

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2011

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BOARD OF EDUCATION

Mr. Spencer Fields, President

Mrs. Melissa J. Roberts, Vice President

Mr. Terry Ward, Treasurer

Mrs. Tammy Henderson, Member

Mr. Joe Jacobs, Member

Mr. Terry Stone, Member

Mrs. Dixie Youngers, Member

Mrs. Becky Shaul, Board Secretary

ADMINISTRATIVE LEADERSHIP TEAM

Dr. Todd White
Superintendent of Schools

Mr. Paul G. Harrell, CPA
Chief Financial Officer

Dr. Dan Clemens
Asst. Superintendent - Administrative Services

Dr. Paul Fregeau
Asst. Superintendent - Student Services

Mrs. Tammy Stone
Chief Communications Officer

INDEPENDENT AUDITOR'S REPORT

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Kansas City School District No. 74 (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and each major fund of the School District as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 4 through 12 and 43 through 49 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.

Board of Educations
North Kansas City School District No. 74
Kansas City, Missouri

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 30, 2011

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

The discussion and analysis of North Kansas City School District No. 74's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

1. Total net assets increased by \$8.9 million as a result of lower liabilities and increased operating fund balance. The operating fund balance increased by \$7.3 million in anticipation of possible state revenue withholdings during unstable economic times.
2. Long term liabilities continue to decrease as bond issue debt is paid.
3. General revenues accounted for \$181.6 million in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$35.3 million or 16 percent of total revenues of \$216.9 million.
4. As reflected on the Statement of Activities the District had \$207.9 million in expenses; only \$35.3 million of these expenses were offset by program specific charges for services, grants or contribution. General revenues (primarily taxes) of \$181.6 million were adequate to provide for these programs.
5. Among major funds, the General Fund had \$81.1 million in revenues and \$75 million in expenditures. The General Fund's balance increased \$5.7 million, which was the product of spending containment strategies enacted during the year in response to possible funding reductions from the State of Missouri. Accumulating fund balance was also a strategic decision to prepare for possible future funding reductions.

Using the Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the North Kansas City School District No. 74 as a whole and present a longer-term view of the District's finances. The Fund Financial Statements provide detail about the District's four required funds; the General Fund, the Special (Teacher's) Fund, the Debt Service Fund and the Capital Fund. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual accounting basis takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds and are prepared on the modified accrual basis of accounting. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

TABLE 1 Statement of Net Assets

ASSETS	FYE 6/30/11	FYE 6/30/10
Current Assets	\$ 112,135,689	\$ 108,748,653
Capital Assets – Net	278,852,786	282,180,962
Noncurrent Assets	2,232,528	2,246,201
	<u>\$ 393,221,003</u>	<u>\$ 393,175,816</u>
LIABILITIES		
Long-Term Liabilities	\$ 225,606,048	\$ 234,770,281
Other Liabilities	33,260,952	32,958,745
	<u>\$ 258,867,000</u>	<u>\$ 267,729,026</u>
NET ASSETS		
Invested in Capital Assets, Net of Debt	\$ 60,672,202	\$ 57,303,895
Restricted for Debt Svc	23,613,100	22,322,517
Unrestricted	50,068,701	45,820,378
Total Net Assets	<u>\$ 134,354,003</u>	<u>\$ 125,446,790</u>
Total Liabilities and Net Assets	<u>\$ 393,221,003</u>	<u>\$ 393,175,816</u>

Total assets for governmental activities remained at \$393 million. Current assets increased by \$3 million as the district prepared for possible state revenue withholdings. Net capital assets decreased by \$3.4 million as depreciation exceeds capital asset additions.

Long term liabilities decreased by \$9.1 million as bond debt is paid.

Total net assets increased by \$8.9 million as the operating fund balance increased. The operating fund balance increased by \$7.3 million in anticipation of unstable economic times.

Unrestricted net assets total \$50.1 million and consist of the following: \$.8 million inventory reserve and the balance of \$49.3 million that can be used to finance day-to-day activities, without constraints established by grants or legal requirements of the School District.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

TABLE 2 Change in Net Assets

PROGRAM REVENUES	<u>FYE 6/30/11</u>	<u>FYE 6/30/10</u>
Charges for Services	\$ 10,361,969	\$ 10,321,736
Operation & Capital Grants and Contributions	24,936,252	27,828,603
Total of Charges, Operating Grant and Contributions	<u>\$ 35,298,221</u>	<u>\$ 38,150,339</u>
General Revenues:		
Property Taxes	\$ 112,627,534	\$ 117,387,234
Non-restricted Intergovernmental	65,177,031	61,536,542
Interest and Investment Earnings	2,281,410	2,411,940
Other Miscellaneous Local	1,413,161	907,915
Sale/Retirement of Assets	53,893	29,050
	<u>\$ 181,553,029</u>	<u>\$ 182,272,681</u>
 Total Revenues	 <u>\$ 216,851,250</u>	 <u>\$ 220,423,020</u>
 PROGRAM EXPENSES		
Instruction	\$ 111,240,079	\$ 119,342,737
Student Services	7,044,604	7,822,543
Instructional Staff Support	14,663,701	13,079,489
Board/Executive Administration	891,178	724,728
Building Administration	10,747,539	11,129,013
General Administration/Central Services	7,150,618	6,157,272
Operation of Plant	18,860,362	19,656,308
Transportation	9,243,531	8,783,054
Food Service	8,558,101	8,217,605
Community Services	4,306,177	5,300,725
Facility Acquisition and Construction	3,833,124	1,153,523
Interest and Fiscal Charges	11,405,023	11,563,343
Total Expenses	<u>\$ 207,944,037</u>	<u>\$ 212,930,340</u>
 INCREASE IN NET ASSETS	 <u>\$ 8,907,213</u>	 <u>\$ 7,492,680</u>

Governmental Activities

Revenue for the District's governmental activities decreased by 1.6 percent or \$3.6 million largely due to the federal funds revenue decreasing in fiscal year 2011. The property tax revenue also decreased due to lower assessed valuation.

Regarding Program Expenses, classroom instruction comprises 53 percent of district expenses. The total program expenses decreased \$5 million in 2011 over the prior year as ARRA funds decreased and belt tightening of local funds expenses. Construction projects to add additional classrooms to relieve overcrowding were started using capital project funds.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

Governmental Activities (continued)

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

TABLE 3 Net Cost of Government Activities

	FYE 6/30/11	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 111,240,079	\$ (95,227,953)
Student Services	7,044,604	(7,044,604)
Instructional Staff Support	14,663,701	(11,489,402)
Board/Executive Adm	891,178	(891,178)
Building Administration	10,747,539	(10,747,539)
General Admin & Central Services	7,150,618	(7,150,618)
Operation of Plant	18,860,362	(18,860,362)
Transportation	9,243,531	(6,881,216)
Food Service	8,558,101	808,156
Community Services	4,306,177	77,047
Facility Acquisition and Construction	3,833,124	(3,833,124)
Interest and Fiscal Charges	11,405,023	(11,405,023)
Total Expenses	<u>\$ 207,944,037</u>	<u>\$ (172,645,816)</u>

	FYE 6/30/10	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 119,342,737	\$ (98,081,236)
Student Services	7,822,543	(7,822,543)
Instructional Staff Support	13,079,489	(12,967,785)
Board/Executive Adm	724,728	(724,728)
Building Administration	11,129,013	(11,129,013)
General Admin & Central Services	6,157,272	(6,157,272)
Operation of Plant	19,656,308	(19,656,308)
Transportation	8,783,054	(5,123,167)
Food Service	8,217,605	639,265
Community Services	5,300,725	(1,040,348)
Facility Acquisition and Construction	1,153,523	(1,153,523)
Interest and Fiscal Charges	11,563,343	(11,563,343)
Total Expenses	<u>\$ 212,930,340</u>	<u>\$ (174,780,001)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

Governmental Activities (continued)

Student Services include guidance and counseling, health services, as well as the cost of student attendance reporting.

Instructional Staff Support includes the activities involved with assisting staff with the content and process of teaching to pupils.

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

General Administration and Central Services includes expenses associated with administrative and financial supervision of the district. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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

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

Community Services includes expense related to parents as teachers, adult literacy education, adult continuing education and school age childcare program.

Facility Acquisition and Construction includes remodeling buildings; the construction of buildings and additions to buildings; initial installation and extensions of service systems and other built-in equipment; acquisition of land and buildings and improvements to sites.

Interest and Fiscal Charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Over 86 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 83 percent. The local community, as a whole, is the primary support for the North Kansas City School District No. 74.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$216.8 million and expenditures of \$228.7 million. The net change in fund balance for the year in the General Fund was an increase of \$5.7 million and \$1.6 million in the Special Revenue (Teachers) Fund. The unrestricted Operating Fund balance was \$45.7 million at year-end and was 24.83 percent of total expenditures of the General Fund plus the Special Revenue (Teachers) Fund.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

School District Funds (continued)

This fund balance would exclusively sustain the district for approximately 64 days of operations. The School District implemented GASB 54 as required. See Note 1 to the financial statements for details. The Operating Fund balance consisted of \$1.4 million nonspendable, leaving \$44.3 Operating Fund balance unassigned and restricted.

General Fund Budgeting Highlights

The School District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified accrual basis recognizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund, followed by the Special Revenue Teachers Fund.

The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

During the fiscal year 2011, the School District amended its General Fund budget to reflect \$80.4 million for revenue and \$76.8 million for expenditures. Local revenue came in \$0.8 million over budget. With prudent spending the actual expenditures were \$1.8 million below the final budget.

Special Revenue Teachers Fund Budgeting Highlights

During the fiscal year 2011, the School District amended its Special Revenue Fund budget to reflect \$110.4 million for revenue and \$110.5 million for expenditures. However, the actual expenditures were \$1.6 million below the final budget. This conservative spending resulted in an approximate \$2.1 fund balance. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Capital Assets

At the end of the fiscal year 2011, the School District had \$356.6 million invested in land, buildings, furniture and equipment, and vehicles. Accumulated depreciation was reported at \$77.7 million an increase of \$6.3 million over FY 2010. The net investment in Capital Assets at year-end was \$278.9 million.

TABLE 4

<u>Capital Assets (Net of Depreciation)</u>	<u>FYE 6/30/11</u>	<u>FYE 6/30/10</u>
Land	\$ 5,385,451	\$ 5,385,451
Construction in Progress	3,378,606	1,920,617
Capitalized Interest on Construction in Progress	45,249	16,005
Buildings and Improvements	249,860,233	252,433,095
Furniture and Equipment	20,183,247	22,425,794
Totals	<u>\$ 278,852,786</u>	<u>\$ 282,180,962</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

Capital Assets (continued)

Total Capital Assets decreased by \$3.3 million as depreciation expense exceeds the additions. Construction in Progress reflects the additional classrooms being added to existing buildings to alleviate overcrowding.

Debt Administration

At June 30, 2011, the School District had \$225.5 million in general obligation bonds, due in varying interest rate charges through 2028.

TABLE 5

<u>Outstanding Debt at</u>	<u>FYE 6/30/11</u>	<u>FYE 6/30/10</u>
1997 General Obligation Bonds	\$	\$ 0
2001 General Obligation Bonds		14,035,000
2002 General Obligation Bonds	1,850,000	2,645,000
2003 General Obligation Bonds	4,490,000	5,500,000
2003A General Obligation Bonds	15,005,000	16,040,000
2004 General Obligation Bonds	11,935,000	13,105,000
2005 General Obligation Bonds	52,725,000	54,090,000
2006 General Obligation Bonds	63,325,000	66,425,000
2007 General Obligation Bonds	52,655,000	54,275,000
2008 General Obligation Bonds	8,700,000	8,700,000
2010 General Obligation Bonds	14,795,000	
Total	<u>\$ 225,480,000</u>	<u>\$ 234,815,000</u>

Missouri statute allows school districts to incur debt up to an amount equal to 15% of the most current assessed valuation. At June 30, 2011, the School District's overall legal debt margin was \$290.1 million, of which \$225.5 has been issued, offset by debt service fund balance of \$23.6 leaving the un-voted debt margin at \$88.2 million.

The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 45 Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) commencing with the fiscal year ending June 30, 2008. The District is required to provide a systematic, accrual-basis measurement of an annual OPEB Cost. In 2011 the Annual required contribution was \$1,506,100, offset by \$1,114,000 contributions (excess premiums) which resulted in a \$392,100 obligation for current year and a cumulative Net OPEB obligation of \$1,402,900 at June 30, 2011. See Notes to Financial Statements for additional details.

Current Financial Issues and Concerns

The School District is proud of the community support for our public schools. As the preceding information shows, the District continues to provide quality educational programming while at the same time is able to make necessary improvements to our facilities. Facility upgrades are needed for a growing student enrollment and overall general repair.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

Current Financial Issues and Concerns (continued)

The North Kansas City School District No. 74 is financially stable, however, we must be continually aware of the downturn in the National and State economy. As our Nation continues to recover from a recession, the school district continues to experience a decline in local property values and corresponding tax revenues. Our 2011 local assessed property valuation has fallen below the values reported by the Clay County Assessor's office in 2004. As far as our overall financial position, an offset to the loss of local property tax revenue has been increased revenue received from State revenues sources. In 2005, the State of Missouri adopted a new method of distributing state funds to local school districts from which our district has benefited. This new state foundation formula is known as SB 287 and is being implemented by the state over a seven year period.

These types of scenarios require management to plan carefully and prudently to provide the resources to meet student and staff needs over the next several years.

NKCSD received \$5.5 million in FY 11 from the State of Missouri from the federal source Job Funds and ARRA funds. These funds allowed the State of Missouri to avoid extreme expenditure reductions for FY 10 and FY 11. The District spent the carryover from FY 10 of the Title I ARRA and IDEA ARRA which totaled approximately \$1.8 million. We are appreciative of the funding and realize these were one-time revenue sources to the district.

In conclusion, the North Kansas City School District No. 74 has committed itself to financial excellence for many years as demonstrated by our strong year-end financial performance. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Paul Harrell, Chief Financial Officer, at the North Kansas City School District, 2000 NE 46th Street, Kansas City, Missouri, 64116, phone number 816-413-5000.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash & Cash Equivalents	\$ 86,985,455
Investments	11,078,371
Cash with Fiscal Agents	7,871,215
Taxes Receivable (Net)	622,387
Due from Other Government Units	3,016,251
Other Receivables	456,844
Inventory	914,600
Prepaid Expenses	<u>1,190,566</u>
Total Current Assets	112,135,689
Non-Current Assets:	
Non-depreciable Capital Assets:	
Land	5,385,451
Construction in Progress	3,378,606
Capitalized Interest on Construction in Progress	<u>45,249</u>
Total Non-depreciable Capital Assets	8,809,306
Depreciable Capital Assets:	
Buildings and Improvements	300,812,356
Furniture and Equipment	46,956,982
Less: Accumulated Depreciation	<u>(77,725,858)</u>
Total Capital Assets	270,043,480
Deferred Charge - Bond Issuance Cost (Net)	<u>2,232,528</u>
Total Non-current Assets	<u>281,085,314</u>
TOTAL ASSETS	<u><u>\$393,221,003</u></u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2011

	<u>Governmental Activities</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Accounts Payable	\$ 1,288,002
Accrued Wages	9,981,623
Payroll Withholding	5,251,000
Accrued Benefits	3,269,800
Accrued Interest	3,519,329
Deferred Revenues	16,198
Current Portion of Long-term Debt:	
General Obligation Bonds	9,120,000
Bond Premium	<u>815,000</u>
Total Current Liabilities	33,260,952
Non-current Liabilities:	
Non-current Portion of Long-term Debt	216,360,000
Non-current Portion of Bond Premium	<u>9,246,048</u>
Total Non-current Liabilities	<u>225,606,048</u>
Total Liabilities	258,867,000
Net Assets:	
Invested in Capital Assets, Net of Related Debt	60,672,202
Restricted for:	
Debt Service	23,613,100
Unrestricted	<u>50,068,701</u>
Total Net Assets	<u>134,354,003</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$393,221,003</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

STATEMENT OF ACTIVITIES

June 30, 2011

		Program Revenues			Net Revenue and Changes in Net Assets
	Expenses	Charges for Services & Sales	Operating Grants & Contribution	Capital Grants & Contributions	Government Activities
Governmental Activities:					
Instruction	\$111,240,079	\$ 2,433,667	\$13,433,647	\$144,812	\$ (95,227,953)
Student Services	7,044,604	0	0	0	(7,044,604)
Instructional Staff Support	14,663,701	0	3,071,316	102,983	(11,489,402)
Board/Executive Admin	891,178	0	0	0	(891,178)
Building Administration	10,747,539	0	0	0	(10,747,539)
General Admin/Central Svcs.	7,150,618	0	0	0	(7,150,618)
Operation of Plant	18,860,362	0	0	0	(18,860,362)
Transportation	9,243,531	459,066	1,903,249	0	(6,881,216)
Food Services	8,558,101	4,467,892	4,898,365	0	808,156
Community Services	4,306,177	3,001,344	1,374,270	7,610	77,047
Facilities	3,833,124	0	0	0	(3,833,124)
Interest & Charges	11,405,023	0	0	0	(11,405,023)
	<u>\$207,944,037</u>	<u>\$10,361,969</u>	<u>\$24,680,847</u>	<u>\$255,405</u>	<u>(172,645,816)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					47,802,504
Property taxes, levied for instruction					42,834,504
Property taxes, levied for debt services					19,504,836
Property taxes, levied for capital projects					2,485,690
Non-restricted Intergovernmental Revenues:					
Proposition C - Sales Tax					14,703,834
Financial Institution Tax, in lieu of tax/M&M surtax					8,039,764
State Assessed Railroad & Utility					2,465,226
County - fines					453,441
Basic formula					32,091,138
Classroom trust					7,423,628
Interest & Investment Earnings					2,281,410
Miscellaneous					1,413,161
Subtotal - General Revenues					<u>181,499,136</u>
Excess (deficiency) of revenues over expenses before special items					8,853,320
Special Items:					
Sale of Capital Assets-Net					<u>53,893</u>
Changes in Net Assets					8,907,213
NET ASSETS - BEGINNING OF YEAR					<u>125,446,790</u>
NET ASSETS - END OF YEAR					<u>\$134,354,003</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2011

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Totals
<u>ASSETS</u>					
Cash & Cash Equivalents	\$37,407,548	\$7,982,812	\$15,634,100	\$25,960,995	\$ 86,985,455
Investments	11,048,501	3,662	0	26,208	11,078,371
Cash with Fiscal Agent	0	0	7,871,215	0	7,871,215
Accounts Receivable:					
Taxes	264,160	236,706	107,785	13,736	622,387
Local	188,844	0	0	0	188,844
State	984,191	30,364	0	0	1,014,555
Federal	415,181	1,510,918	0	75,597	2,001,696
Inventories	765,536	0	0	0	765,536
Prepaid Expenses	<u>612,716</u>	<u>33,333</u>	<u>0</u>	<u>67,077</u>	<u>713,126</u>
TOTAL ASSETS	<u>\$51,686,677</u>	<u>\$9,797,795</u>	<u>\$23,613,100</u>	<u>\$26,143,613</u>	<u>\$111,241,185</u>
<u>LIABILITIES & FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 495,920	\$ 66,744	\$ 0	\$ 725,338	\$ 1,288,002
Accrued Wages	2,326,014	7,655,609	0	0	9,981,623
Payroll Withholding	5,251,000	0	0	0	5,251,000
Deferred Income	<u>16,198</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,198</u>
Total Liabilities	8,089,132	7,722,353	0	725,338	16,536,823
Fund Equity:					
Nonspendable	1,378,252	0	0	0	1,378,252
Restricted	0	2,075,442	23,613,100	25,418,275	51,106,817
Assigned	4,581,673	0	0	0	4,581,673
Unassigned	<u>37,637,620</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,637,620</u>
Total Fund Equity	<u>43,597,545</u>	<u>2,075,442</u>	<u>23,613,100</u>	<u>25,418,275</u>	<u>94,704,362</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$51,686,677</u>	<u>\$9,797,795</u>	<u>\$23,613,100</u>	<u>\$26,143,613</u>	<u>\$111,241,185</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Year Ended June 30, 2011

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 94,704,362

Various assets are reported in the governmental activities
that are not reported as assets in the governmental funds:

Capital assets	356,578,644	
Accumulated depreciation	<u>(77,725,858)</u>	278,852,786
Inventory of food commodities	149,064	
Advance use of employee benefit	268,000	
Bond issuance cost - net	2,232,528	
Prepaid expense	<u>477,440</u>	3,127,032

Various liabilities are reported in the governmental activities
that are not reported as liabilities in the governmental funds:

OPEB obligation	(1,402,900)	
Accrued vacation, sick leave & comp time	(1,866,900)	
Accrued interest of general obligation bonds	(3,519,329)	
Bond premiums - net	(10,061,048)	
Long-term debt	<u>(225,480,000)</u>	(242,330,177)

TOTAL NET ASSETS - GOVERNMENTAL FUNDS \$ 134,354,003

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals Governmental Funds
<u>REVENUES</u>					
Local	\$65,640,312	\$ 59,200,962	\$21,737,002	\$ 2,699,582	\$149,277,858
County	1,029,791	1,376,196	498,303	14,375	2,918,665
State	3,967,349	40,645,130	0	0	44,612,479
Federal	10,377,554	9,249,149	0	247,795	19,874,498
Other	<u>131,659</u>	<u>2,965</u>	<u>0</u>	<u>0</u>	<u>134,624</u>
Total Revenues	81,146,665	110,474,402	22,235,305	2,961,752	216,818,124
<u>EXPENDITURES</u>					
Instruction	15,989,089	90,620,315	0	253,616	106,863,020
Student Services	3,727,475	3,317,129	0	0	7,044,604
Instructional Staff Support	7,236,179	6,326,427	0	452,770	14,015,376
General Admin & Central Services	6,042,165	707,045	0	45,477	6,794,687
Board/Executive Admin	471,220	269,513	0	0	740,733
Building Administration	3,615,862	7,131,677	0	0	10,747,539
Operation of Plant	17,631,009	0	0	1,094,179	18,725,188
Transportation	8,311,005	0	0	1,484,160	9,795,165
Food Services	8,235,984	0	0	359,809	8,595,793
Community Services	3,776,899	519,933	0	9,074	4,305,906
Facilities Acquisition/Construction	0	0	0	5,320,357	5,320,357
Debt Service	<u>0</u>	<u>0</u>	<u>35,739,723</u>	<u>0</u>	<u>35,739,723</u>
Total Expenditures	75,036,887	108,892,039	35,739,723	9,019,442	228,688,091
Other Financing Sources (Uses):					
Transfers In	0	0	0	408,162	408,162
Transfers Out	(408,162)	0	0	0	(408,162)
Sale of Assets	0	0	0	53,893	53,893
Refunding Bonds	<u>0</u>	<u>0</u>	<u>14,795,000</u>	<u>0</u>	<u>14,795,000</u>
Total Other Financing Sources	<u>(408,162)</u>	<u>0</u>	<u>14,795,000</u>	<u>462,055</u>	<u>14,848,893</u>
Net Change in Fund Balance	5,701,616	1,582,363	1,290,582	(5,595,635)	2,978,926
FUND BALANCE, JULY 1, 2010	<u>37,895,929</u>	<u>493,079</u>	<u>22,322,518</u>	<u>31,013,911</u>	<u>91,725,437</u>
FUND BALANCE, JUNE 30, 2011	<u>\$43,597,545</u>	<u>\$ 2,075,442</u>	<u>\$23,613,100</u>	<u>\$25,418,276</u>	<u>\$ 94,704,363</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

TOTAL NET CHANGE IN FUND BALANCE		\$2,978,926
<p>Variances in the reporting amounts of assets & liabilities between the governmental <u>activities</u> & the governmental <u>funds</u> create variances in the reporting amounts of revenues & expenditures which follows.</p>		
Bond premiums are recognized as revenues in funds & capitalized & amortized in activities.	<i>Amortization</i>	(20,767)
Federal food commodities are not recorded in funds & inventoried in activities.		
	<i>Commodities received</i>	498,179
	<i>Commodities consumed</i>	(450,131)
Capital assets are expensed in funds and capitalized & depreciated in activities.		
	<i>Capitalized assets</i>	6,176,742
	<i>Depreciation expense</i>	(9,504,919)
Accounts receivable for employee sick leave		44,000
Accrued vacation, sick leave & comp time are not recorded in funds recorded in activities.	<i>Current year adjustment</i>	55,720
OPEB cost is recorded in activities		(392,100)
Insurance premiums are expensed in funds & recorded as prepaids in activities.		
	<i>Current year adjustment</i>	(18,137)
General obligation bonds and notes payable are recorded as revenues in the year received & expensed in year of payment in funds & recorded as liabilities in activities.		
	<i>Bonds paid</i>	9,335,000
Bond issuance cost is expensed in funds & amortized in activities.		
	<i>Amortized</i>	(176,386)
	<i>Series 2010</i>	162,713
Bond interest is expensed as paid in the funds & expensed or capitalized in the appropriate period for funds.	<i>Accrued bond interest</i>	<u>218,373</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$8,907,213</u></u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity

The North Kansas City School District No. 74 was established in 1913 under the statutes of the State of Missouri. The District operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri which designates a board of education to act as the governing authority.

The District, located in Clay County, serves an area of approximately 82 square miles. It is staffed by 1,389 non-certificated employees, 1,397 certificated, full-time teaching personnel and 120 administrative employees who provide services to 18,529 students and other community members. The District currently operates 26 elementary/middle schools (K-8), four high schools (9-12) and six other education centers.

B. Principles Used to Determine Scope of Entity

The District has implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. GASB Statement No. 39, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the District's financial statements.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve students from numerous school districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which could exercise such oversight which would result in the District being considered a component unit of the entity.

C. Basis of Presentation

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. For the year ended June 30, 2011, all of the District's activities are classified as governmental type.

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the District as a whole. They include all funds of the District. The District has only governmental activities which are financed through taxes, intergovernmental revenues and other revenues.

The statement of net assets presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirement of a particular program and interest earned on grants that is required to be used to support a particular program.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. An emphasis is placed on major funds within the governmental categories. The District has designated that all funds are considered major funds. The funds of the District are described below.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the District's governmental fund types:

General (Incidental) Fund

Accounts for general activities of the District, including student activities, transportation, community activities and food service which are not required to be accounted for in a separate fund.

Special Revenue (Teacher's) Fund

Accounts for expenditures for certified employees who are involved in administration and instruction. It includes revenues restricted by the state and local tax levy for the payment of teacher salaries and certain employee benefits.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Debt Service Fund

Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Capital Projects (Building) Fund

Accounts for the proceeds of bond issues, taxes and other revenue restricted for acquisition or construction of major capital assets.

D. Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting (continued)

For the District, available means expected to be received within thirty days of fiscal year end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, tuition, grants and student fees.

Deferred Revenue

The District reports deferred revenue on its statement of net assets and governmental funds balance sheet. In subsequent periods, the liability for deferred revenue is removed from the statement of net assets and governmental funds balance sheet and revenue is recognized.

Expense/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

F. Assets, Liabilities and Equity

Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds, except for the debt service fund, are maintained in this pool. Individual fund integrity is maintained through District records. (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District.) Each fund type's portion of this pool is displayed in these financial statements as "Cash and Cash Equivalents" under each fund's caption.

Cash with Fiscal Agents

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Cash with Fiscal Agents" and represents deposits.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Investments

The District may purchase any investments allowed by the Missouri State Treasurer and Repurchase Agreements. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The District records all interest revenue related to investment activities in the fund which owns the security.

Prepaid Items

Payments made to vendors for services that will benefit a period beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

Inventory

On government-wide financial statements, inventories are presented using the average cost basis and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 dollars.

The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8-15 years

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Bond Discounts and Issuance Costs

In the governmental funds, bond discounts and issuance costs are recognized in the current period. In the government-wide statements, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that, once incurred, are paid on a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The general obligation bonds, the notes payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Accrued Salaries - Wages

Payroll expense for 2010-2011 contracts paid in July and August 2011 was included in accrued salaries and wages at June 30, 2011. The option to receive the July and August payment in June was not offered to the employee in the current year.

Accrued Vacation, Approved Paid Leave and Comp Time

Various certified and non-certified employees receive vacation, approved paid leave and comp time which can be accrued. Each year a calculation of these accrued benefits is prepared based upon carryover hours at the employee's current rate. This liability is included in the government-wide financial statements.

Post-Employment Benefits

In addition to the pension benefits described in Note 4.A, the District provides post-retirement healthcare benefits to all employees who retire from the District. The monthly premium is paid fully by the retiree for the next period's coverage. There is no associated cost to the District under this program.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid by the insured monthly for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reporting

The District has adopted GASB 54 with the intention to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

For committed fund balances (as defined in GASB 54), the District's highest level of decision-making authority is the Board of Education. The Board delegates the authority to assign amounts for specific purpose(s) to either the Chief Financial Officer or the Superintendent. The following is a list of classifications of fund balances and definitions as described in GASB 54.

Nonspendable Fund Balance - Represents amounts that cannot be spent due to form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - Represents amounts constrained for a specific purpose (restricted expenditure use).

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

Assigned Fund Balance - For all governmental funds other than the general fund. The amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance - Represents only the general fund and all remaining fund balances not classified in the first four levels.

In addition, the order of spending is as follows: 1) when restricted, committed, assigned and unassigned funds are available for expenditure, restricted funds should be spent first (if applicable); 2) committed funds (if applicable) should be spent second; 3) assigned funds (if applicable) third; and 4) unassigned funds last.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

The District has classified its fund balances with the following hierarchy.

	<u>General</u>	<u>Special Revenue (Teachers)</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 765,536	\$ 0	\$ 0	\$ 0	\$ 765,536
Prepaid Expense	<u>612,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>612,716</u>
Total Nonspendable	1,378,252	0	0	0	1,378,252
Restricted for:					
Debt Service	0	0	23,613,100	0	23,613,100
Bond Projects	0	0	0	7,299,416	7,299,416
Capital Projects	0	0	0	18,118,859	18,118,859
Teachers' Fund	<u>0</u>	<u>2,075,442</u>	<u>0</u>	<u>0</u>	<u>2,075,442</u>
Total Restricted for	0	2,075,442	23,613,100	25,418,275	51,106,817
Committed to:	0	0	0	0	0
Assigned to:					
Activity Funds	1,406,904	0	0	0	1,406,904
Food Service	<u>3,174,769</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,174,769</u>
Total Assigned to	4,581,673	0	0	0	4,581,673
Unassigned:	<u>37,637,620</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,637,620</u>
Total Unassigned	<u>37,637,620</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,637,620</u>
Total Fund Equity	<u>\$43,597,545</u>	<u>\$2,075,442</u>	<u>\$23,613,100</u>	<u>\$25,418,275</u>	<u>\$94,704,362</u>

G. Revenues and Expenditures

Revenues are classified by their source.

Local Revenue

Includes property taxes that are levied and collected at the county level for the District, a percentage sales tax collected by local merchants and collections for services provided to students and patrons.

County Revenue

The county bylaw collects and passes through to the District specified revenues.

State Revenue

The District receives state aid money from the state based upon the state basic formula and for various other state educational programs.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures (continued)

Federal Revenue

The District receives federal aid for various educational programs and grants in which they participate.

Investment Income

Interest earned on invested funds is a material amount annually.

Other Sources

The issuance of bonds is a source of revenue in the year of issuance in the governmental fund statements.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

Expenditures are classified by their use.

Instruction

This category includes the payment of salaries to and benefits for all instructional staff along with needed supplies and aides.

Support Services

This category includes all the services that are provided for the support of the students and/or teachers, the management team, the facilities' expenses and the transporting of students.

Acquisition/Construction

This category represents the expenditures of major new construction or furnishing and the upgrading of existing facilities.

Debt Service

The payment of principal and interest on bonds payable or long-term capital leases.

H. Use of Estimates

The preparation of the financial statements in conformity with the U.S. generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the final statements and accompanying notes. Actual results may differ from those estimates.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Laws

By its nature as a local government, the District is subject to various federal, state and local laws and regulations. An analysis of the District's compliance with significant laws, regulations, grants and contracts over District resources follows.

B. Fund Accounting Requirements

The District complies in all material respects with state and local laws and regulations requiring the use of separate funds. The legally required funds used by the District include the following:

<u>Fund</u>	<u>Required by</u>
General (Incidental) Fund	State law
Special Revenue (Teachers) Fund	State law
Debt Service Fund	State law
Capital Projects Fund	State law

C. Uninsured and Uncollateralized Deposits

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. government governmental agency securities and certain state or political subdivision debt obligations. At June 30, 2011, all District funds were covered with FDIC insurance or acceptable collateral.

D. Property Tax Requirements

Property taxes attach as an enforceable lien on the property each year as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District on a monthly basis.

The District also receives sales tax collected by the state and remitted based on prior year weighted average daily attendance. The state requires that the District to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. However, in April 1994 the voters of the District approved a Prop C rollback waiver.

The assessed valuation of the tangible property for calendar year 2010 for purposes of local taxation, including tax increment financing assessed valuation, is as follows.

Residential	\$1,151,786,002
Agricultural	7,732,503
Commercial	398,008,090
Personal Property	376,719,522
Total	<u>\$1,934,246,117</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: COMPLIANCE AND ACCOUNTABILITY (continued)

D. Property Tax Requirements (continued)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2010 for purposes of local taxation was as follows.

General (Incidental) Fund	\$2.4998
Special Revenue (Teachers) Fund	2.2400
Debt Service Fund	1.0200
Capital Projects Fund	<u>.1300</u>
Total	<u>\$5.8898</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2011, aggregated approximately 99% of the current assessment computed on the basis of the levy as shown above.

E. Net Asset/Fund Equity Restrictions

State law prohibits the creation of a deficit fund balance in any individual fund. For the year ended June 30, 2011, the District incurred no fund balance deficits in any individual fund.

F. Budgetary Law

State law requires that expenditures not exceed final budgeted expenditures as approved by the Board of Education. For the fiscal year ended June 30, 2011, no budgets had been exceeded.

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

The following information is provided to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. Custodial Credit Risk - Deposits and Investments

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law.

The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect the District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (the "FDIC") insurance.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

A. Custodial Credit Risk - Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy required deposits to be 100% secured by collateral valued at market less the amount covered by the FDIC. As of June 30, 2011, none of the District's bank balances with financial institutions of \$63,144,629 was exposed to custodial credit risk.

Investments

Authorized Investments

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

Interest Rate Risk

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

As of June 30, 2011, the District had the following investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>< 1 Year</u>	<u>1-5 Years</u>
Fed Nat Mort Assoc	\$7,500,000	\$7,552,576	\$7,552,576	-
Fed Home Loan Mort Corp	\$3,500,000	\$3,525,795	\$3,525,795	-

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District's investment policy is to apply the prudent-person rule: Investments will be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their capital as well as the probable income to be derived.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

A. Custodial Credit Risk - Deposits and Investments (continued)

The District also has deposits and investments held by the Missouri Intercept Program and the Missouri Securities Investment Program. These investments and deposits are not classified by credit risk category.

B. Long-term Debt

Bonds payable at June 30, 2011, consisted of the following.

General obligation bonds, issue of 2002, due in varying annual installments through March 1, 2017, interest at 1.30% to 5.50%	\$ 1,850,000
General obligation bonds, issue of 2003, due in varying annual installments through March 1, 2016, interest at 0.90% to 4.50%	4,490,000
General obligation bonds, issue of 2003A, due in varying annual installments through March 1, 2023, interest at .95% to 5%	15,005,000
General obligation bonds, issue of 2004, due in varying annual installments through March 1, 2024, interest at 1.95% to 5%	11,935,000
General obligation bonds, issue of 2005, due in varying annual installments through March 1, 2025, interest at 3.00% to 5.00%	52,725,000
General obligation bonds, issue of 2006, due in varying annual installments through March 1, 2026, interest at 4% to 5%	63,325,000
General obligation bonds, issue of 2007, due in varying annual installments through March 1, 2027, interest at 4% to 5%	52,655,000
General obligation bonds, issue of 2008, due in varying annual installments through March 1, 2028, interest at 4% to 5.5%	8,700,000
General obligation bonds, issue of 2010, due in varying annual installments through March 1, 2021, interest at 2% to 3.5%	<u>14,795,000</u>
Total Bonds Payable	<u><u>\$225,480,000</u></u>

The following is a summary of bond transactions for the year ended June 30, 2011.

Bonds payable, July 1, 2010	\$ 234,815,000
Bonds issued	14,795,000
Bonds retired	<u>(24,130,000)</u>
Bonds payable, June 30, 2011	<u><u>\$ 225,480,000</u></u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO BASIC FINANCIAL STATEMENTS June 30, 2011

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

B. Long-term Debt (continued)

Debt service requirements to maturity follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 9,120,000	\$10,557,988	\$ 19,677,988
2013	12,435,000	10,191,038	22,626,038
2014	13,640,000	9,700,863	23,340,863
2015	14,865,000	9,120,676	23,985,676
2016	16,190,000	8,481,601	24,671,601
2017-2021	84,430,000	30,981,414	115,411,414
2022-2026	67,855,000	11,362,125	79,217,125
2027-2028	6,945,000	400,125	7,345,125
	<u>\$225,480,000</u>	<u>\$90,795,830</u>	<u>\$316,275,830</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of a district including state-assessed railroads and utilities.

Constitutional Debt Limit	\$ 290,136,918
General Obligation Bonds Payable	(225,480,000)
Amount Available in Debt Service Fund	<u>23,613,100</u>
Total Legal Debt Margin	<u>\$ 88,270,018</u>

C. Capital Assets

Capital asset balances of the District's governmental activities for the year ended June 30, 2011, were as follows.

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Land	\$ 5,385,451	\$ 0	\$ 0	\$ 5,385,451
Construction in progress	1,920,617	4,151,921	2,693,932	3,378,606
Capitalized interest on CIP	16,005	52,993	23,749	45,249
Buildings and improvements	296,059,498	4,754,939	2,081	300,812,356
Furniture and equipment	<u>47,020,330</u>	<u>2,525,285</u>	<u>2,588,634</u>	<u>46,956,982</u>
Totals (at historical cost)	350,401,902	11,485,138	5,308,396	356,578,644
Less accumulated depreciation for:				
Buildings and improvements	43,626,403	7,325,754	34	50,952,123
Furniture and equipment	<u>24,594,637</u>	<u>4,668,500</u>	<u>2,489,402</u>	<u>26,773,735</u>
Total accumulated depreciation	<u>68,221,040</u>	<u>11,994,254</u>	<u>2,489,436</u>	<u>77,725,858</u>
Capital Assets, Net	<u>\$282,180,862</u>	<u>\$ (509,116)</u>	<u>\$2,818,960</u>	<u>\$278,852,786</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

C. Capital Assets (continued)

Depreciation expense was charged by function as shown below.

Instruction	\$ 9,634,577
Instructional staff support	735,973
Business	219,647
Operation of plant	159,263
Transportation	921,002
Food service	323,521
Community Service	271
	<u>\$11,994,254</u>

D. Inter-fund Transfers

Exchange transactions between funds are reported as receipts in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Those transfers made by the District at June 30, 2011, are as follows.

Food Service

The District transferred from the general fund food service revenue the amount spent for food service equipment to the capital projects fund.

Student Activities

This is a transfer from the general fund to the capital projects' fund for capital projects' expenses pertaining to student activities.

The following is a detail of the transfers.

	<u>General Fund</u>	<u>Special Fund</u>	<u>Capital Fund</u>
Food Service	\$(359,809)	-	\$359,809
Student Activities	(48,353)	-	48,353

E. Short-term Medical Leave Policy

This policy allows employees to continue to be paid up to thirty days for approved specified approved paid leave conditions after the employee has exhausted all available approved paid leave and vacation. The policy states that the employee will reimburse the District by forfeiting four days annual approved paid leave (AAPL) and one half of any unused AAPL days at the end of each year until the employee has repaid short-term leave days.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 3: DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS (continued)

E. Short-term Medical Leave Policy (continued)

If the employee leaves employment for other than permanent disability or death, the amount due to the District is collected from their final paychecks. As of June 30, 2011, the estimated amount owed to the District was \$297,869 of which \$29,787 was reserved for uncollectability.

NOTE 4: OTHER NOTES

A. Employee Pension Plans

The District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by social security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14% of their annual-covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions of \$12,710,244 to PSRS for the year ending June 30, 2011, were equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri.

Certain part-time certificated employees may be covered by this plan. Positions covered by the Public Education Employee Retirement System are also covered by social security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of The Public School Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, PO Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PEERS members are required to contribute 6.63% of their annual-covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions of \$2,381,259 to PEERS for the year ending June 30, 2011, were equal to the required contributions.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS June 30, 2011

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan

The cost of post-employment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs rather than in the future year when it will be paid.

As required by State of Missouri law, the District's qualified retirees and current employees are insured together as a group. The premiums paid by the retirees may be lower than they would have been if the retirees were insured separately. This is called an implicit rate subsidy. The District's active employees' share for healthcare premiums is greater than it would be without the retirees being a part of the group plan.

The District recognizes the cost of post-employment healthcare in the year the services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the District's cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years, the first period commencing with the fiscal year June 30, 2008. The District engaged Milliman, Inc. to perform an actuarial evaluation of their post-employment healthcare liability for the fiscal year ended June 30, 2008. This evaluation was conducted again at June 30, 2010.

Plan Description

The District provides post-employment medical benefits to eligible retirees. To be eligible for benefits, an employee must qualify for retirement under one of the state retirement plans for public employees and be covered under the District's plan the last year of active status. Retirees can enroll in the District's plan up to one year after they retire, after which their eligibility for benefits ceases.

All medical benefits are provided through the District's selected medical and dental care plans. The benefit levels are the same as those afforded to active employees. Upon a retiree reaching age 65 and qualifying for medicare, the retiree and related dependents may continue District coverage as a secondary insurance. As of July 1, 2010, membership consisted of 2,247 active employees, 302 retired members, and 33 spouses of retirees totaling 2,582.

Funding Policy

The plan's premium rates are determined by the Board of Education in their selection of benefit plan proposals submitted by various benefit providing entities. The current plan offers four different types of plans, each with a different premium. The retirees' contribution is 100% of the premium of the plan in which they participate. The District makes no contribution to the retirees' premiums other than allowing them to participate through the District's benefit plans.

By providing retirees with access to the District's healthcare plans based on the same rates as charged to active employees, the District is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the District not contributing anything toward this plan in advance, the District employs a pay-as-you-go method through paying the higher rate for active employees each year. The current year cost, by payer, is as follows.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan (continued)

Active employee	\$ 2,870,701
Retirees	2,008,640
District	<u>10,919,109</u>
	<u>\$15,798,450</u>

Annual OPEB Costs and Net OPEB Obligation

The District's other annual post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employee (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The District's annual OPEB cost for the current year and the related information for each plan at June 30, 2011 is as follows.

	<u>6/30/09</u>	<u>6/30/10</u>	<u>6/30/11</u>
Annual required contribution	\$1,305,700	\$1,459,900	\$1,493,200
Interest on net OPEB obligation	13,829	25,300	45,500
Adjustment to annual required contributions	<u>(9,929)</u>	<u>(17,000)</u>	<u>(32,600)</u>
Annual OPEB cost	1,309,600	1,468,200	1,506,100
Contributions made	<u>1,055,300</u>	<u>1,019,000</u>	<u>1,114,000</u>
Increase in net OPEB obligation-Beginning of Yr	254,300	449,200	392,100
Net OPEB obligation - End of Year	<u>\$ 561,600</u>	<u>\$1,010,800</u>	<u>\$1,402,900</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ending June 30, 2011, were as follows.

	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$1,309,600	\$1,055,300	80.6%	\$ 561,600
June 30, 2010	1,468,200	1,019,000	69.4%	1,010,800
June 30, 2011	1,506,100	1,114,000	74.0%	1,402,900

Funding Status and Funding Progress

The funding status of the plan as of June 30, 2011, was as follows.

	<u>7/1/2007</u>	<u>7/1/2009</u>
Actuarial accrued liability	\$ 19,887,100	\$20,834,000
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	19,887,100	20,834,000
Funded ratio	0%	0%
Covered payroll	118,944,000	12,500,000
Unfunded actuarial accrued liability as a percentage of covered payroll	17%	16.7%

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4: OTHER NOTES (continued)

B. Post-employment Healthcare Plan (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Amounts determined regarding the status of the plan and the annual required contributions and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan participants) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the District and the plan participants at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant method and assumptions used for this initial year valuation were as follows.

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	Closed
Remaining amortization period	28 years
Asset valuation method	not applicable
Actuarial assumption:	
Discount rate	4.5% per annum
Medical inflation rate	10% initial rate; 5% ultimate rate; 6-yr grade in period
Payroll inflation	5% per annum
Healthy mortality	RP 2000 mortality tables

C. Deferred Compensation Plan

The District has a deferred compensation plan under the provision of Internal Revenue Code Section 457B (Deferred Compensation Plans with Respect to Service for State and Local Governments). Those employees electing to defer a portion of their salary avoided paying income taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plans of these employees are administered by unrelated financial institutions. Under the terms of IRC Section 457 Deferred Compensation Plan, all deferred compensation amounts held by these financial institutions, until paid or made available to the employee or beneficiary, are the property of the District and subject to the claims of the District's general creditors. In addition, the participant in the plan has rights equal to those of the general creditors of the District and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise. As part of a fiduciary role, the District has an obligation of due care in selecting the third party administrator.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4: OTHER NOTES (continued)

D. Section 125 Cafeteria Plan

The District implemented a Section 125 Cafeteria Plan. Under the Plan, District employees may elect to withhold from their payroll amounts which can be used to pay for various medical and dependent care expenses not covered by insurance. Any balance that remains in the employee account at September 30 of each year (plan year end) is not carried over to the subsequent plan year. The employee forfeits all rights with respect to the balance, and the forfeited balance reverts to the District.

E. Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

F. Claims and Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the district may be required to reimburse the grantor government. As of June 30, 2011, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall position of the District.

G. Lease - Operating

The District has entered into various operating leases for the use of parking facilities, office space and equipment. Those leases each contain various provisions with regard to cancellation and renewals. The following is a schedule of the future minimum lease payments under the lease (assuming noncancellation).

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2012	\$1,290,802
2013	519,092
2014	439,982
2015	442,500
	<u>\$2,692,376</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4: OTHER NOTES (continued)

H. Facilities Use Agreement

In September 2005 the District entered into an agreement with the City of Gladstone, Missouri. The City agreed to finance the planning, development and construction of a water-related recreational facility (Natatorium) and to operate the facility after completion. The District agreed to use the Natatorium and pay a user fee of \$525,000 per year commencing in February 2007 and lasting through February 2026. In February 2011, \$525,000 was paid to the City of which \$306,250 was recorded as prepaid expense.

The District also agreed to pay the City \$125,000, of which \$62,500 was recorded as prepaid expense, per year for the first five years for maintenance usage. These maintenance usage fees will be recalculated after five years. The following is a schedule of future minimum use payments and maintenance agreements as per agreement.

<u>For the Year Ended June 30,</u>	<u>Use Fees</u>	<u>Maintenance Fees</u>
2012	\$ 525,000	125,000
2013	525,000	125,000
2014	525,000	125,000
2015	525,000	Adjusted
2016	525,000	Adjusted
2017-2021	2,625,000	Adjusted
2022-2026	<u>2,625,000</u>	Adjusted
	<u>\$7,875,000</u>	

I. Litigation

As of June 30, 2011, the District had several unsettled claims of various natures. These claims are at various stages of litigation and at this time, outcomes cannot be predicted. The District is vigorously defending against each claim.

J. Impact Fee Credits

New construction within the city limits of Kansas City, Missouri, require specified fees be paid to Kansas City. As the project is completed, benefitting the City, the City issues credits which have value and can be used in the future for fees on construction projects or sold if a willing buyer can be located. Through the years, the District has accumulated, used and sold these credits. Even though the City assigns a value to these credits, a fair value can never be easily estimated as there is very little market for such credits. Therefore, the District has never booked a value for such credits. The following is the summary of the current year's transactions of impact fee credits at City value.

Balance, June 30, 2010	\$1,919,743
Used	<u>(18,221)</u>
Balance June 30, 2011	<u>\$1,901,522</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON - MODIFIED ACCRUAL BASIS GENERAL FUND June 30, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Actual Over (Under) Budget
<u>REVENUES</u>				
Local	\$65,330,121	\$64,807,555	\$65,640,312	\$ 832,757
County	891,300	891,300	1,029,791	138,491
State	5,705,680	3,691,123	3,967,349	276,226
Federal	7,450,856	10,915,144	10,377,554	(537,590)
Other	<u>30,000</u>	<u>55,000</u>	<u>131,659</u>	<u>76,659</u>
Total Revenues	79,407,957	80,360,122	81,146,665	786,543
<u>EXPENDITURES</u>				
Instruction	16,743,143	16,812,592	15,989,089	(823,503)
Student Services	3,707,322	3,763,854	3,727,475	(36,379)
Instructional Staff Support	7,166,397	7,286,377	7,236,179	(50,198)
General Admin & Central Services	5,005,170	6,038,052	6,042,165	4,113
Board/Executive Administration	505,242	525,069	471,220	(53,849)
Building Administration	3,631,148	3,712,079	3,615,862	(96,217)
Operation of Plant	18,083,045	17,936,816	17,631,009	(305,807)
Transportation	8,467,511	8,382,160	8,311,005	(71,155)
Food Services	8,151,761	8,155,903	8,235,984	80,081
Community Service	4,500,886	4,174,071	3,776,899	(397,172)
Debt Service	<u>36,855</u>	<u>31,955</u>	<u>0</u>	<u>(31,955)</u>
Total Expenditures	75,998,480	76,818,928	75,036,887	(1,782,041)
Transfers Out	<u>(4,051,977)</u>	<u>(2,555,836)</u>	<u>(408,162)</u>	<u>2,147,674</u>
Net Change in Fund Balance	(642,500)	985,358	5,701,616	4,716,258
FUND BALANCE - JULY 1, 2010	<u>33,779,092</u>	<u>37,925,333</u>	<u>37,895,929</u>	<u>(29,404)</u>
FUND BALANCE - JUNE 30, 2011	<u>\$33,136,592</u>	<u>\$38,910,691</u>	<u>\$43,597,545</u>	<u>\$ 4,686,854</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON - MODIFIED ACCRUAL BASIS
SPECIAL REVENUE FUND
June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 59,360,915	\$ 58,881,371	\$ 59,200,962	\$ 319,591
County	1,173,669	1,252,085	1,376,196	124,111
State	39,896,735	40,671,083	40,645,130	(25,953)
Federal	7,632,572	9,591,579	9,249,149	(342,430)
Other	<u>30,000</u>	<u>6,785</u>	<u>2,965</u>	<u>(3,820)</u>
Total Revenues	108,093,891	110,402,903	110,474,402	71,499
<u>EXPENDITURES</u>				
Instruction	94,786,791	92,058,253	90,620,315	(1,437,938)
Student Services	3,292,551	3,320,456	3,317,129	(3,327)
Instructional Staff Support	4,841,309	6,464,528	6,326,427	(138,101)
General Admin & Central Services	636,448	716,827	707,045	(9,782)
Board/Executive Administration	269,551	269,551	269,513	(38)
Building Administration	7,128,278	7,139,598	7,131,677	(7,921)
Community Services	<u>548,440</u>	<u>530,787</u>	<u>519,933</u>	<u>(10,854)</u>
Total Expenditures	111,503,368	110,500,000	108,892,039	(1,607,961)
Transfers In	<u>3,409,477</u>	<u>1,913,336</u>	<u>0</u>	<u>(1,913,336)</u>
Net Change in Fund Balance	0	1,816,239	1,582,363	(233,876)
FUND BALANCE, JULY 1, 2010	<u>0</u>	<u>494,438</u>	<u>493,079</u>	<u>(1,359)</u>
FUND BALANCE - JUNE 30, 2011	<u>\$ 0</u>	<u>\$ 2,310,677</u>	<u>\$ 2,075,442</u>	<u>\$ (235,235)</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON For the Fiscal Year Ended June 30, 2011

BUDGETARY ACCOUNTING

North Kansas City School District No. 74 prepares its budget for all governmental funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in preparing and presenting the basic financial statements. All unexpended appropriations lapse at year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues, proposed expenditures and transfers for all District governmental type funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in these financial statements. Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Education.
6. Budgets for District governmental funds are prepared and adopted on the modified accrual basis (budget), recognizing revenues when collected and expenditures when paid.
7. Actual expenditures may not legally exceed the budgeted expenditures in any budgeted fund. For the fiscal year ended June 30, 2011, no budgets had been exceeded using the modified accrual basis of accounting.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

OTHER POST-EMPLOYMENT BENEFIT PLAN

Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial	Projected	Percent	Unfunded	Annual	Unfunded
	Value	Unit	Funded	AAL	Covered	AAL as a
Actuarial		Accrued			Payroll	Percentage
Valuation	of Assets	Liability				of Covered
		(AAL)	(1) / (2)	(2) - (1)	Payroll	Payroll
						(4) / (5)
7/1/2007	0	\$19,887,000	0	\$19,887,000	\$118,944,000	17%
7/1/2009	0	20,834,000	0	20,834,000	125,000,000	17%

Schedule of Employer Contribution

	(1)	(2)	(3)
Actuarial	Employer	Annual Required	Percent Contributed
Valuation	Contributions	Contribution	
		(ARC)	(1) / (2)
6/30/2008	\$ 966,100	\$1,273,000	76%
6/30/2009	1,055,300	1,305,700	81%
6/30/2010	1,019,000	1,459,900	70%
6/30/2011	1,114,000	1,493,200	75%

OTHER SUPPLEMENTARY INFORMATION

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON - MODIFIED ACCRUAL BASIS

DEBT SERVICE FUND

June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>REVENUES</u>				
Local	\$21,085,122	\$21,482,980	\$21,737,002	\$ 254,022
County	<u>363,680</u>	<u>363,680</u>	<u>498,303</u>	<u>134,623</u>
Total Revenues	21,448,802	21,846,660	22,235,305	388,645
<u>EXPENDITURES</u>				
Debt Service	<u>21,308,105</u>	<u>36,090,000</u>	<u>35,739,723</u>	<u>(350,277)</u>
Total Expenditures	21,308,105	36,090,000	35,739,723	(350,277)
Other Financing Sources (Uses)				
Refunding Bonds	<u>0</u>	<u>14,795,000</u>	<u>14,795,000</u>	<u>0</u>
Net Change in Fund Balance	140,697	551,660	1,290,582	738,922
FUND BALANCE - JULY 1, 2010	<u>22,113,901</u>	<u>22,322,516</u>	<u>22,322,518</u>	<u>2</u>
FUND BALANCE - JUNE 30, 2011	<u>\$22,254,598</u>	<u>\$22,874,176</u>	<u>\$23,613,100</u>	<u>\$ 738,924</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

BUDGETARY COMPARISON - MODIFIED ACCRUAL BASIS

CAPITAL PROJECTS FUND

June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>REVENUES</u>				
Local	\$ 2,756,780	\$ 2,747,254	\$ 2,699,582	\$ (47,672)
County	46,351	46,351	14,375	(31,976)
Federal	<u>207,943</u>	<u>189,450</u>	<u>247,795</u>	<u>58,345</u>
Total Revenues	3,011,074	2,983,055	2,961,752	(21,303)
<u>EXPENDITURES</u>				
Instruction	225,812	260,794	253,616	(7,178)
Instructional Staff Support	735,000	510,730	452,770	(57,960)
General Admin/Central Services	55,000	45,783	45,477	(306)
Operation of Plant	876,817	1,097,363	1,094,179	(3,184)
Transportation	1,588,345	1,484,194	1,484,160	(34)
Food Services	202,500	359,809	359,809	0
Community Services	4,400	9,074	9,074	0
Facilities Acquisition & Construction	<u>2,289,322</u>	<u>6,153,609</u>	<u>5,320,357</u>	<u>(833,252)</u>
Total Expenditures	5,977,196	9,921,356	9,019,442	(901,914)
Other Financing Sources (Uses):				
Transfer to	642,500	642,500	408,162	(234,338)
Sale of Assets	<u>20,000</u>	<u>20,000</u>	<u>53,893</u>	<u>33,893</u>
Total Other Financing Sources	662,500	662,500	462,055	<u>(200,445)</u>
Net Change in Fund Balance	(2,303,622)	(6,275,801)	(5,595,635)	680,166
FUND BALANCE - JULY 1, 2010	<u>30,085,638</u>	<u>30,085,638</u>	<u>31,013,911</u>	<u>928,273</u>
FUND BALANCE - JUNE 30, 2011	<u>\$27,782,016</u>	<u>\$23,809,837</u>	<u>\$25,418,276</u>	<u>\$1,608,439</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF REVENUES COLLECTED BY SOURCE

For the Year Ended June 30, 2011

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Totals
LOCAL:					
Current	\$46,367,914	\$ 41,549,008	\$18,919,481	\$2,411,092	\$109,247,495
Delinquent Taxes	1,434,590	1,285,497	585,355	74,597	3,380,039
School District Trust Fund (Prop C)	735,192	13,968,642	0	0	14,703,834
Financial Institutions Tax	70,677	63,332	28,839	3,675	166,523
M&M Surcharge Tax	2,127,220	1,906,143	867,969	110,614	5,011,946
In Lieu of Tax	2,861,295	0	0	0	2,861,295
Tuition	99,246	8,217	0	0	107,463
Transportation from Individuals	351,907	0	0	0	351,907
Earnings on Investments	483,563	395,452	1,335,358	87,804	2,302,177
Food Services	2,363,797	0	0	0	2,363,797
Food Services Non-Program	2,104,095	0	0	0	2,104,095
Student Activities	2,425,450	0	0	0	2,425,450
Community Services	2,654,117	0	0	0	2,654,117
Other	<u>1,561,249</u>	<u>24,671</u>	<u>0</u>	<u>11,800</u>	<u>1,597,720</u>
Total Local	65,640,312	59,200,962	21,737,002	2,699,582	149,277,858
COUNTY:					
Fines, Escheats	0	453,441	0	0	453,441
State Assessed Utilities	<u>1,029,791</u>	<u>922,755</u>	<u>498,303</u>	<u>14,375</u>	<u>2,465,224</u>
Total County	1,029,791	1,376,196	498,303	14,375	2,918,665
STATE:					
Basic Formula	0	32,091,138	0	0	32,091,138
Transportation Aid	1,903,249	0	0	0	1,903,249
Early Child SPED	981,374	1,445,443	0	0	2,426,817
Classroom Trust	371,828	7,051,800	0	0	7,423,628
Educational Screening Program	172,145	0	0	0	172,145
Vocational/Technical Aid	0	55,569	0	0	55,569
Food Services	54,554	0	0	0	54,554
Adult Education Literacy	90,067	0	0	0	90,067
High Need Fund	272,429	0	0	0	272,429
Other	<u>121,703</u>	<u>1,180</u>	<u>0</u>	<u>0</u>	<u>122,883</u>
Total State	3,967,349	40,645,130	0	0	44,612,479

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NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONTINUED) For the Year Ended June 30, 2011

	General (Incidental) Fund	Special (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Totals
FEDERAL:					
Medicaid	125,494	0	0	0	125,494
Vocational Education	44,843	164,058	0	0	208,901
Early Child - SPED	283,884	0	0	0	283,884
Adult Education Literacy	216,744	0	0	0	216,744
IDEA	86,704	3,325,667	0	0	3,412,371
Food Service	4,843,811	0	0	0	4,843,811
Title I - ESEA	507,480	1,903,060	0	0	2,410,540
Title II - ESEA	145,317	634,143	0	30,030	809,490
Title III - English Language	69,126	1,561	0	0	70,687
Title IV - Drug Free Schools	31,181	19,498	0	0	50,679
Budget Stabilization - ARRA	1,249,561	334,591	0	0	1,584,152
Government Services - ARRA	968,524	0	0	0	968,524
Classroom Trust - ARRA	366,727	0	0	0	366,727
State School Moneys-Jobs Bill	895,936	659,835	0	0	1,555,771
Budget Stabilization-Jobs Bill	0	999,977	0	0	999,977
Title IA - ARRA	170,659	641,316	0	0	811,975
Homeless - ARRA	29,436	0	0	0	29,436
Title IID - ARRA	0	6,863	0	0	6,863
IDEA - ARRA	325,561	440,659	0	217,765	983,985
Other	16,566	117,921	0	0	134,487
Total Federal	10,377,554	9,249,149	0	247,795	19,874,498
OTHER:					
Transportation from Other Districts	107,159	0	0	0	107,159
Contracted Educational Services	24,500	2,965	0	0	27,465
Sale of Property	0	0	0	53,893	53,893
Refunding Bonds	0	0	14,795,000	0	14,795,000
Total Other	131,659	2,965	14,795,000	53,893	14,983,517
TOTAL ALL SOURCES	\$81,146,665	\$110,474,402	\$37,030,305	\$3,015,645	\$231,667,017

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF EXPENDITURES PAID BY OBJECT For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals (Memo Only)
Salaries	\$35,947,075	\$ 86,162,218	\$ 0	\$ 0	\$122,109,293
Employee Benefits	11,088,534	20,762,829	0	0	31,851,363
Purchased Services	11,527,846	1,966,992	0	13,750	13,508,588
Supplies	16,473,432	0	0	0	16,473,432
Capital Outlay	0	0	0	9,005,692	9,005,692
Debt Service	0	0	35,739,723	0	35,739,723
	<u>\$75,036,887</u>	<u>\$108,892,039</u>	<u>\$35,739,723</u>	<u>\$9,019,442</u>	<u>\$228,688,091</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF BONDED INDEBTEDNESS

June 30, 2011

Bonded Indebtedness	Totals	Series 2002	Series 2003	Series 2003A	Series 2004	Series 2005	Series 2006	Series 2007	Series 2008	Series 2010
Fiscal Year										
2011-12	\$ 9,120,000	\$ 825,000	\$ 820,000	\$ 1,070,000	\$ 1,155,000	\$ 2,245,000	\$ 2,405,000	\$ 600,000	\$ 0	\$ 0
2012-13	12,435,000	0	840,000	1,115,000	1,250,000	3,200,000	3,310,000	1,480,000	0	1,240,000
2013-14	13,640,000	0	760,000	1,040,000	1,305,000	2,345,000	4,825,000	2,100,000	0	1,265,000
2014-15	14,865,000	0	1,015,000	1,085,000	995,000	2,470,000	6,110,000	1,900,000	0	1,290,000
2015-16	16,190,000	0	1,055,000	765,000	1,035,000	4,275,000	4,955,000	2,230,000	560,000	1,315,000
2016-17	16,865,000	1,025,000	0	1,225,000	1,070,000	3,835,000	5,405,000	2,390,000	570,000	1,345,000
2017-18	16,175,000	0	0	1,285,000	1,115,000	5,100,000	3,415,000	3,310,000	580,000	1,370,000
2018-19	17,050,000	0	0	1,345,000	1,165,000	4,665,000	3,580,000	3,470,000	580,000	2,245,000
2019-20	17,170,000	0	0	1,410,000	515,000	4,910,000	3,760,000	3,645,000	605,000	2,325,000
2020-21	17,170,000	0	0	1,480,000	540,000	4,360,000	3,945,000	3,835,000	610,000	2,400,000
2021-22	15,505,000	0	0	1,555,000	570,000	4,580,000	4,140,000	4,030,000	630,000	0
2022-23	14,860,000	0	0	1,630,000	595,000	3,405,000	4,345,000	4,235,000	650,000	0
2023-24	13,940,000	0	0	0	625,000	3,580,000	4,565,000	4,455,000	715,000	0
2024-25	13,960,000	0	0	0	0	3,755,000	4,725,000	4,730,000	750,000	0
2025-26	9,590,000	0	0	0	0	0	3,840,000	4,970,000	780,000	0
2026-27	6,090,000	0	0	0	0	0	0	5,275,000	815,000	0
2027-28	855,000	0	0	0	0	0	0	0	855,000	0
	<u>\$225,480,000</u>	<u>\$1,850,000</u>	<u>\$4,490,000</u>	<u>\$15,005,000</u>	<u>\$11,935,000</u>	<u>\$52,725,000</u>	<u>\$63,325,000</u>	<u>\$52,655,000</u>	<u>\$8,700,000</u>	<u>\$14,795,000</u>

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See Accompanying Notes to the Basic Financial Statements.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)

June 30, 2011

<u>Interest Obligation</u>	<u>Totals</u>	<u>Series 2002</u>	<u>Series 2003</u>	<u>Series 2003A</u>	<u>Series 2004</u>	<u>Series 2005</u>	<u>Series 2006</u>	<u>Series 2007</u>	<u>Series 2008</u>	<u>Series 2010</u>
<u>Fiscal Year</u>										
2011-12	\$10,557,988	\$ 78,100	\$187,550	\$ 704,125	\$ 526,950	\$ 2,581,800	\$ 3,031,200	\$ 2,561,525	\$ 472,713	\$ 414,025
2012-13	10,191,038	45,100	158,850	661,325	486,525	2,492,000	2,922,975	2,537,525	472,713	414,025
2013-14	9,700,863	45,100	127,350	616,725	433,400	2,364,000	2,774,025	2,478,325	472,713	389,225
2014-15	9,120,676	45,100	93,150	575,125	377,938	2,246,750	2,556,900	2,389,075	472,713	363,925
2015-16	8,481,601	45,100	47,475	529,013	335,650	2,123,250	2,281,950	2,308,325	472,713	338,125
2016-17	7,753,701	45,100	0	496,500	291,663	1,909,500	2,058,975	2,196,825	443,313	311,825
2017-18	6,994,463	0	0	435,250	244,850	1,717,750	1,815,750	2,089,275	413,388	278,200
2018-19	6,230,062	0	0	371,000	194,675	1,462,750	1,645,000	1,929,750	382,937	243,950
2019-20	5,414,163	0	0	303,750	142,250	1,229,500	1,466,000	1,756,250	351,038	165,375
2020-21	4,589,025	0	0	233,250	116,500	984,000	1,278,000	1,574,000	319,275	84,000
2021-22	3,763,475	0	0	159,250	89,500	766,000	1,080,750	1,382,250	285,725	0
2022-23	2,985,075	0	0	81,500	61,000	537,000	873,750	1,180,750	251,075	0
2023-24	2,238,825	0	0	0	31,250	366,750	656,500	969,000	215,325	0
2024-25	1,538,250	0	0	0	0	187,750	428,250	746,250	176,000	0
2025-26	836,500	0	0	0	0	0	192,000	509,750	134,750	0
2026-27	353,100	0	0	0	0	0	0	261,250	91,850	0
2027-28	47,025	0	0	0	0	0	0	0	47,025	0
	<u>\$90,795,830</u>	<u>\$303,600</u>	<u>\$614,375</u>	<u>\$5,166,813</u>	<u>\$3,332,151</u>	<u>\$20,968,800</u>	<u>\$25,062,025</u>	<u>\$26,870,125</u>	<u>\$5,475,266</u>	<u>\$3,002,675</u>

See Accompanying Notes to the Basic Financial Statements.

FEDERAL COMPLIANCE SECTION

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

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

We have audited the financial statements of the governmental activities and each major fund of North Kansas City School District No. 74 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designating our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, Missouri Department of Elementary and Secondary Education and other pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 30, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR NO. A-133**

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

Compliance

We have audited the compliance of North Kansas City School District No. 74 with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, Missouri Department of Elementary and Secondary Education, federal awarding agencies and other pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Marr and Company". The script is cursive and fluid, with the "M" and "C" being particularly large and stylized.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 30, 2011

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- thru Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Pass-through Missouri Dept. of Elementary & Secondary Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	024-093	\$ 1,212,695
National School Lunch Program:	10.555	024-093	<u>4,188,428</u>
Total Child Nutrition Cluster			<u>5,401,123</u>
Total U.S. Department of Agriculture			5,401,123
<u>U.S. Department of Education</u>			
<i>Pass-through Missouri Dept. of Elementary & Secondary Education:</i>			
Title I, Part A Cluster:			
Title I, Part A - Grants for LEAs	84.010A	024-093	2,410,540
Title I, Part A - Grants for LEAs (ARRA)	84.389A	024-093	<u>811,975</u>
Total Title I, Part A Cluster			<u>3,222,515</u>
Title I, Part A - Career and Technical Education	84.048A	024-093	208,901
Title II, Part A - Improving Teacher Quality	84.367A	024-093	684,529
Education Technology (Ed Tech) Programs:			
Title II.D.1 - Enhancing Education Technology	84.318X	024-093	124,960
Title II.D.1 - Enhancing Ed Tech (ARRA)	84.386A	024-093	<u>6,863</u>
Total Education Technology Programs			<u>131,823</u>
Title III, Part A - Limited English Proficient (LEP)	84.365A	024-093	70,687
Title IV, Part A - Safe & Drug Free Schools	84.186A	024-093	50,679
State Fiscal Stabilization Fund Cluster (SFSF):			
SFSF Education Stabilization Fund (ARRA)	84.394	024-093	1,584,152
SFSF Government Services (ARRA)	84.397	024-093	<u>968,524</u>
Total State Fiscal Stabilization Fund Cluster			<u>2,552,676</u>
Education Jobs Bill Fund (ARRA)	84.410A	024-093	2,922,475
Adult Education & Family Literacy Act	84.002A	024-093	216,744
Education for Homeless Children & Youth (ARRA)	84.387A	024-093	29,436
Advanced Placement & IB Reimbursement	84.330B	024-093	4,024
Special Education Cluster (IDEA):			
IDEA, Part B - Special Education	84.027A	024-093	3,412,371
IDEA, Part B - Special Education (ARRA)	84.391A	024-093	851,597
Early Childhood Special Education	84.027A	024-093	283,884
Early Childhood Special Education (ARRA)	84.392A	024-093	<u>132,388</u>
Total Special Education Cluster			<u>4,680,240</u>
<i>Pass-through Curators of the University of Missouri:</i>			
UMKC - EXCELL Grant	84.195N	933395238	119,437
<i>Direct from U.S. Department of Education:</i>			
Indian Education Grant	84.060	Direct	<u>11,027</u>
Total U.S. Department of Education			<u>14,905,193</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$20,306,316</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2011

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of North Kansas City School District No. 74. The District School Board reporting entity is defined in Note 1 to the school board's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1-E to the school board's financial statements.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

Federal awards are reported in the school board's financial statements as follows.

	<u>Federal Sources</u>
General Fund	\$10,377,554
Special Revenue/Teachers Fund	9,249,149
Capital Project Fund	<u>247,795</u>
	<u>\$19,874,498</u>

NOTE 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States.

NOTE 5: MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6: NON-CASH PROGRAMS

The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture. The total value included in the National School Lunch Program was \$557,312 for the year ended June 30, 2011.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued: Unqualified Opinion
2. Internal control over financing reporting:
 - Material weakness(es) identified? ☐ Yes ☒ No
 - Significant deficiencies identified that are not considered to be material weaknesses?
 ☐ Yes ☐ No ☒ None Reported
3. Noncompliance material to financial statements noted: ☐ Yes ☒ No

Federal Awards

1. Internal control over major programs:
 - Material weakness(es) identified? ☐ Yes ☒ No
 - Significant deficiencies identified that are not considered to be material weakness(es)?
 ☐ Yes ☐ No ☒ None Reported
2. Type of auditor's report issued on compliance for major programs: Unqualified Opinion
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ Yes ☒ No
4. The District's major federal programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010, 84.389	Title I, Part A Cluster
84.394, 84.397	State Fiscal Stabilization Fund Cluster
84.027A, 84.391A, 84.392A	Special Education (IDEA) Cluster
84.410A	Education Jobs Bill Fund

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000
6. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2011

Financial Statement Findings

The audit did not disclose any noncompliance which is material to the basic financial statements of the District.

Federal Award Findings and Questioned Costs

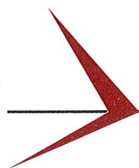
There were no audit findings related to internal control, compliance, questioned costs or fraud that related to federal awards for the year ended June 30, 2011.

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011

There were no findings or questioned costs in the prior year's audit findings to be resolved.

STATE COMPLIANCE SECTION



INDEPENDENT AUDITORS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Education
North Kansas City School District No. 74
Kansas City, Missouri

We have audited the basic financial statements of North Kansas City School District No. 74 as of and for the year ended June 30, 2011, and have issued our report, which was unqualified on November 30, 2011.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67 RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7) RSMo). The management of the District is responsible for the District's compliance with those requirements and have so acknowledged in a representation letter dated November 30, 2011. Our responsibility is to express an opinion on the District's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursement procedures were in compliance with the budgetary statute (Chapter 67 RSMo). It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, average daily transportation of pupils and mileage and allowable cost for pupil transportation in compliance with state and administrative rules.

This report is intended for the information and use of the Board of Education, District management, the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
November 30, 2011

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2011

TYPE OF AUDIT PERFORMED: YELLOW BOOK _____ SINGLE AUDIT X

1. Calendar (Sections 160.041 and 171.031,RSMO)

A. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this year was as follows.

Grades K-5	1,076.00
Grades 6-8, Eastgate MS	1,093.45
Grades 6-8, all others	1,081.95
Grades 9-12	1,073.05

B. The number of days classes were in session and pupils were under the direction of teachers during this school year was 173 days for grades K-12.

2. Average Daily Attendance (ADA)

	<u>Full-time/ Part-time</u>	<u>Remedial</u>	<u>Totals</u>
Regular Term:			
Grades K-5	8,318.34	1.19	8,319.53
Grades 6-8	3,873.50	1.06	3,874.56
Grades 9-12	<u>5,008.00</u>	<u>2.05</u>	<u>5,010.05</u>
Subtotal Regular Term	17,199.84	4.30	17,204.14
Summer School Subtotal			<u>434.93</u>
Total Regular Term Plus Summer School ADA			<u>17,639.07</u>

3. September Membership

	<u>Full-time & Part-time</u>
September Membership FTE Count	<u>18,394.80</u>

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

	<u>Full-time & Part time</u>
State FTE Total:	
Free	6,579.11
Reduced	<u>1,796.91</u>
Total	<u>8,376.02</u>

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2011

5. Finance

- | | | |
|----|--|------------------|
| A. | As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total of | <u>\$100,000</u> |
| B. | The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. | <u>True</u> |
| C. | The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. | <u>True</u> |
| D. | Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. | <u>True</u> |
| E. | If a \$162,326 or 7% x WADA transfer was made in excess of adjusted expenditure, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. | <u>N/A</u> |
| F. | The District published a summary of the prior year's audit report within 30 days of the receipt of the audit pursuant to Section 165.121, RSMo. | <u>True</u> |
| G. | All above "false" answers <u>must</u> be supported by a finding or management letter comment. | |
| | Finding # | <u>N/A</u> |
| | Management Letter Comment # | <u>N/A</u> |

6. Transportation (Section 163.161, RSMo)

- | | | |
|----|--|------------------|
| A. | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. | <u>True</u> |
| B. | The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. | <u>True</u> |
| C. | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: | |
| | Eligible ADT | <u>10,164.50</u> |
| | Ineligible ADT | <u>1,496.50</u> |
| D. | The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. | <u>True</u> |
| E. | Actual odometer records show the total district-operated <u>and</u> contracted mileage for the year was: | <u>2,051,175</u> |

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2011

6. Transportation (Section 163.161, RSMo) (continued)

Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:

Eligible miles 1,676,016

Ineligible miles (non-route/disapproved) 375,159

F. Number of days the District operated the school transportation system during the regular school year. 173

G. All above “false” answers must be supported by a finding or management letter comment.

Finding # N/A

Management Letter Comment # N/A

NORTH KANSAS CITY SCHOOL DISTRICT NO. 74

TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
For the Year Ended June 30, 2011

	<u>Pupil</u>			<u>Disabled</u>		
			Payments			
	<u>Contracted</u>	District <u>Owned</u>	to Other <u>Districts</u>	<u>Contracted</u>	District <u>Owned</u>	<u>Totals</u>
Noncertified Salaries	\$ 0	\$2,577,992	\$ 0	\$ 0	\$1,759,324	\$4,337,316
Employee Benefits	0	886,637	0	0	642,032	1,528,669
Purchased Services	296,791	246,177	67,216	115,328	82,745	808,257
Supplies	0	872,274	0	0	373,832	1,246,106
Capital Outlay	<u>0</u>	<u>1,435,268</u>	<u>0</u>	<u>0</u>	<u>48,892</u>	<u>1,484,160</u>
Totals	<u>\$296,791</u>	<u>\$6,018,348</u>	<u>\$67,216</u>	<u>\$115,328</u>	<u>\$2,906,825</u>	<u>\$9,404,508</u>