	(74)	(242)	(150)	(120)	(43)	—	—	(159)
Total primary government	\$ 221,559	\$ 199,588	\$ 201,232	\$ 194,056	\$ 191,872	\$ 186,007	\$ 179,388	\$ 174,257	\$ 184,176	\$ 190,493

Change in Net Position

Governmental activities	\$ (4,993)	\$ (38,462)	\$ (29,121)	\$ (20,154)	\$ (23,220)	\$ (10,639)	\$ (12,262)	\$ (16,076)	\$ 16,076	\$ (2,983)
Business-type activities	91	318	358	31	145	(212)	127	196	139	(141)
Total primary government	\$ (4,902)	\$ (38,144)	\$ (28,763)	\$ (20,123)	\$ (23,075)	\$ (10,851)	\$ (12,135)	\$ (15,880)	\$ 16,215	\$ (3,125)

Table 3

KANSAS CITY PUBLIC SCHOOLS

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(Amounts expressed in thousands)

Classification	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 189	\$ 146	\$ 1,193	\$ 5	\$ 5	\$ 82	\$ 1,223	\$ —	\$ —	\$ —
Restricted	284	285	284	281	280	280	3,027	301	837	289
Assigned	5,928	3,671	3,961	3,294	2,726	751	3,997	479	1,467	897
Unassigned	56,175	49,400	53,189	55,929	54,023	56,675	64,965	64,782	61,504	51,236
Total general fund	<u>\$ 62,576</u>	<u>\$ 53,502</u>	<u>\$ 58,627</u>	<u>\$ 59,509</u>	<u>\$ 57,035</u>	<u>\$ 57,788</u>	<u>\$ 73,212</u>	<u>\$ 65,562</u>	<u>\$ 63,808</u>	<u>\$ 52,422</u>
All other governmental funds										
Nonspendable	\$ 439	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 2,074	\$ 2,619	\$ 2,567
Restricted	16,219	16,553	29,217	16,501	17,888	18,065	16,348	28,802	45,336	56,904
Committed	1,755	3,202	193	4,411	3,847	4,811	19,373	31,770	45,742	34,655
Assigned	21,268	22,209	23,724	45,055	12,400	22,153	6,203	17,544	3,785	7,904
Unassigned	—	—	—	—	—	—	—	-	(759)	—
Total all other governmental funds	<u>\$ 39,681</u>	<u>\$ 41,999</u>	<u>\$ 53,169</u>	<u>\$ 66,002</u>	<u>\$ 34,170</u>	<u>\$ 45,064</u>	<u>\$ 41,959</u>	<u>\$ 80,190</u>	<u>\$ 96,723</u>	<u>\$ 102,029</u>

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)

Table 4

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property taxes	\$ 179,206	\$ 165,281	\$ 166,781	\$ 156,704	\$ 144,378	\$ 144,075	\$ 139,195	\$ 142,138	\$ 138,391	\$ 147,293
Prop C Sales tax	17,490	18,105	17,761	17,798	17,616	15,149	15,579	15,061	15,128	15,831
Other local revenues	13,882	13,348	9,748	9,706	11,600	9,519	11,055	8,702	8,647	5,581
County governmental contributions	5,469	6,763	5,907	5,672	4,964	5,284	5,054	5,284	4,287	3,489
State aid-basic formula	—	2,848	5,018	6,626	12,365	12,274	8,529	10,148	18,225	20,150
Other state	6,951	7,508	8,709	7,125	7,560	8,473	5,790	6,009	8,981	6,981
Federal	39,004	36,228	34,521	42,634	44,423	43,767	48,576	38,782	39,441	60,751
Tuition	194	278	266	168	416	362	5	283	25	10
Total revenues	262,196	250,359	248,710	246,432	243,321	238,902	233,783	226,407	233,126	260,086
Expenditures										
Administration	33,876	18,011	15,761	17,334	15,446	17,227	15,659	15,526	14,359	16,012
Instruction	104,236	104,938	105,594	103,335	109,321	108,092	95,329	91,352	92,571	105,754
Support services	50,112	58,335	55,640	57,848	53,852	51,717	54,967	51,560	45,983	54,740
Operation of facilities	29,477	29,173	30,603	31,921	32,170	34,487	34,296	29,478	27,624	29,569
Pupil transportation	16,040	16,225	15,786	15,802	12,725	12,124	11,443	11,847	12,102	12,863
Community and adult services	10,889	11,050	12,134	12,367	11,445	10,338	8,943	8,697	9,198	11,732
Facilities improvements and renovations	8,004	19,883	18,538	30,330	29,502	13,292	36,447	22,764	12,351	6,241
Debt service										
Principal	5,066	3,749	4,720	5,173	3,601	2,009	5,750	7,555	9,770	10,875
Interest	3,954	5,392	4,504	5,303	3,336	2,600	2,928	3,287	3,773	3,755
Total expenditures	261,654	266,756	263,280	279,413	271,397	251,886	265,763	242,066	227,730	251,541
Excess of revenues under expenditures	542	(16,397)	(14,570)	(32,980)	(28,076)	(12,984)	(31,980)	(15,659)	5,396	8,545
Other financing sources (uses)										
Transfers in	4,340	13,706	14,883	9,748	6,339	13,948	18,779	19,300	21,691	25,348
Transfers out	(4,340)	(13,604)	(14,809)	(9,506)	(6,189)	(13,828)	(18,736)	(19,300)	(21,691)	(25,188)
Issuance of long term debt	—	—	—	51,035	—	—	—	—	—	16,274
Premium on long-term debt	—	—	—	2,317	—	—	—	—	—	—
Capital Leases/lease purchase agreement	—	—	—	11,640	16,147	—	—	—	—	—
Unrealized proceeds - surplus assets	—	—	—	—	—	—	—	—	620	—
Unrealized loss on surplus assets	—	—	—	—	(300)	—	—	(920)	(904)	—
Sales of capital assets	6,214	—	781	2,053	431	545	1,356	1,798	968	—
Total other financing sources (uses)	6,214	102	855	67,287	16,428	666	1,399	878	684	16,435
Net change in fund balances	\$ 6,756	\$ (16,295)	\$ (13,715)	\$ 34,307	\$ (11,648)	\$ (12,318)	\$ (30,581)	\$ (14,781)	\$ 6,080	\$ 24,979
Debt service as a percentage of noncapital expenditures	3.6%	3.7%	4.3%	4.3%	2.9%	1.9%	3.8%	5.0%	6.3%	6.2%

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
	Value	Actual value	Value	Actual value	Value	Actual value	total assessed Actual value
2019	\$ 3,306,429,268	\$ 14,046,258,749	\$ 696,129,210	\$ 2,088,596,490	4,002,558,478	16,134,855,239	25 %
2018	2,459,975,479	10,673,756,937	717,661,888	2,153,200,984	3,177,637,367	12,826,957,921	25
2017	2,478,583,172	10,666,103,205	706,641,826	2,120,137,492	3,185,224,998	12,786,240,697	25
2016	2,206,661,482	9,638,832,171	692,101,904	2,076,513,363	2,898,763,386	11,715,345,534	25
2015	2,177,107,405	9,504,761,520	673,218,103	2,019,856,295	2,850,325,508	11,524,617,815	25
2014	2,097,556,838	9,145,085,488	637,913,712	1,913,932,529	2,735,470,550	11,059,018,017	25
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

- (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

<u>Fiscal year ended</u>	<u>City of Kansas City</u>	<u>State of Missouri</u>	<u>Jackson County</u>	<u>Metropolitan Community Colleges</u>	<u>Kansas City, Missouri Public Library</u>	<u>School District</u>	<u>Total (2)</u>
2019	\$ 1.5960	\$ 0.03	\$ 0.611	\$ 0.2047	\$ 0.5644	\$ 4.9599	\$ 7.97
2018	1.6783	0.03	0.701	0.2305	0.5065	4.9599	8.11
2018	1.6006	0.03	0.485	0.2297	0.4676	4.9599	7.77
2017	1.5906	0.03	0.503	0.2339	0.4940	4.9599	7.81
2016	1.5806	0.03	0.496	0.2343	0.4933	4.9500	7.78
2015	1.5997	0.03	0.514	0.2374	0.5000	4.9500	7.83
2014	1.5932	0.03	0.053	0.2329	0.5000	4.9500	7.36
2013	1.5679	0.03	0.543	0.2329	0.5000	4.9500	7.82
2012	1.5294	0.03	0.543	0.2329	0.5000	4.9500	7.79
2011	1.5294	0.03	0.543	0.2329	0.5000	4.9500	7.79
2010	1.4678	0.03	0.543	0.2266	0.4991	4.9500	7.72

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

(2) The total is presented only as an indicator of the change in property tax rates.

Table 7

KANSAS CITY PUBLIC SCHOOLS

Principal Property Taxpayers

June 30, 2020

Taxpayers	Type of Business	Tax Year 2019			Tax Year 2010		
		Assessed value(1)	Rank	Percentage of total assessed value	Assessed value(1)	Rank	Percentage of total assessed value
Hallmark Crown	Greeting cards, hotel and retail sales	108,363,020	1	3.41%	71,759,464	1	2.57%
Country Club Plaza JV LLC	Real estate investment	83,363,125	2	2.62			
Kansas City Power & Light	Utilities	58,954,245	3	1.86	42,064,938	2	1.51
Southern Union Company	Transportation	38,718,823	4	1.22	16,370,833	6	0.59
Federal Reserve Bank of KC	Banking	31,084,308	5	0.98			
Google Fiber Missouri LLC	Communications	30,874,324	6	0.97			
Town Pavilion Holdings LLC	Retail shopping center	26,886,324	7	0.85			
AT & T Services Corp	Communications	19,814,557	8	0.62	36,075,733	4	1.29
CIP 18 LC Grand Blvd Owner LLC	Communications	17,484,064	9	0.55			
Southwestern Bell	Communications	13,390,863	10	0.42			
Twentieth Century Realty Inc	Real estate	13,454,144			14,491,077	7	0.52
1200 Chiefs Owner LLC	Commercial & industrial building operation	12,800,000					
JC Nichols & Highwoods Realty	Real estate investment				29,482,856	3	1.06
FSP Grand Blvd	Real estate				16,848,320	5	0.60
DST, Inc.	Investment, securities, finance						
Gateway Harrison Inc	Communications				14,664,832	8	0.53
Bayer	Agricultural research and mfg				24,693,932	9	0.88
American Century Realty Inc	Investment, securities, finance				12,401,137	10	0.44
		<u>\$ 455,187,797</u>		<u>14.32%</u>	<u>278,853,122</u>		<u>9.99%</u>

Note: Total assessed value for 2019 was \$4,002,558,478 and 2010 was \$2,785,114,682

(1) Based on calendar year ended December 31, 2019 and December 31, 2010.

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
2019	\$ 190,290,846	166,860,615	87.7%	\$ 7,492,300	\$ 174,352,915	91.6%	\$ 15,131,323	8%
2018	151,811,701	147,632,343	97.2%	8,720,622	156,352,965	103.0%	11,435,855	8%
2017	152,478,548	145,810,859	95.6%	9,439,450	155,250,309	101.8%	16,341,716	11%
2016	141,314,785	130,897,819	92.6%	11,152,184	142,050,003	100.5%	16,608,841	12%
2015	138,687,992	123,114,788	88.8%	7,158,783	130,273,571	93.9%	15,573,204	11%
2014	135,405,792	130,008,627	96.0%	11,587,460	141,596,087	104.6%	5,397,165	4%
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%

(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 and personal property, 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		Leasehold Revenue Bonds	Lease Purchase Agreement	Certificates of Participation	Total Primary Government
2020	\$	20,360,000	20,041,304	47,110,000	87,511,304
2019		22,980,000	21,687,626	47,910,000	92,577,626
2018		25,455,000	23,277,565	48,740,000	97,472,565
2017		27,805,000	24,813,052	49,575,000	102,193,052
2016		30,035,000	14,655,924	—	44,690,924
2015		32,125,000	—	—	32,125,000
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

Table 10

KANSAS CITY PUBLIC SCHOOLS

Computation of Overlapping Debt

June 30, 2020

<u>Jurisdiction</u>	<u>General obligation bonds outstanding (2)</u>	<u>Percentage applicable to District (1)</u>	<u>Amount applicable to District</u>
City of Kansas City, Missouri	\$ 368,875,000	100%	\$ 368,875,000

(1) Source: District boundaries are within the city limits of Kansas City, Missouri

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

Table 11

KANSAS CITY PUBLIC SCHOOLS

Computation of Legal Debt Margin

June 30, 2020

Total assessed value, tax levy year 2019 (1)	\$	4,002,558,478
Legal debt margin—15% of assessed value (2)		600,383,772

(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, 2020.

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	
2020	193,837	14,384	7.42	%	12,972	90.2	%
2019	193,837	14,096	7.27		12,535	88.9	
2018	193,837	14,124	7.29		12,904	91.4	
2017	193,837	14,161	7.31		13,224	93.4	
2016	193,837	14,662	7.56		13,273	90.5	
2015	193,837	14,312	7.38		12,942	90.4	
2014	193,837	14,192	7.32		12,833	90.4	
2013	193,837	15,708	8.10		13,317	84.8	
2012	193,837	15,403	7.95		13,732	89.2	
2011	193,837	15,854	6.62		13,890	87.6	

Source: Estimated District population is based on the 2010 census.

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)
2020	\$ 16,134,855,239	\$ 201.4	\$ 110.2
2019	12,826,957,921	120.9	143.8
2018	12,786,240,696	54.5	78.3
2017	11,715,345,535	38.8	112.9
2016	11,527,617,815	26.5	46.5
2015	11,059,018,018	34.9	26.4
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

(1) See Table 5.

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
2020	13,338	13,704	15,664	14,069	1,072
2019	13,358	13,985	15,045	13,985	1,099
2018	13,969	14,614	13,763	14,124	1,162
2017	14,210	14,871	13,744	14,161	1,104
2016	14,527	15,190	15,280	14,662	992
2015	14,028	15,114	13,305	14,312	1,030
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

(1) Current expenditures as defined by the State of Missouri Department of Elementary and Secondary Education.

(2) Average daily attendance and Eligible pupil counts include K-12 students.