



# KANSAS CITY

PUBLIC SCHOOLS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED  
JUNE 30, 2017

# **KANSAS CITY PUBLIC SCHOOLS**

(The School District of Kansas City, Missouri)

## **Comprehensive Annual Financial Report**

For The Fiscal Year Ended June 30, 2017

(With Independent Auditor's Report Thereon)

Prepared by

Business & Finance Division

# KANSAS CITY PUBLIC SCHOOLS

## Table of Contents

|   | Page    |
|---|---------|
| <b>Introductory Section</b>   |         |
| Letter of Transmittal   | i – iv  |
| Vision and Mission of District  | v       |
| Organizational Chart  | vi      |
| List of Principal Officials   | vii     |
| <b>Financial Section</b>  |         |
| Independent Auditor’s Report  | 1 – 2   |
| Management’s Discussion and Analysis  | 3 – 18  |
| Basic Financial Statements:   |         |
| Statement of Net Position   | 19      |
| Statement of Activities   | 20      |
| Balance Sheet—Governmental Funds  | 21      |
| Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position   | 22      |
| Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds  | 23      |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances<br>of Governmental Funds to the Statement of Activities | 24      |
| Statement of Net Position —Proprietary Fund   | 25      |
| Statement of Revenues, Expenses, and Changes in Fund Net Position—Proprietary Fund  | 26      |
| Statement of Cash Flows—Proprietary Fund  | 27      |
| Statement of Fiduciary Net Position   | 28      |
| Statement of Changes in Fiduciary Net Position  | 29      |
| Notes to Basic Financial Statements   | 30 – 57 |
| Required Supplementary Information:   |         |
| Schedule of Budgetary Comparison—General Fund   | 58 – 61 |
| Note to the Required Supplementary Information  | 62      |
| Schedule of Funding Progress-OPEB   | 63      |
| Net Pension Liability and Schedule of Employer Contributions – Pension  | 64      |

# KANSAS CITY PUBLIC SCHOOLS

## Table of Contents

|   | Page    |
|---|---------|
| <b>Supplementary Information</b>  |         |
| <b>Nonmajor Fund Financial Statements and Schedules</b>   |         |
| Nonmajor Governmental Funds—Combining Balance Sheet   | 65      |
| Nonmajor Governmental Funds—Combining Statement of Revenues, Expenditures, and Changes in Fund Balances           | 66      |
| Child Nutritional Services Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual | 67      |
| Capital Projects Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual           | 68 – 69 |
| Capital Projects Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balance—by Project                  | 70 – 71 |
| General Fund—Schedule of Revenues, Expenditures and Changes in Fund Balance—by Project                            | 72      |
| Schedule of Budgetary Comparison—Teachers’ Fund   | 73 – 75 |
| Capital Assets Used in the Operation of Governmental Funds by Source  | 76      |
| Schedule of Changes of Capital Assets Used in the Operation of Governmental Funds by Function and Activity        | 77      |
| Capital Assets Used in the Operation of Governmental Funds by Function and Activity                               | 78      |
| Schedule of Expenditures of Federal Awards  | 79 – 80 |

## Table

### Statistical Section (Unaudited)

|   |           |
|---|-----------|
| Table of contents   | 81        |
| Net Position by Component—Last Ten Fiscal Years   | 1 82      |
| Changes in Net Position—Last Ten Fiscal Years   | 2 83 – 84 |
| Fund Balances of Governmental Funds—Last Ten Fiscal Years                                     | 3 85      |
| Changes in Fund Balances of Governmental Funds and Debt Service Ratio — Last Ten Fiscal Years | 4 86      |
| Assessed and Estimated Actual Value of Taxable Property—Last Ten Calendar Years               | 5 87      |
| Property Tax Rates—Direct and Overlapping Governments—Last Ten Fiscal Years                   | 6 88      |
| Principal Property Taxpayers  | 7 89      |
| Property Tax Levies and Collections—Last Ten Calendar Years                                   | 8 90      |
| Outstanding Debt by Type—Last Ten Fiscal Years  | 9 91      |
| Computation of Overlapping Debt   | 10 92     |
| Computation of Legal Debt Margin  | 11 93     |
| Demographic Statistics—Last Ten Fiscal Years  | 12 94     |
| Property Value and Construction Costs—Last Ten Fiscal Years                                   | 13 95     |
| Per-Pupil Costs—Last Ten Fiscal Years   | 14 96     |

December 5, 2017

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

The Board of Directors and Citizens:

Missouri revised statute section 165.111 requires an audit to be performed at least biennially of the financial records of all funds of the District. In compliance with this statute, the Comprehensive Annual Financial Report (CAFR) of the School District of Kansas City, Missouri (the District) for the fiscal year ended June 30, 2017, will be submitted to the Department of Elementary and Secondary Education. In addition, this report provides the Department of Elementary and Secondary Education (DESE), citizens, financial institutions, grantor agencies, and other interested parties with reliable information concerning the financial condition of the District. This letter of transmittal is designed to be read in conjunction with the Management Discussion and Analysis report. Financial highlights and a discussion of the District's financial condition are provided in the Management Discussion and Analysis report. This report is located in the financial section after the independent auditor's report and provides an overview of the District's financial condition at the district-wide level and at the fund level. The district-wide level reports on changes in assets and liabilities or net position. The fund level reports provide a more detailed focus on all the funds of the District and demonstrative compliance with Missouri statutes.

District management is responsible for establishing and maintaining internal controls designed to ensure that District resources are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and, 2) the valuation of cost and benefits requires estimates by management. This report was prepared by the Business & Finance Division who is responsible for the accuracy of the data, completeness and fairness of the presentation including all disclosures. RSM US LLP, certified public accountants, has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2017. The independent auditor's report is located in the front of the financial section of this report.

The District is also required to have performed annually an audit in compliance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards*. Welch & Associates, L.L.C., certified public accountants, performed this audit. Information related to these audits, which includes the schedule of expenditures of federal awards and related notes, the schedule of findings and questioned costs, and the independent auditors' reports on compliance and internal control over financial reporting, schedule of selected statistics and a schedule of transportation cost eligible for state aid are published under a separate cover.

## **DISTRICT PROFILE**

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

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

- School District of Kansas City, Missouri Building Corporation – provide financing for QSCB Bond debt service.

The District operated 6 high schools, 1 vocational school, 1 alternative school, 2 middle schools, and 23 elementary schools for school year 2016-2017. At all levels, there are comprehensive community and magnet school curriculums. Among the magnet theme curriculums are visual and performing arts, college preparatory, foreign languages, and Montessori. The District serves about 14,161 K-12 and 1,104 pre-k students, employing over 2,100 principals, teachers, and support staff.

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

## **ECONOMIC FACTORS**

Local property taxes represent approximately 64% of total revenues reported by the District. During the fiscal year, the District was entitled to receive approximately \$141.3 million in property taxes for tax year 2016 based on its \$4.9599 levy; actual current taxes collected during the fiscal year totaled \$130.9 million. The assessed valuation of real and personal property increased from approximately \$2.85 billion to approximately \$2.9 billion or 1.70%. As a result, reported property tax revenue for fiscal year 2017 increased 8.11% from the prior year.

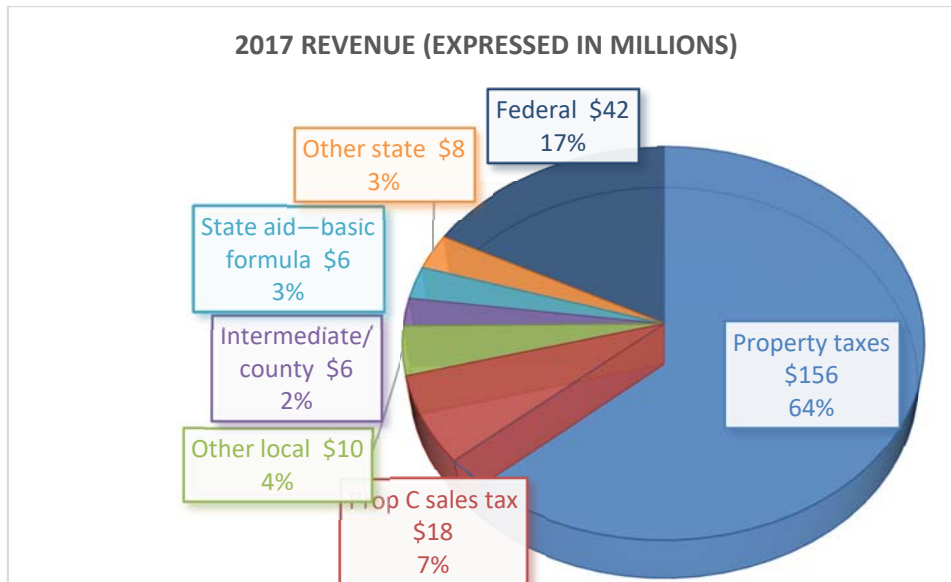
The difference between billed and collected is the county retention fee of 1.71% and delinquent taxes. Property tax abatement and tax increment financing limit the District's ability to receive significant increases in property taxes that would be generated as a result of economic growth.

Revenues derived from State sources represent approximately 6% of total revenues received by the District. The District received approximately \$6 million for state aid, a decrease of \$5.74 million or 46.41%. In fiscal year 2007, DESE implemented a new foundation formula that is based on current expenditures of the school districts meeting all performance standards established by the State Board of Education. The base target funding level is \$6,146 per weighted average daily attendance. This amount is adjusted by a dollar value modifier and the school districts local effort. Under this formula, the District will receive state aid at least equal to the amount it received for fiscal year 2006. Economic factors that influence the foundation formula are gaming revenue, level of State appropriation, reassessments submitted by the County Assessor, student population growth (i.e., average daily attendance), and the local property tax levy.

Revenues from federal grants, reimbursement and subsidies represent about 17.0% of the revenue received by the District. The major federal grant programs are Title I, Title IIA, Head Start, Exceptional Education (I.D.E.A), Early Childhood Special Education (I.D.E.A.), and Title IIC. Factors that impact the amount of federal funds the District is entitled to receive include free and reduced lunch eligibility counts and enrollment of exceptional education students. During the fiscal year 100% of our students were served as eligible for free or reduced lunch under the Community Eligibility Provision (CEP) program started during fiscal year 2015-2016.

Students with disabilities, as defined by the Individuals with Disabilities Education Act (IDEA), are those students who qualify for special education services and who have an Individualized Education Program (IEP) or commonly referred to as the Special Education program (SpEd). Special Education and related services for pre-school age is referred to as early childhood special education (ECSE). For fiscal year 2016-2017, the District served 1,798 SpEd students and 201 ECSE students, representing 12.63% of district enrollment.

The graph below shows the major sources of revenue:



## CASH MANAGEMENT

The District's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral for bank deposits are held by the Federal Reserve in the depositor's name on behalf of the District. Investments are in repurchase agreements, certificates of deposit and other federal obligations. Approximately \$.894 million in interest income was earned during the fiscal year.

## ACKNOWLEDGEMENTS

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

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

Respectfully,

Mark T. Bedell Ed.D.  
Superintendent of Schools

Linda Quinley  
Chief Financial Operations Officer





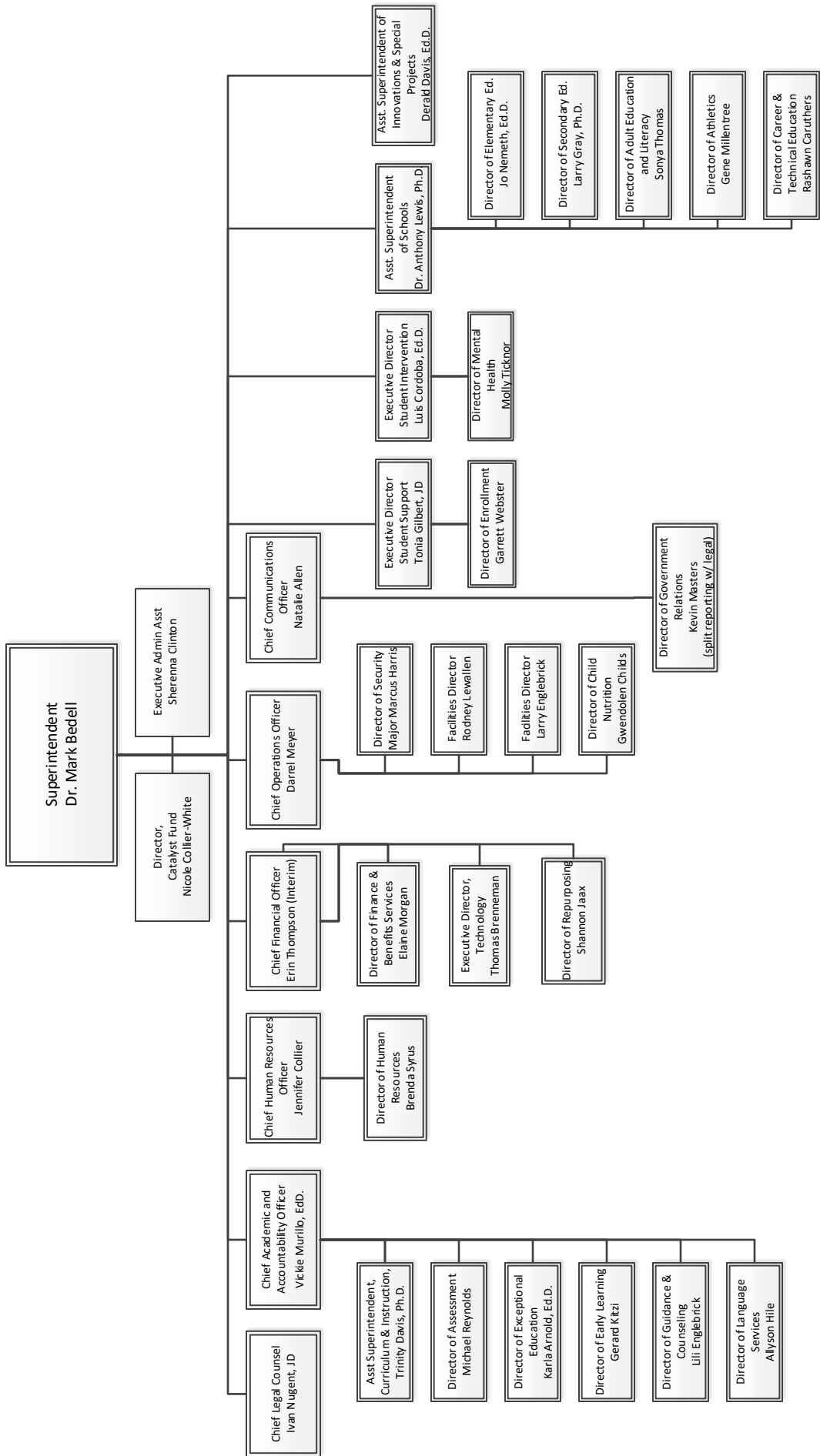
### **Our Vision**

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

### **Our Mission**

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

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



# LIST OF PRINCIPAL OFFICIALS

June 30, 2017

## *BOARD OF EDUCATION*

### *Executive Officers*

Melissa Robinson, Chair  
Pattie Mansur, Vice Chair

### *Treasurer*

Matthew Oates

### *Secretary of the Board*

Sandra Fette

### *Members*

Carl Evans  
John Fierro  
Amy Hartsfield  
Natalie Lewis  
Ajia Morris  
Jennifer Wolfsie

## *SENIOR ADMINISTRATORS*

Mark Bedell, Ed. D. Superintendent  
Anthony Lewis, Ph.D., Asst. Superintendent of Schools  
Vickie Murillo, Ed. D. Chief Academic and Accountability Officer  
Ivan Nugent, J.D., Chief Legal Counsel  
Derald Davis, Ed. D., Assistant Supt. of Innovations and Special Projects  
Thomas Brenneman, Executive Director of Technology  
Luis Cordoba, Ed. D. Executive Director of Student Intervention Programs  
Tonia Gilbert, J.D., Executive Director of Student Support and Community Services  
Darrel Meyer, Chief of Operations  
Erin Thompson, Interim Chief Financial Officer  
Natalie Allen, Chief Communications Officer  
Jennifer Collier, Chief Human Resources Officer

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Kansas City, Missouri (Kansas City Public Schools) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Kansas City Public Schools' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kansas City Public Schools, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kansas City Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the accompanying schedule of expenditures of federal awards (SEFA), as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017 on our consideration of the Kansas City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kansas City Public Schools' internal control over financial reporting and compliance.

*RSM US LLP*

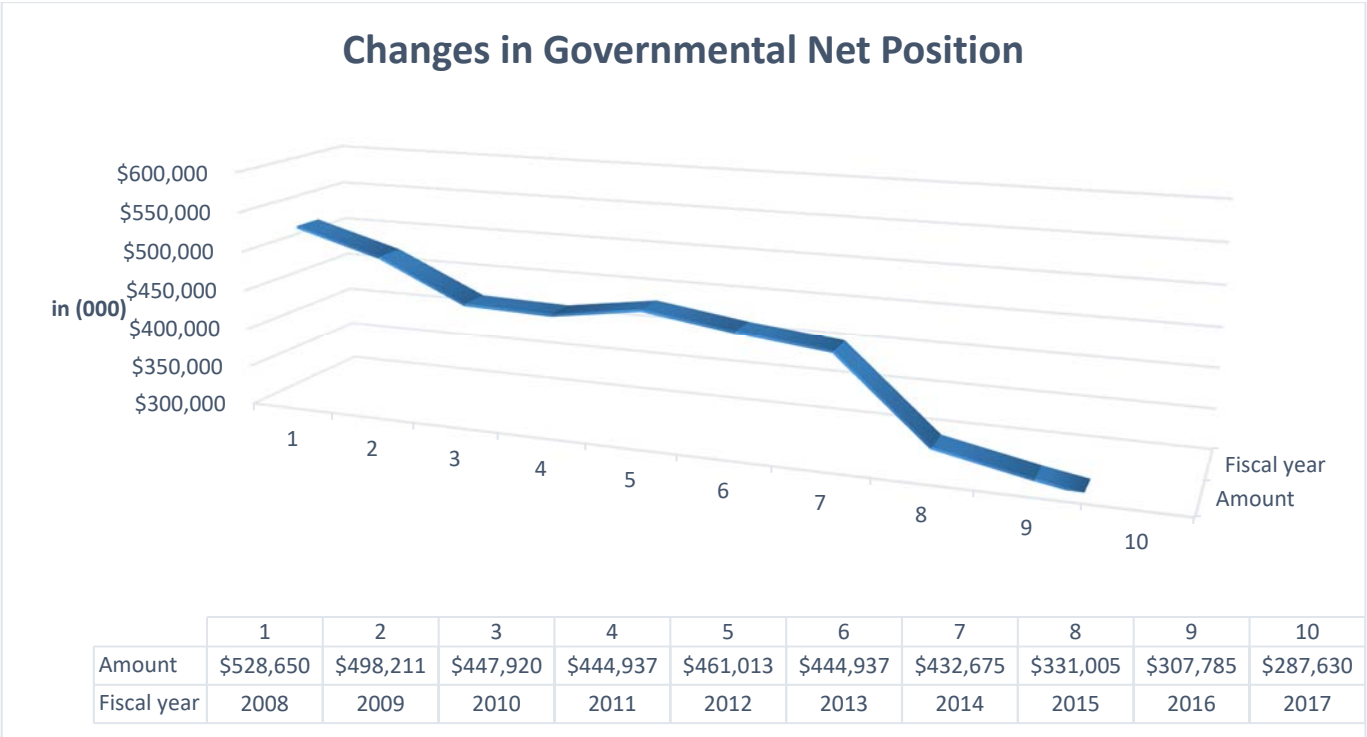
Kansas City, Missouri  
December 5, 2017

The Business and Finance Division of the Kansas City Public Schools (the District) is pleased to provide the readers of the District’s comprehensive annual financial report this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017 an element of GASB Statement No 34. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial Highlights**

In the statement of net position for governmental activities, the District’s assets exceeded its liabilities at the close of the fiscal year by \$287 million. The most significant changes in total net position were increases of \$18.4 million in capital assets and governmental fund balance of \$34 million offset by increases in long term liabilities of \$58.5 and the net impact of an increase in pension related deferred outflows and inflows of \$2.6 million.

The graph below shows the changes in net position and indicates the District’s overall financial position decreased in fiscal year 2017 by 6.5% when compared to fiscal year 2016. Total assets increased \$65.96 million primarily due to the \$38 million of depreciable capital asset additions and the increase in restricted cash and investments of \$43 million. These increases are primarily due to the August 24, 2016 issuance of the Series 2016 Certificates of Participation. The district received bond proceeds in the amount of \$51,035,000. As of June 30, the district has incurred \$18,836,157 of qualifying capital improvement expenditures eligible for reimbursement from bond proceeds.



The District’s governmental funds (summarized in Table 1 below) reported an ending total fund balance of \$125.5 million, an increase of \$34.3 million in comparison with the prior year. Approximately 44.5% of this amount, \$55.9 million, is available for spending at the District’s discretion (unassigned fund balance).

**Table 1—Summary of Governmental Fund Balances**

|                  | <b>FY17</b>           | <b>Percentage<br/>of total</b> | <b>FY16</b>          | <b>Percentage<br/>of total</b> | <b>Increase<br/>(decrease)</b> | <b>Unassigned<br/>portion</b> |
|------------------|-----------------------|--------------------------------|----------------------|--------------------------------|--------------------------------|-------------------------------|
| General          | \$ 59,508,875         | 47.4%                          | \$ 57,034,515        | 62.5%                          | \$ 2,474,360                   | \$ 55,929,135                 |
| Capital projects | 51,409,964            | 41.0%                          | 18,190,929           | 20.0%                          | 33,219,035                     | —                             |
| Nonmajor funds   | 14,592,043            | 11.6%                          | 15,979,015           | 17.5%                          | (1,386,972)                    | —                             |
|                  | <u>\$ 125,510,882</u> | <u>100.0%</u>                  | <u>\$ 91,204,459</u> | <u>100.0%</u>                  | <u>\$ 34,306,423</u>           | <u>\$ 55,929,135</u>          |

Unassigned fund balance for the General Fund was \$55.9 million and represents 25.27% of total General Fund expenditures and transfers. Assigned fund balance in the General Fund for general operating encumbrances and insurance reserves was \$3.29 million. Restricted fund balance in the General Fund for workers compensation was \$0.28 million. Overall, governmental fund balances increased at June 30 primarily due to the \$51 million issuance of the series 2016 Certificates of Participation.

### Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected property taxes and earned but unused sick and vacation leave.

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

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Community Service Fund, which is a nonmajor fund of the District.

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

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

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

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



## Government-wide Financial Analysis

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

**Table 2—Net Position (Expressed in Thousands)**

|                                  | Governmental activities |          |                        | Business-type activities |      |                        | Total    |          |
|----------------------------------|-------------------------|----------|------------------------|--------------------------|------|------------------------|----------|----------|
|                                  | 2017                    | 2016     | Increase<br>(decrease) | 2017                     | 2016 | Increase<br>(decrease) | 2017     | 2016     |
| Assets:                          |                         |          |                        |                          |      |                        |          |          |
| Current and other assets         | \$ 355,131              | 307,584  | 47,547                 | 637                      | 625  | 12                     | 355,768  | 308,209  |
| Capital assets                   | 381,369                 | 362,952  | 18,417                 | —                        | —    | —                      | 381,369  | 362,952  |
| Total assets                     | 736,500                 | 670,536  | 65,964                 | 637                      | 625  | 12                     | 737,137  | 671,161  |
| Deferred Outflows of resources   | 39,778                  | 52,694   | (12,916)               | —                        | —    | —                      | 39,778   | 52,694   |
| Liabilities:                     |                         |          |                        |                          |      |                        |          |          |
| Other liabilities                | 51,371                  | 52,097   | (726)                  | 172                      | 192  | (20)                   | 51,543   | 52,289   |
| Long-term liabilities            | 280,469                 | 222,007  | 58,462                 | —                        | —    | —                      | 280,469  | 222,007  |
| Total liabilities                | 331,840                 | 274,104  | 57,736                 | 172                      | 192  | (20)                   | 332,012  | 274,296  |
| Deferred Inflows of Resources    | 156,809                 | 141,342  | 15,467                 | —                        | —    | —                      | 156,809  | 141,342  |
| Net position:                    |                         |          |                        |                          |      |                        |          |          |
| Net investment in capital assets | 317,613                 | 318,262  | (649)                  | —                        | —    | —                      | 317,613  | 318,262  |
| Restricted                       | 12,280                  | 14,846   | (2,566)                | —                        | —    | —                      | 12,280   | 14,846   |
| Unrestricted                     | (42,264)                | (25,324) | (16,940)               | 465                      | 433  | 32                     | (41,799) | (24,891) |
| Total net position               | \$ 287,629              | 307,784  | (20,155)               | 465                      | 433  | 32                     | 288,094  | 308,217  |

Overall, governmental activities current and other assets increased by 15.46%; business activities current and other assets increased 1.92%. Cash and investments increased by \$39 million as a result of the increase in restricted cash and investments due to the bond proceeds held in a project fund account. Long-term liabilities increased \$58.5 million due to the net impact of additional equipment lease agreement obligations of \$10 million, a \$.29 million increase in the compensated absences balance, a decrease in claims payable of \$1.3 million and increases in bonds payable balance and unamortized premium of \$47.34 million and \$2.2 million, respectively. Current year improvements to buildings and other than building were \$49.5 million, purchases of equipment, furniture, and vehicles (primarily computers and vehicles) were \$.99 million, less depreciation of \$12.7 million and a decrease in recorded value of closed building impairments of \$3.4 million, resulting in a net increase of \$18.4 million in capital assets net of depreciation.

Unrestricted net position of (\$42.26) million includes management commitments, assignments and unassigned fund balances. The Board of Education has authorized management to assign funds for certain obligation that make up 16.8% of net position.

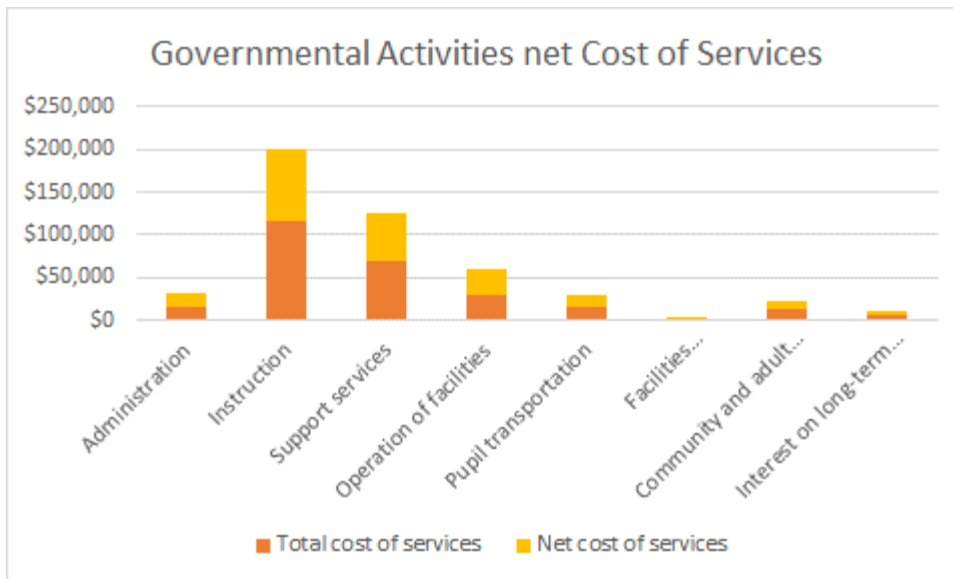
Fund balance has \$4.4 million in commitments, \$48.3 million in assignments, and \$55.9 million of unassigned fund balance. See footnote 2 for specific purposes within each category.

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

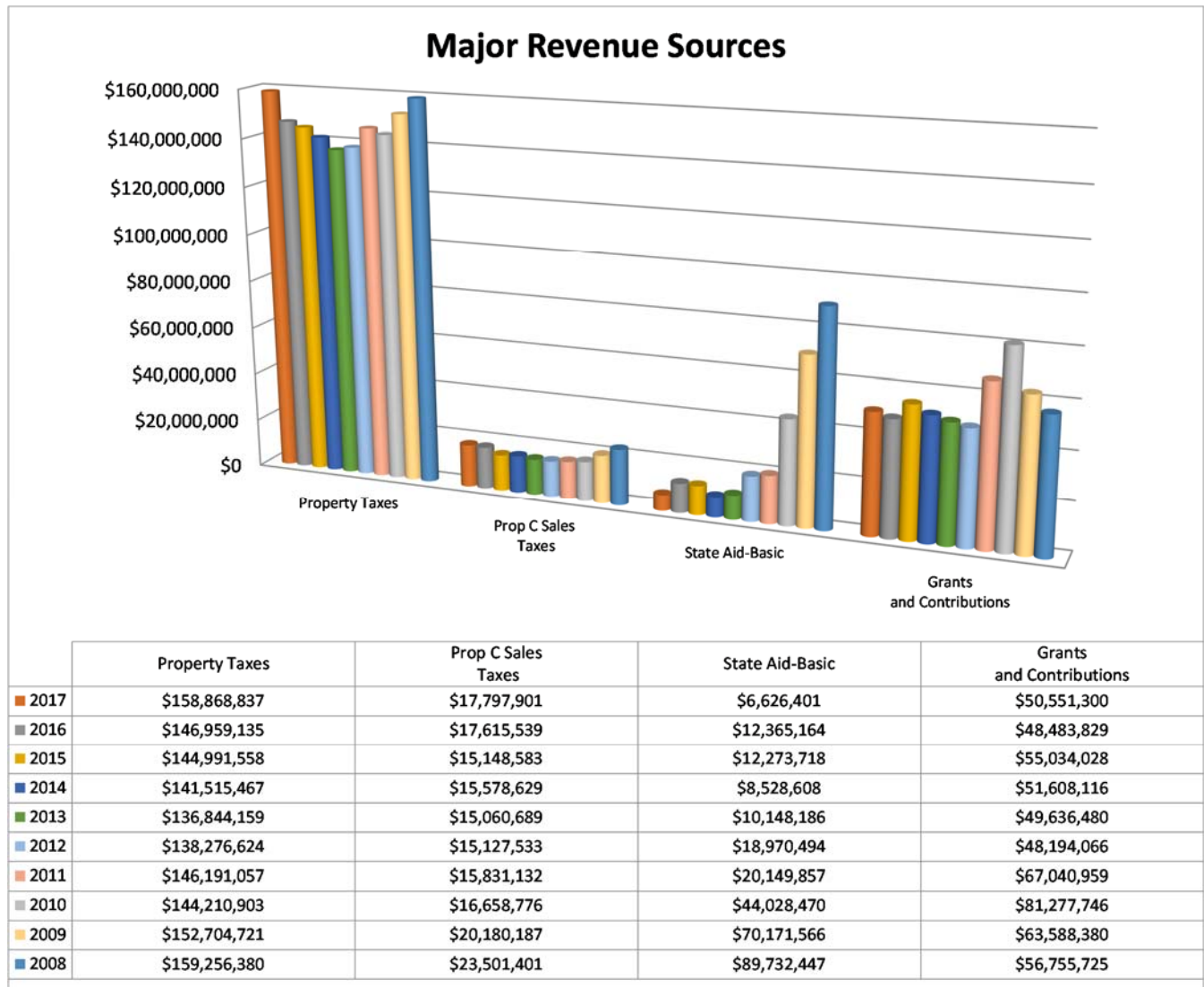
Table 3A—Changes in Net Position —Governmental Activities highlights the District's revenues and expenses for the 2017 and 2016 fiscal years. The difference between revenues and expenses equals the change in net position. Revenue is divided into two major components, program revenue and general revenue. Program revenue is defined as charges for services, operating and capital grants, and contributions. General revenue is defined as the primary unrestricted funding sources, such as property taxes, sales taxes, and basic state aid.

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

|                                       | Governmental activities |          |                        |
|---------------------------------------|-------------------------|----------|------------------------|
|                                       | 2017                    | 2016     | Increase<br>(decrease) |
| Program revenues:                     |                         |          |                        |
| Charges for services                  | \$ 1,480                | 1,998    | (518)                  |
| Operating grants and contributions    | 48,285                  | 46,741   | 1,544                  |
| Capital grants and contributions      | 2,266                   | 1,743    | 523                    |
| General revenues:                     |                         |          |                        |
| Property taxes                        | 158,869                 | 146,959  | 11,910                 |
| Prop C sales tax                      | 17,798                  | 17,616   | 182                    |
| Other local revenues                  | 4,340                   | 7,705    | (3,365)                |
| County governmental contributions     | 5,672                   | 4,964    | 708                    |
| State aid—basic formula               | 6,626                   | 12,365   | (5,739)                |
| Grants and entitlements               | 7                       | 743      | (736)                  |
| Investment earnings                   | 743                     | 1,519    | (776)                  |
| Total revenues                        | 246,086                 | 242,353  | 3,733                  |
| Program expenses:                     |                         |          |                        |
| Administration                        | 16,035                  | 17,416   | (1,381)                |
| Instruction                           | 115,241                 | 127,841  | (12,600)               |
| Support services                      | 69,642                  | 57,780   | 11,862                 |
| Operation of facilities               | 30,741                  | 33,451   | (2,710)                |
| Pupil transportation                  | 15,802                  | 12,725   | 3,077                  |
| Facilities improvement and renovation | 1,051                   | 825      | 226                    |
| Community and adult services          | 12,222                  | 12,353   | (131)                  |
| Interest on long-term debt            | 5,749                   | 3,332    | 2,417                  |
| Total expenses                        | 266,483                 | 265,723  | 760                    |
| Deficiency before transfers           | (20,397)                | (23,370) | 2,973                  |
| Transfers                             | 242                     | 150      | 92                     |
| Decrease in net position              | (20,155)                | (23,220) | 3,065                  |
| Net position beginning of year        | 307,785                 | 331,005  | (23,220)               |
| Net position end of year              | \$ 287,630              | 307,785  | (20,155)               |



A graph of major District revenues is shown below.



The most significant sources of revenues are:

**Property Taxes (Local)** are levied by the county assessor based on the assessed valuation of taxable property as of January 1 of each calendar year (tax lien date). Taxes are billed the following November 1 and become due on or before December 31. Property taxes are recognized as revenue when received. During fiscal years 2017 and 2016, the district received and reported the following tax revenue:

| Description                    | 2017        | 2016        | Increase /<br>(decrease) |
|--------------------------------|-------------|-------------|--------------------------|
| Real estate and property taxes | 130,897,819 | 124,343,286 | 6,554,533                |
| Railroad and utility taxes     | 3,991,749   | 3,663,847   | 327,902                  |
| Back taxes                     | 11,634,591  | 9,703,988   | 1,930,604                |
| Payment in lieu of tax         | 3,966,585   | 1,996,600   | 1,969,985                |
| M & M replacement tax          | 8,378,093   | 7,251,414   | 1,126,679                |
|                                | 158,868,837 | 146,959,135 | 11,909,703               |

The total assessed valuation for tax year 2016 was approximately \$2.9 billion compared to the total assessed valuation for tax year 2015 of \$2.85 billion, an increase of approximately 1.70%.

**Proposition C Sales Tax** is a one-percent statewide sales tax collected and distributed to the district based on the prior year weighted average daily attendance. The district reported sales tax revenue of approximately \$17.8 million during fiscal year 2017; a modest increase of approximately \$.18 million or 1.04% from fiscal year 2016. The total sales tax revenue distributed in 2016-17 was \$979.04 per 2015-16 Weighted Average Daily Attendance (WADA). The total state 2015-16 WADA used in the Proposition C calculation was 903,742.18.

**Other local** revenue is primarily comprised of interest on current, back and replacement taxes, taxes collected (levied on the intangible assets) from financial institutions operating within the district boundaries (FIT/Intangible tax), abatement grant, tuition and fees and rebates. Other local revenue decreased approximately \$3.36 million due to energy rebates and refund of premiums paid for health care insurance coverage. During fiscal year 2016, the district received approximately \$1.35 million in rebates from KCP&L and a refund of approximately \$1.89 million for health and dental premiums paid, the result of actual plan costs less than actuarially set premiums during the period July 2014 through December 2015.

**County** revenue includes fines, state-assessed railroad and utility taxes and stock insurance. Fines are collected by Jackson County and distributed to the district based on the September membership (enrollment). State-assessed railroad and utility taxes are computed based on an average levy for all school districts operating in Jackson County and applied against the total assessed valuation of railroad and utility properties as assessed by the state and distributed to the district based on the September membership. Stock insurance is based on the prior year premiums collected from stock insurances companies conducting business within the county and is distributed based on the property tax levy. During fiscal year 2017, the district reported county revenue of approximately \$5.67 million compared to approximately \$4.96 million during fiscal year 2016, an increase of approximately \$.707 million or 14.24%. This increase is primarily attributable to a decrease in the county stock insurance collections.

**State Aid Basic Formula** is a child-needs based education funding formula that is calculated based on weighted average daily attendance (WADA), the state adequacy target (target funding per student), the dollar value modifier (DVM or localized cost of living adjustment) and local effort (based on the district's assessed valuation and tax levy). The district recognized state aid for fiscal year 2017 in the amount of approximately \$6.26 million compared to approximately \$12.37 million for fiscal year 2016, a decrease of approximately

\$5.74 million or 46.41%. This decrease is due in part to a decrease of 501 in student enrollment, and the local property tax collection grew faster than the formulas per pupil allocation.

**Federal** revenues from federal programs, approximately 17.43% of total revenue, decreased from approximately \$44.4 million for fiscal year 2016 to approximately \$42.6 million for fiscal year 2017, a decrease of approximately \$1.79 million. The district receives funding primarily from the following federal programs:

- The Elementary and Secondary Education Act (ESEA) of 1965 as amended by the No Child Left Behind Act of 2001 NCLB (Title I. A Improving the Academic Achievement of the Disadvantaged, Title II Preparing, Training and Recruiting High Quality Teachers and Principals, and Title III Language Instruction for Limited English Proficient and Immigrant Students). NCLB federal funds received by the district during fiscal year 2017 totaled approximately \$10.6 million.
- The Individuals with Disabilities Education Act (IDEA) Part B defines students with disabilities as those children, ages three (3) to twenty-one (21), who have been properly evaluated in all areas related to the suspected disability (health, vision, hearing, social and emotional status, general intelligence, academic performance, communicative status, and motor disabilities) and who because of that disability, require special education and related services. (Includes early childhood special education – moderately and severely disabled children who are three (3) to five (5) years of age). The district received approximately \$5.6 million from federal sources to operate its special education program during school year 2017.
- Child nutrition services: The National School Lunch Program (NSLP); the School Breakfast Program (SBP); the Fresh Fruit and Vegetable Program (FFVP); the Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP). Revenue for the child nutrition program increased 7.26%.
- Head Start – Comprehensive child development program for pre-kindergarten children and their families. The district received approximately \$4.5 million in revenue (each year) to operate the head start program for school years 2017 and 2016.

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

**Instruction services** – The summer school programs offered for 2017 and 2016, including community partners, had a cost of approximately \$8.4 million and \$10.35 million, respectively. The summer school cost reported for fiscal year 2016 included the total cost of summer school 2016 and a portion, allocated based on school days, of the cost for summer school 2017.

**Support services** – On February 22, 2017, the board approved up to \$3 million for a one-time retirement incentive to qualified certified and classified employees. The plan was designed to encourage the voluntary retirement of employees eligible for retirement under the regulations of the Public School Retirement System. The actual payout totaled \$2.1 million.

During the fiscal year, the district executed a \$.953 million agreement to provide all-in-one computers to district staff to replace obsolete equipment and maintain technology standards. As of June 30, 2017 the district spent \$.919 million. In addition, a contract for \$1.19 million provided 4,500 chromebooks and chromebook carts for students. As of June 30, the district spent \$1.08 million.

**Operation of facilities & facilities improvement and renovation** – Costs incurred represent a continued focus on deferred infrastructure improvements and repair and maintenance projects primarily in school buildings at the following locations: Manual Career & Technical Center, Lincoln College Preparatory Academy, Paseo Academy of Fine and Performing Arts, Southeast High School, Foreign Language Academy, Gladstone Elementary, Hartman Elementary, Garcia Elementary. As part of an evaluation of district needs

and reducing administrative and building maintenance costs, it was decided that the building the Board of Education office and administrative support departments had occupied in downtown Kansas City since the early 1960's would be put up for sale. A building was purchased in mid-town Kansas City, and the Board of Education relocated in June 2016. In the fall of 2016, vacant warehouse space within the building was converted into additional offices and in January 2017, the remaining group of employees were moved in. It is estimated that utility and maintenance save approximately \$1 million a year.

**Principal on long term debt** – Principal costs increased \$1.57 million and interest costs increased by \$1.54 million primarily due to the additional annual principal payment required pursuant to the terms of the series 2016 Certificates of Participation bonds.

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

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

|  | <b>2017</b> | <b>2016</b> | <b>Increase<br/>(Decrease)</b> |
|--|-------------|-------------|--------------------------------|
| Community services:                        |             |             |                                |
| Charges for services                       | \$ 380      | 412         | (32)                           |
| Expenses                                   | (107)       | (116)       | 9                              |
| Revenue over expenditures before transfers | 273         | 296         | (23)                           |
| Transfers                                  | (242)       | (150)       | (92)                           |
| Increase (decrease) in net position        | \$ 31       | 146         | (115)                          |

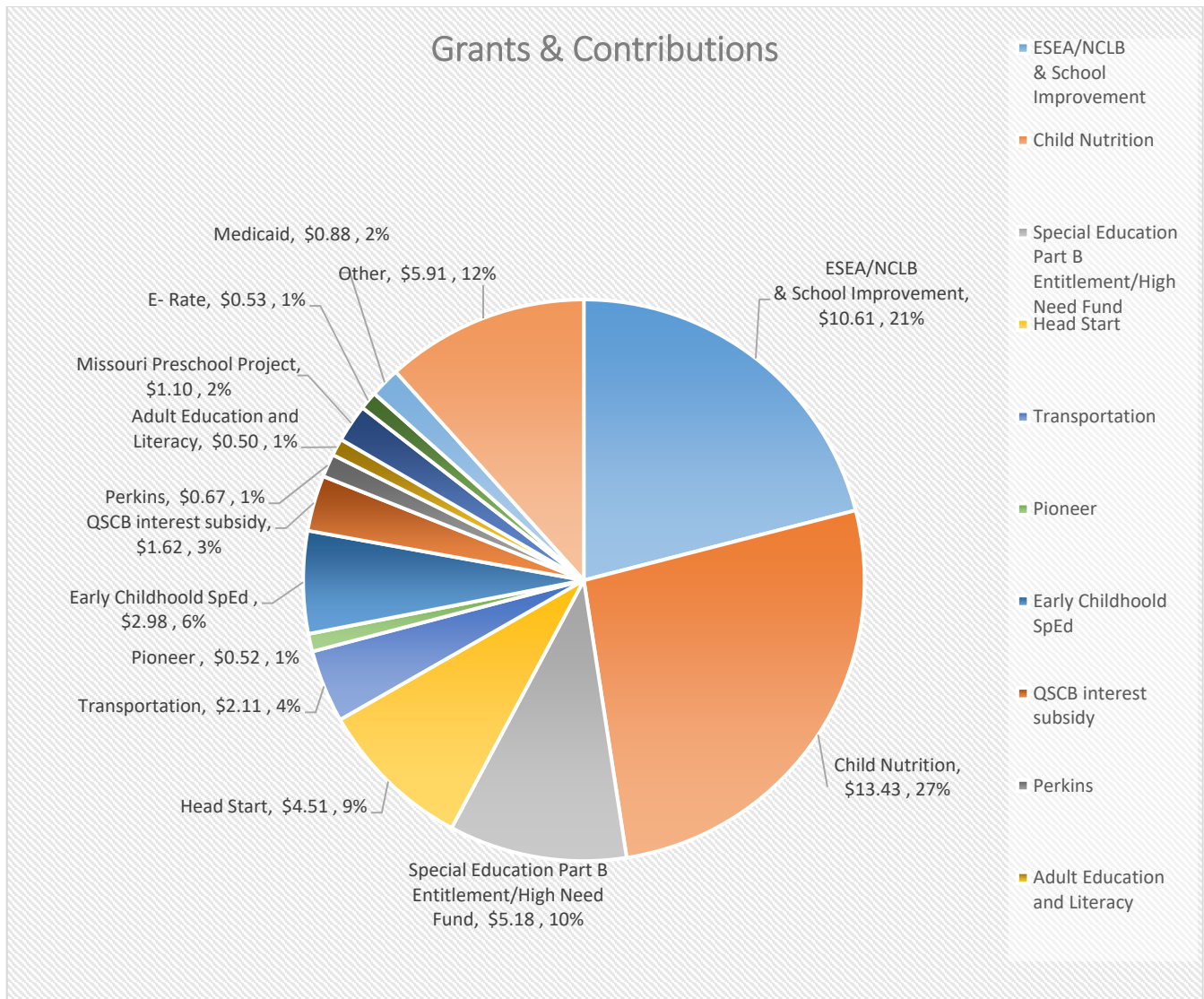
The decrease in revenue was due primarily to a decrease in fees received from the community's use of facilities as well as nonrenewed lease agreements for the use of district facilities during the fiscal year compared to the prior year. The decrease in expenditures is a direct correlation of the decrease in revenues.

Table 4—Cost of Services—Governmental Activities shows the cost of services for governmental activities. The total cost of services column contains all costs related to functions/programs. The net cost of services column shows how much of the total cost is not covered by program revenues. Net costs (or 80.47% of the total cost) are costs that must be covered by unrestricted state funding and local taxes. When compared to the prior year, net cost of services as a percentage of total cost decreased from the prior year percentage of .53%. The increase in total expenditures of \$.76 million was greater than the combined decrease of \$.51 million in charges for services and the \$2.07 million increase in grants and contributions.

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

|   | <b>Total cost<br/>of services</b> | <b>Net cost<br/>of services</b> |
|---|-----------------------------------|---------------------------------|
| Administration                          | \$ 16,035                         | 15,907                          |
| Instruction                             | 115,241                           | 84,325                          |
| Support services                        | 69,642                            | 55,121                          |
| Operation of facilities                 | 30,741                            | 30,493                          |
| Pupil transportation                    | 15,802                            | 13,684                          |
| Facilities improvements and renovations | 1,051                             | 1,051                           |
| Community and adult services            | 12,222                            | 9,861                           |
| Interest on long-term debt              | 5,749                             | 4,010                           |
| Total                                   | \$ <u>266,483</u>                 | <u>214,452</u>                  |

The District received program revenues specifically to offset the cost of certain functions/programs. The major source of this type of revenue, totaled \$50.55 million, is from grants and contributions (operating and capital). Operating and capital grants, and contributions are funds the District receives that are restricted to a particular purpose as show in the graph below.



## Financial Analysis of the District's Funds

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



The General Fund, and a portion of the Capital Projects Fund make up the District's operating budget. The fund balance in the Capital Projects—Operating Fund is used to cover debt service costs, reducing the required amount to be transferred from the General Fund. At June 30, 2017, the unassigned fund balance of the operating budget funds is shown below:

| <b>Operating budget funds</b> | <b>Nonspendable</b> | <b>Restricted</b> | <b>Assigned</b>   | <b>Unassigned</b> | <b>Total fund balance</b> |
|-------------------------------|---------------------|-------------------|-------------------|-------------------|---------------------------|
| General-operating             | \$ 4,740            | 280,704           | 3,294,296         | 55,929,135        | 59,508,875                |
| Capital projects—operating    | —                   | —                 | 16,467,485        | —                 | 16,467,485                |
|                               | <u>\$ 4,740</u>     | <u>280,704</u>    | <u>19,761,781</u> | <u>55,929,135</u> | <u>75,976,360</u>         |

As a measure of the operating budget liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total expenditures. The total operating fund balance represents 34.33% of total operating expenditures and transfers. The total operating fund balance increased by 18.65% when compared to fiscal year 2016, due to a \$10 million transfer to fund future capital projects.

With the district's commitment to continue necessary building renovation and deferred maintenance projects, Administration with the Board of Director's approval, used fund balance of \$8.3 million until other funding was secured. On August 24, 2016 the district issued \$51,035,000 of Certificates of Participation, Series 2016. These certificates are proportionate interests of the certificate owners in the rental payments made by the district in accordance with the lease agreement with the trustee.

### **Budgetary Highlights**

Table 5A- Budget Comparison shows a summary of the major changes in the current year original and final budgets. The difference in revenues between the original and the final budgets is an increase of approximately 8.6%. Based on the final assessed valuation received in September 2016 and collection trends, property taxes revenues were increased by \$11 million. Projection for other local revenues increased by \$4.3 million due to various local grants and proceeds from the sale of school buildings. Basic state aid decreased by \$3.6 million as a result of charter schools increased enrollment. Additional state and federal grant totaling \$6.96 million were awarded after the original budget was approved.

Budgeted expenditures increased by \$12.7 million or 5.9%. The increase is primarily due to funding contractual obligation for maintenance & custodial services \$3.5 million, substitute employees \$0.97 million, transportation \$1.6 million, and exceptional education \$1.85 million. In addition, local, state and federal grant awards of approximately \$5.5 million for School Improvement, Title I & IIA, Head Start, and Partnership grants were received after the original budget was approved.

When comparing the original budget to the final budget, there was a favorable variance of \$18.6 million for revenues and transfers in, and an unfavorable budgeted variance for expenditure and transfers out of \$12.7 million, without a use of fund balance.

When compared to the prior year (see Table 5B), budgeted revenues and transfers increased by 1.41% and expenditures and transfers out decreased by (1.16%).

**Table 5A—Budget Comparison, Original to Final Budget, Fiscal Year 2017**

|                 | <b>Revenues and<br/>Transfers In</b> | <b>Expenditures<br/>and Transfers Out</b> |
|-----------------|--------------------------------------|---|
| Original budget | \$ 214,946,806                       | 214,796,528                               |
| Final budget    | 233,526,969                          | 227,470,651                               |
| Increase        | <u>\$ 18,580,163</u>                 | <u>12,674,123</u>                         |

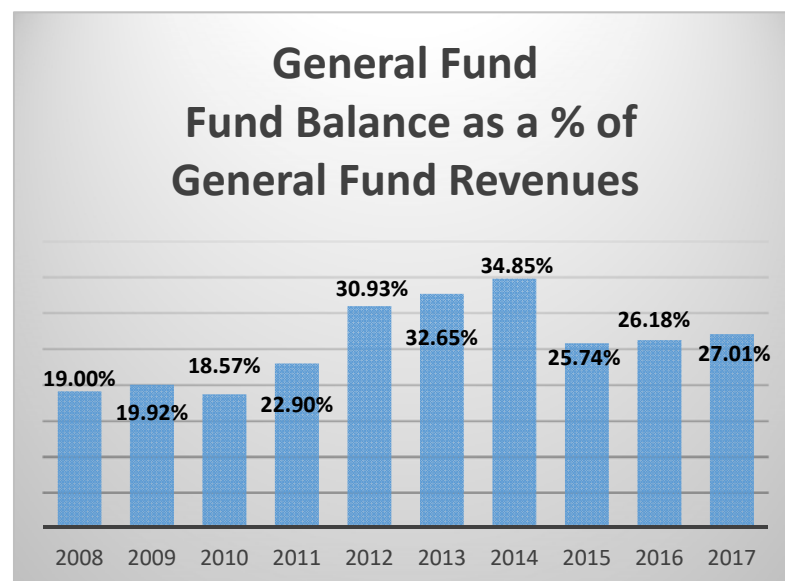
**Table 5B—Budget Comparison, Current Year to Prior Year**

|                               | <b>Revenues<br/>and transfers in</b> | <b>Expenditures<br/>and transfers out</b> |
|-------------------------------|--------------------------------------|---|
| Fiscal year 2017 final budget | \$ 233,526,969                       | 227,470,651                               |
| Fiscal year 2016 final budget | 230,283,931                          | 230,135,386                               |
| Increase (decrease)           | <u>\$ 3,243,038</u>                  | <u>(2,664,735)</u>                        |
| Percentage of change          | 1.41%                                | (1.16)%                                   |

**Major Funds—Financial Highlights**

When compared to fiscal year 2016, General Fund revenues increased by \$2.5 million or 1.15%, and expenditures increased by \$.49 million or .22%. The General Fund's ending fund balance is used to balance the operating budget. The level of fund balance in the General Fund is decreased in relation to annual revenues, as shown in the graph below. This ratio is analyzed to determine if there is adequate budgetary carryover to meet unfunded emergencies and other unplanned needs.

The Capital Projects Fund's revenues increased by 4.84% due to an increase in M&M property tax revenue and federal revenue. Expenditures increased by \$2.3 million or 6.7% primarily due to building improvements from the energy management project and school building renovations funded from the series 2016 Certificates of Participation bond issuance.



On August 24, 2016, The School District of Kansas City, Missouri Series 2016 Certificates of Participation were issued to establish funds for the following capital improvement projects through June 2019:

| <b>Project</b>                           | <b>Planned Cost</b>  | <b>Total Funded</b>  |
|--|----------------------|----------------------|
| <b>Athletics</b>                         |                      |                      |
| Gymnasium Upgrades                       | \$ 205,000           | \$ 393,426           |
| Track                                    | 1,565,000            | -                    |
| Locker Rooms                             | 520,000              | -                    |
| Athletic Fields                          | 2,650,000            | 2,096,342            |
| Pools                                    | 400,000              | 66,445               |
|  | <b>5,340,000</b>     | <b>2,556,213</b>     |
| <b>Educational Environment</b>           |                      |                      |
| Classroom Upgrades                       | 8,625,717            | 2,362,163            |
| Flooring                                 | 2,500,000            | 112,261              |
| Ceiling                                  | 1,000,000            | 96,120               |
| Cafeteria Renovations                    | 1,800,000            | 2,555,418            |
| Restroom Renovations                     | 1,250,000            | 251,690              |
| Locker Repair Upgrade                    | 300,000              | -                    |
| Auditorium Upgrades                      | 2,400,000            | 18,980               |
| Window Replacement                       | 819,283              | -                    |
| Playgrounds                              | 200,000              | 164,127              |
| Signage                                  | 370,000              | 14,304               |
|  | <b>19,265,000</b>    | <b>5,575,064</b>     |
| <b>Safety</b>                            |                      |                      |
| Building Access Control/Security Cameras | 1,600,000            | 28,227               |
| Secure Building Entry                    | 250,000              | 119,738              |
| Elevator Upgrades                        | 3,000,000            | -                    |
| Fire Alarm Systems                       | 2,000,000            | 21,755               |
| Fire Suppression - Food Prep Areas       | 350,000              | 404,647              |
| Fencing                                  | 225,000              | 4,859                |
|  | <b>7,425,000</b>     | <b>579,226</b>       |
| <b>Building Infrastructure</b>           |                      |                      |
| Building Exteriors Renovations           | 2,320,000            | 1,514,531            |
| Concrete                                 | 1,500,000            | 489,623              |
| Roof Repair and Replacement              | 3,250,000            | 1,858,589            |
| Parking Lot Maintenance & Repair         | 2,000,000            | 105,036              |
| HVAC Equipment Replacement               | 5,850,000            | 2,121,079            |
| Electrical Maintenance/Upgrades          | 250,000              | 1,669,682            |
|  | <b>15,170,000</b>    | <b>7,758,539</b>     |
| <b>Information Technology</b>            | <b>5,400,000</b>     | <b>919,200</b>       |
| Construction management fee              | -                    | 1,447,915            |
| <b>PROJECT TOTAL</b>                     | <b>\$ 52,600,000</b> | <b>\$ 18,836,157</b> |

## Capital Assets and Debt Administration

**Capital assets**—The District’s capital assets for its governmental activities as of June 30, 2017 amounts to \$381.4 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, building improvements, improvements other than buildings, impaired buildings, equipment, fixtures and vehicles. Capital assets increased by \$18.4 million during the fiscal year. Table 6 below shows capital asset by function for governmental activities. Also see note 3(c) for additional information.

**Table 6—Capital Assets, Net of Depreciation**

|                                   | 2017                  | 2016               |
|-----------------------------------|-----------------------|--------------------|
| Land                              | \$ 29,700,478         | 29,732,846         |
| Buildings                         | 318,881,450           | 284,557,392        |
| Improvements other than buildings | 17,797,032            | 14,462,623         |
| Equipment and furniture           | 2,476,544             | 2,324,202          |
| Vehicles                          | 257,723               | 278,064            |
| Buildings-Impaired                | 11,420,582            | 14,857,044         |
| Construction in progress          | 836,548               | 16,740,382         |
|                                   | <u>\$ 381,370,357</u> | <u>362,952,553</u> |

**Long-term debt**— During fiscal year 2010, authorized as part of the American Recovery and Reinvestment Act of 2009, the District was awarded \$17.9 million in Qualified School Construction bonds (QSCB) as one of one hundred school districts across the country. As the results of this award, in December, 2009, the Building Corporation issued, on behalf of the District, \$17.88 million in leasehold revenue bonds. A portion of the interest on the QSCB is paid by the federal government in the form of a quarterly tax credit to the owners of the QSCBs. The federal tax credit rate applicable to the QSCBs is 6.05 %. In addition, owners of the QSCBs are also being paid interest on the principal outstanding at an interest rate of 2.23%. During fiscal year 2011, the District was again awarded Qualified School Construction Bonds (QSCBs). In December, 2010, the Building Corporation issued, on behalf of the District, \$16.27 million in leasehold revenue bonds at an interest rate of 7.120%. The federal government interest subsidy of 5.37%, results in a net interest rate paid by the District of 1.75%. However, as of March 1, 2013, Pursuant to the requirement of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions occurred including a reduction to refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds. The effect of the sequestration during fiscal year 2017 resulted in a 6.9% reduction. Therefore, the amount of interest subsidy for the quarterly payments was reduced to a net interest rate subsidy of 5.0% and the District’s net interest rate of 2.12%. The District is required to make lease payments to the Building Corporation in an amount sufficient to cover principal and interest payments each year. Approximately 3.6% of total District expenditures relate to payments of principal, interest, and bond-related costs. See notes 3(f) and 3(g) for additional information.

## **Economic Factors That Impact Fiscal Year 2018 Budgets**

- The fiscal year 2018 comprehensive budget was approved by the Board on May 24, 2017. Fiscal year 2018 projected current revenues of approximately \$225.9 million is a decrease of about \$20.5 million or (8.32%) when compared to fiscal year 2017.
  - Local tax revenues are estimated to decrease by \$4.04 million based on preliminary data. However, subsequent information received indicates that assessed value of real and personal property increased and will increase tax revenue projection by an estimated \$6.6 million.
  - Proposition C sales taxes decreased by \$0.5 million as District's enrollment decreases.
  - Other local revenues including sale of property and grants are projected to decrease by \$4.07 million.
  - State aid is projected to decline by approximately \$2.7 million as a result of estimated increase in charter schools enrollment.
  - Federal grants projection is a decrease of \$9.2 million until the actual amount of the grant is awarded by the government. As of October 2017, the original projection increased by approximately \$4.97 million for Title I, IIa & III, School Improvement, Headstart and Homeless grants.
  - It is anticipated that additional local, state and federal grants will be awarded during the fiscal year.
- Fiscal year 2018 expenditures of approximately \$225.9 million represent a decrease of about \$14.5 million (or 6.02%) when compared to the prior year.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for our citizens, taxpayers, investors, banks, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kansas City Public Schools, 2901 Troost Avenue, Kansas City, Missouri 64109, Attn: Director of Finance and Benefit Services.

## **BASIC FINANCIAL STATEMENTS**

# KANSAS CITY PUBLIC SCHOOLS

## Statement of Net Position

June 30, 2017

|   | Governmental<br>activities | Business-type<br>activities | Total              |
|---|----------------------------|-----------------------------|--------------------|
| Assets:   |                            |                             |                    |
| Cash and investments                                      | \$ 95,072,195              | 613,245                     | 95,685,440         |
| Restricted cash and investments                           | 71,337,079                 | —                           | 71,337,079         |
| Taxes receivable (net of allowance<br>for uncollectibles) | 179,513,424                | —                           | 179,513,424        |
| Interest receivable                                       | 192,441                    | —                           | 192,441            |
| Due from other governmental units                         | 4,139,664                  | —                           | 4,139,664          |
| Prepaid expenses  | 4,740                      | —                           | 4,740              |
| Other receivables   | 862,957                    | 23,454                      | 886,411            |
| Supplies inventories                                      | 540,086                    | —                           | 540,086            |
| Property held for sale                                    | 1,945,400                  | —                           | 1,945,400          |
| Other post-employment benefits                            | 1,522,582                  | —                           | 1,522,582          |
| Capital assets (net of accumulated<br>depreciation):      |                            |                             |                    |
| Nondepreciable  | 41,957,607                 | —                           | 41,957,607         |
| Depreciable   | 339,412,750                | —                           | 339,412,750        |
| Total assets  | <u>736,500,925</u>         | <u>636,699</u>              | <u>737,137,624</u> |
| Deferred outflows of resources:                           |                            |                             |                    |
| Pension-related amounts                                   | <u>39,778,493</u>          | <u>—</u>                    | <u>39,778,493</u>  |
| Liabilities:  |                            |                             |                    |
| Accounts payable and other                                | 14,035,239                 | 138,628                     | 14,173,867         |
| Accrued salaries, benefits, and payroll taxes             | 36,832,911                 | 1,460                       | 36,834,371         |
| Accrued interest payable                                  | 502,459                    | —                           | 502,459            |
| Unearned revenue  | 40                         | 31,870                      | 31,910             |
| Long-term liabilities:                                    |                            |                             |                    |
| Due within one year:                                      |                            |                             |                    |
| Compensated absences                                      | 7,954,784                  | —                           | 7,954,784          |
| Revenue bonds   | 2,350,000                  | —                           | 2,350,000          |
| Lease purchase agreement                                  | 1,535,487                  | —                           | 1,535,487          |
| Certificates of participation                             | 835,000                    | —                           | 835,000            |
| Due in more than one year:                                |                            |                             |                    |
| Compensated absences                                      | 9,529,225                  | —                           | 9,529,225          |
| Claims payable  | 342,000                    | —                           | 342,000            |
| Revenue bonds   | 25,455,000                 | —                           | 25,455,000         |
| Lease purchase agreement                                  | 23,277,565                 | —                           | 23,277,565         |
| Certificates of participation                             | 48,740,000                 | —                           | 48,740,000         |
| Premium on COP  | 2,201,577                  | —                           | 2,201,577          |
| Net pension liability                                     | 158,248,820                | —                           | 158,248,820        |
| Total liabilities   | <u>331,840,107</u>         | <u>171,958</u>              | <u>332,012,065</u> |
| Deferred inflows of resources:                            |                            |                             |                    |
| Pension-related amounts                                   | 4,247,557                  | —                           | 4,247,557          |
| Property taxes  | 152,561,385                | —                           | 152,561,385        |
| Total deferred inflows of resources                       | <u>156,808,942</u>         | <u>—</u>                    | <u>156,808,942</u> |
| Net position:   |                            |                             |                    |
| Net investment in capital assets                          | 317,613,106                | —                           | 317,613,106        |
| Restricted for:   |                            |                             |                    |
| Workers' compensation                                     | 280,704                    | —                           | 280,704            |
| Permanent fund, nonexpendable corpus                      | 35,000                     | —                           | 35,000             |
| Patron gifts  | 205,110                    | —                           | 205,110            |
| Compensated absences                                      | 9,440,622                  | —                           | 9,440,622          |
| Other restrictions  | 2,319,551                  | —                           | 2,319,551          |
| Unrestricted  | (42,263,724)               | 464,741                     | (41,798,983)       |
| Total net position  | <u>\$ 287,630,369</u>      | <u>464,741</u>              | <u>288,095,110</u> |

See accompanying notes to basic financial statements.

# KANSAS CITY PUBLIC SCHOOLS

## Statement of Activities

Year ended June 30, 2017

| Functions/programs  | Expenses       | Program revenues     |                                    |                                  | Net revenue (expense) and changes in net position |                          |               |
|---|----------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
|   |                | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities                           | Business-type activities | Total         |
| Governmental activities:                                    |                |                      |                                    |                                  |   |                          |               |
| Administration  | \$ 16,034,981  | 8,841                | 119,410                            | —                                | (15,906,730)                                      | —                        | (15,906,730)  |
| Instruction   | 115,240,910    | 10,623               | 30,901,371                         | 4,599                            | (84,324,317)                                      | —                        | (84,324,317)  |
| Support services  | 69,642,222     | 1,328,235            | 12,895,133                         | 298,165                          | (55,120,689)                                      | —                        | (55,120,689)  |
| Operation of facilities                                     | 30,740,888     | 20,666               | 2,000                              | 225,000                          | (30,493,222)                                      | —                        | (30,493,222)  |
| Pupil transportation  | 15,801,605     | —                    | 2,117,259                          | —                                | (13,684,346)                                      | —                        | (13,684,346)  |
| Facilities improvements and renovation                      | 1,051,183      | —                    | —                                  | —                                | (1,051,183)                                       | —                        | (1,051,183)   |
| Community and adult services                                | 12,222,482     | 111,724              | 2,249,572                          | —                                | (9,861,186)                                       | —                        | (9,861,186)   |
| Interest on long-term debt                                  | 5,749,213      | —                    | —                                  | 1,738,791                        | (4,010,422)                                       | —                        | (4,010,422)   |
| Total governmental activities                               | 266,483,484    | 1,480,089            | 48,284,745                         | 2,266,555                        | (214,452,095)                                     | —                        | (214,452,095) |
| Business-type activities:                                   |                |                      |                                    |                                  |   |                          |               |
| Community services  | 107,398        | 380,697              | —                                  | —                                | —   | 273,299                  | 273,299       |
| Total   | \$ 266,590,882 | 1,860,786            | 48,284,745                         | 2,266,555                        | (214,452,095)                                     | 273,299                  | (214,178,796) |
| General revenues:   |                |                      |                                    |                                  |   |                          |               |
| Property taxes  |                |                      |                                    |                                  | 158,868,837                                       | —                        | 158,868,837   |
| Prop C sales tax  |                |                      |                                    |                                  | 17,797,901  | —                        | 17,797,901    |
| Other local revenues  |                |                      |                                    |                                  | 4,340,917   | —                        | 4,340,917     |
| Intermediate/county   |                |                      |                                    |                                  | 5,671,574   | —                        | 5,671,574     |
| State aid—basic formula                                     |                |                      |                                    |                                  | 6,626,401   | —                        | 6,626,401     |
| Grants and entitlements not restricted to specific programs |                |                      |                                    |                                  | 6,755   | —                        | 6,755         |
| Transfers   |                |                      |                                    |                                  | 242,009   | (242,009)                | —             |
| Investment earnings   |                |                      |                                    |                                  | 743,221   | —                        | 743,221       |
| Total general revenues and transfers                        |                |                      |                                    |                                  | 194,297,615                                       | (242,009)                | 194,055,606   |
| Change in net position                                      |                |                      |                                    |                                  | (20,154,480)                                      | 31,290                   | (20,123,190)  |
| Net position—beginning                                      |                |                      |                                    |                                  | 307,784,849                                       | 433,451                  | 308,218,300   |
| Net position—ending   |                |                      |                                    |                                  | \$ 287,630,369                                    | 464,741                  | 288,095,110   |

See accompanying notes to basic financial statements.



# KANSAS CITY PUBLIC SCHOOLS

## Balance Sheet

### Governmental Funds

June 30, 2017

| <b>Assets</b>   | <b>General</b>        | <b>Capital<br/>Projects</b> | <b>Nonmajor<br/>governmental<br/>funds</b> | <b>Total<br/>governmental<br/>funds</b> |
|---|-----------------------|-----------------------------|--|---|
| Cash and investments  | \$ 73,635,015         | 16,427,129                  | 5,010,051                                  | 95,072,195                              |
| Restricted cash and investments   | 846,031               | 37,986,348                  | 32,504,700                                 | 71,337,079                              |
| Taxes receivable, net of<br>allowance for uncollectibles                | 178,713,034           | 800,390                     | —  | 179,513,424                             |
| Interest receivable   | 166,024               | —                           | 26,417                                     | 192,441                                 |
| Other receivables   | 565,411               | 225,150                     | 72,396                                     | 862,957                                 |
| Prepaid expenses  | 4,740                 | —                           | —  | 4,740                                   |
| Due from other governments  | 3,599,557             | 166,795                     | 373,312                                    | 4,139,664                               |
| Property held for sale  | —                     | 1,945,400                   | —  | 1,945,400                               |
| Total assets  | <u>\$ 257,529,812</u> | <u>57,551,212</u>           | <u>37,986,876</u>                          | <u>353,067,900</u>                      |
| <b>Liabilities, Deferred Inflows<br/>of Resources and Fund Balances</b> |                       |                             |  |   |
| Liabilities:  |                       |                             |  |   |
| Accounts payable and accrued liabilities                                | \$ 8,583,203          | 5,315,858                   | 136,179                                    | 14,035,240                              |
| Accrued salaries, benefits, and payroll taxes                           | 16,663,670            | —                           | 20,169,240                                 | 36,832,910                              |
| Unearned revenue  | 40                    | —                           | —  | 40                                      |
| Compensated absences  | —                     | —                           | 3,018,663                                  | 3,018,663                               |
| Total liabilities   | <u>25,246,913</u>     | <u>5,315,858</u>            | <u>23,324,082</u>                          | <u>53,886,853</u>                       |
| Deferred inflows of resources:  |                       |                             |  |   |
| Unavailable revenue-property taxes                                      | 170,524,783           | 800,390                     | —  | 171,325,173                             |
| Unavailable revenue-grants and services                                 | 2,249,241             | 25,000                      | 70,751                                     | 2,344,992                               |
| Total deferred inflows of resources                                     | <u>172,774,024</u>    | <u>825,390</u>              | <u>70,751</u>                              | <u>173,670,165</u>                      |
| Fund balances:  |                       |                             |  |   |
| Nonspendable  | 4,740                 | —                           | 35,000                                     | 39,740                                  |
| Restricted  | 280,704               | 1,945,400                   | 14,555,801                                 | 16,781,905                              |
| Committed   | —                     | 4,410,030                   | 1,242                                      | 4,411,272                               |
| Assigned  | 3,294,296             | 45,054,534                  | —  | 48,348,830                              |
| Unassigned  | 55,929,135            | —                           | —  | 55,929,135                              |
| Total fund balances   | <u>59,508,875</u>     | <u>51,409,964</u>           | <u>14,592,043</u>                          | <u>125,510,882</u>                      |
| Total liabilities, deferred inflows of<br>resources and fund balances   | <u>\$ 257,529,812</u> | <u>57,551,212</u>           | <u>37,986,876</u>                          | <u>353,067,900</u>                      |

See accompanying notes to basic financial statements.

# KANSAS CITY PUBLIC SCHOOLS

## Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

### Governmental Funds

June 30, 2017

|   |                       |
|---|-----------------------|
| Fund balances—balance sheet   | \$ 125,510,882        |
| Amounts reported for governmental activities in the statement of net position are different because:  |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds  | 381,370,357           |
| Other assets which are not a current financial resource of the governmental funds   | 540,086               |
| Liabilities, including bonds payable and accrued interest payable on bonds, are not due and payable in the current period and, therefore, are not reported in the fund:                         |                       |
| Bonds payable   | (27,805,000)          |
| Lease purchase agreement  | (24,813,052)          |
| Certificates of participation   | (49,575,000)          |
| Unamortized premium on bonds  | (2,201,577)           |
| Net pension liability   | (158,248,820)         |
| Accrued interest payable  | (502,459)             |
| Other post-employment benefits  | 1,522,582             |
| Compensated absences  | (14,465,346)          |
| Claims payable  | (342,000)             |
|   | <u>(276,430,672)</u>  |
| Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds: |                       |
| Deferred inflows of resources—property taxes  | 18,763,788            |
| Deferred inflows of resources—grants  | 2,344,992             |
| Pension related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:                  |                       |
| Deferred inflows of resources—pension related amounts   | (4,247,557)           |
| Deferred outflows of resources—pension related amounts  | 39,778,493            |
| Net position of governmental activities   | <u>\$ 287,630,369</u> |

See accompanying notes to basic financial statements.

**KANSAS CITY PUBLIC SCHOOLS**  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances—Governmental Funds  
Year ended June 30, 2017

|  | <u>General</u>       | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>governmental<br/>funds</u> | <u>Total<br/>governmental<br/>funds</u> |
|--|----------------------|-----------------------------|--|---|
| Revenues:                                |                      |                             |  |   |
| Property taxes                           | \$ 148,325,535       | 8,378,093                   | —  | 156,703,628                             |
| Prop C sales tax                         | 16,808,606           | —                           | 989,295                                    | 17,797,901                              |
| Other local, including investment income | 8,205,373            | 556,558                     | 944,291                                    | 9,706,222                               |
| Intermediate/county                      | 5,671,574            | —                           | —  | 5,671,574                               |
| State aid—basic formula                  | 6,626,401            | —                           | —  | 6,626,401                               |
| Other state                              | 7,045,342            | —                           | 79,238                                     | 7,124,580                               |
| Federal                                  | 27,501,186           | 1,916,228                   | 13,216,513                                 | 42,633,927                              |
| Tuition                                  | 168,035              | —                           | —  | 168,035                                 |
| Total revenues                           | <u>220,352,052</u>   | <u>10,850,879</u>           | <u>15,229,337</u>                          | <u>246,432,268</u>                      |
| Expenditures:                            |                      |                             |  |   |
| Current:                                 |                      |                             |  |   |
| Administration                           | 17,329,990           | —                           | —  | 17,329,990                              |
| Instruction                              | 102,340,809          | —                           | 769,870                                    | 103,110,679                             |
| Support services                         | 38,794,204           | —                           | 17,859,443                                 | 56,653,647                              |
| Operation of facilities                  | 31,871,535           | —                           | —  | 31,871,535                              |
| Pupil transportation                     | 15,795,623           | —                           | 5,982                                      | 15,801,605                              |
| Community and adult services             | 12,222,483           | —                           | —  | 12,222,483                              |
| Debt service:                            |                      |                             |  |   |
| Principal                                | —                    | 2,942,901                   | 2,230,000                                  | 5,172,901                               |
| Interest and fiscal charges              | —                    | 3,025,359                   | 2,277,279                                  | 5,302,638                               |
| Capital outlay:                          |                      |                             |  |   |
| Administration                           | —                    | 3,819                       | —  | 3,819                                   |
| Instruction                              | —                    | 225,609                     | —  | 225,609                                 |
| Support services                         | —                    | 1,194,683                   | —  | 1,194,683                               |
| Community and adult services             | —                    | 144,452                     | —  | 144,452                                 |
| Operation of facilities                  | —                    | 49,632                      | —  | 49,632                                  |
| Facilities improvement and renovation    | 623,458              | 29,706,361                  | —  | 30,329,819                              |
| Total expenditures                       | <u>218,978,102</u>   | <u>37,292,816</u>           | <u>23,142,574</u>                          | <u>279,413,492</u>                      |
| Revenues over (under) expenditures       | <u>1,373,950</u>     | <u>(26,441,937)</u>         | <u>(7,913,237)</u>                         | <u>(32,981,224)</u>                     |
| Other financing sources (uses):          |                      |                             |  |   |
| Transfers in                             | 2,811,485            | 321,513                     | 6,614,962                                  | 9,747,960                               |
| Transfers out                            | (2,334,701)          | (7,082,555)                 | (88,695)                                   | (9,505,951)                             |
| Issuance of long-term debt               | 565,326              | 50,469,674                  | —  | 51,035,000                              |
| Premium on long-term debt                | —                    | 2,317,450                   | —  | 2,317,450                               |
| Proceeds from lease purchase agreement   | 58,300               | 11,581,727                  | —  | 11,640,027                              |
| Sale of capital assets                   | —                    | 2,053,163                   | —  | 2,053,163                               |
| Total other financing sources (uses)     | <u>1,100,410</u>     | <u>59,660,972</u>           | <u>6,526,267</u>                           | <u>67,287,649</u>                       |
| Net change in fund balances              | <u>2,474,360</u>     | <u>33,219,035</u>           | <u>(1,386,970)</u>                         | <u>34,306,425</u>                       |
| Fund balances, beginning of year         | 57,034,515           | 18,190,929                  | 15,979,013                                 | 91,204,457                              |
| Fund balances, end of year               | <u>\$ 59,508,875</u> | <u>51,409,964</u>           | <u>14,592,043</u>                          | <u>125,510,882</u>                      |

See accompanying notes to basic financial statements.

**KANSAS CITY PUBLIC SCHOOLS**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended June 30, 2017

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

|  |    |            |
|--|----|------------|
| Net change in fund balances—total governmental funds | \$ | 34,306,425 |
|--|----|------------|

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount by which  
capital outlays, which exceeded the capitalization threshold, exceeded depreciation  
expense in the current period.

|                          |              |  |
|--------------------------|--------------|--|
| Capital outlay additions | 34,636,687   |  |
| Depreciation expense     | (12,743,792) |  |
|                          | 21,892,895   |  |

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

|                                      |             |  |
|--------------------------------------|-------------|--|
| Proceeds from sale of capital assets | (2,053,163) |  |
| Loss on disposal of capital assets   | (1,421,928) |  |

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

(461,148)

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

|   |              |  |
|---|--------------|--|
| Proceeds on issuance of certificates of participation | (51,035,000) |  |
| Principal payments on certificates of participation   | 1,460,000    |  |
| Amount drawn on lease purchase agreement              | (11,640,028) |  |
| Payments on lease purchase agreement                  | 1,482,901    |  |
| Principal payment on revenue bonds                    | 2,230,000    |  |
| Premium received, less amortization                   | (2,201,577)  |  |
| Accrued interest payable                              | (446,576)    |  |
|   | (60,150,280) |  |

Some expenses reported in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds:

|   |                 |  |
|---|-----------------|--|
| Other post-employment benefits                    | (1,625,954)     |  |
| Pension-related amount, pension expense           | (14,523,592)    |  |
| Compensated absences                              | 2,578,190       |  |
| Claims payable                                    | 1,304,075       |  |
|   | (12,267,281)    |  |
| Change in net position of governmental activities | \$ (20,154,480) |  |

See accompanying notes to basic financial statements.

**KANSAS CITY PUBLIC SCHOOLS**  
Statement of Net Position—Proprietary Fund  
June 30, 2017

|   | <b>Nonmajor<br/>Enterprise<br/>Fund</b> |
|---|---|
| Assets:                                       |   |
| Cash and investments                          | \$ 613,245                              |
| Due from other government                     | 23,454                                  |
| Total assets                                  | <u>636,699</u>                          |
| Liabilities:                                  |   |
| Accrued salaries, benefits, and payroll taxes | 1,460                                   |
| Accounts payable                              | 138,628                                 |
| Unearned revenue                              | 31,870                                  |
| Total liabilities                             | <u>171,958</u>                          |
| Net position, unrestricted                    | <u>\$ 464,741</u>                       |

See accompanying notes to basic financial statements.

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|  | <b>Nonmajor<br/>Enterprise<br/>Fund</b> |
|--|---|
| Operating revenues:                    |   |
| Charges for community support services | \$ 380,697                              |
| Total operating revenues               | <u>380,697</u>                          |
| Operating expenses:                    |   |
| Salaries, wages, and employee benefits | 48,769                                  |
| Other contractual services             | 54,121                                  |
| Supplies and materials                 | <u>4,508</u>                            |
| Total operating expenses               | <u>107,398</u>                          |
| Income before transfers                | 273,299                                 |
| Transfers out                          | <u>(242,009)</u>                        |
| Change in net position                 | 31,290                                  |
| Total net position, beginning of year  | <u>433,451</u>                          |
| Total net position, end of year        | <u><u>\$ 464,741</u></u>                |

See accompanying notes to basic financial statements.

**KANSAS CITY PUBLIC SCHOOLS**  
Statement of Cash Flows—Proprietary Fund  
Year ended June 30, 2017

|  | <b>Nonmajor<br/>Enterprise<br/>Fund</b> |
|--|---|
| Cash flows from operating activities:                        |   |
| Receipts from customers and users                            | \$ 405,842                              |
| Payments to suppliers  | (51,830)                                |
| Payments to employees  | (49,967)                                |
| Net cash provided by operating activities                    | <u>304,045</u>                          |
| Cash flows from noncapital and related financing activities, |   |
| Transfers to other funds                                     | <u>(242,009)</u>                        |
| Net increase in cash and cash equivalents                    | 62,036                                  |
| Cash and cash equivalents, beginning of year                 | <u>551,209</u>                          |
| Cash and cash equivalents, end of year                       | <u><u>\$ 613,245</u></u>                |
| Reconciliation of operating income to net cash               |   |
| provided by operating activities:                            |   |
| Operating income   | \$ 273,299                              |
| Adjustments to reconcile operating income to net cash        |   |
| provided by operating activities:                            |   |
| Decrease in due from other government                        | 50,506                                  |
| Decrease in unearned revenue                                 | (25,361)                                |
| Increase in accounts payable                                 | 6,799                                   |
| Decrease in accrued salaries, benefits and payroll taxes     | (1,198)                                 |
| Total adjustments  | <u>30,746</u>                           |
| Net cash provided by operating activities                    | <u><u>\$ 304,045</u></u>                |

See accompanying notes to basic financial statements.

**KANSAS CITY PUBLIC SCHOOLS**

Statement of Fiduciary Net Position

June 30, 2017

|   | <b>Private<br/>Purpose<br/>Trust—<br/>Student<br/>Scholarship<br/>Fund</b> |
|---|--|
| Assets:                                       |  |
| Cash  | \$ 144,364   |
| Due from community                            | 264  |
| Interest receivable                           | 299  |
| Total assets                                  | <u>144,927</u>   |
| Liabilities:                                  |  |
| Accounts payable                              | <u>—</u>   |
| Total liabilities                             | <u>—</u>   |
| Net position:                                 |  |
| Net position held in trust for other purposes | <u><u>\$ 144,927</u></u>   |

See accompanying notes to basic financial statements.



**KANSAS CITY PUBLIC SCHOOLS**  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2017

|  | <b>Private<br/>Purpose<br/>Trust—<br/>Student<br/>Scholarship<br/>Fund</b> |
|--|--|
| Additions:                                     |  |
| Contributions:                                 |  |
| Private donations                              | \$ 33,370  |
| Total contributions                            | <u>33,370</u>  |
| Investment income:                             |  |
| Adjustment of investments to fair market value | <u>1,498</u>   |
| Total investment income                        | <u>1,498</u>   |
| Total additions                                | <u>34,868</u>  |
| Deductions:                                    |  |
| Scholarship awards                             | <u>7,000</u>   |
| Total deductions                               | <u>7,000</u>   |
| Net increase in net position                   | 27,868   |
| Net position, beginning of year                | <u>117,059</u>   |
| Net position, end of year                      | <u><u>\$ 144,927</u></u>   |

See accompanying notes to basic financial statements.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies

#### (a) *Reporting Entity*

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

*Blended Component Units*—The School District of Kansas City, Missouri Building Corporation (the Building Corporation) is governed by a nine-member board of directors that is appointed by the District's Board. Although it is legally separate from the District, the Building Corporation is included as if it were a part of the primary government because its purpose is to provide financing for District capital projects and service the related debt through lease agreements with the District. The accounts of the Building Corporation as of and for the year ended June 30, 2017 are included in the basic financial statements as the Debt Service Fund. The Building Corporation does not issue separate financial statements.

*Charter Schools*—Charter schools are established within the boundaries of the District by state statutes as local educational agencies. Twenty-two charter schools were operating during fiscal year 2017. Under current Missouri statutes, charter schools are allowed to be a Local Education Agency (LEA). All charter schools are currently operating as LEA's. Accordingly, the accounts of these charter schools are not included in these financial statements.

#### (b) *Government-wide and Fund Financial Statements*

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

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by recipients of the services offered by the program, grants, and contributions that are restricted to meeting the operational and capital requirements of certain programs. Property taxes, state aid, and other revenues not included among program revenues are reported as general revenues. The comparison of direct expenses to program revenues identifies the extent to which each District function is self-supporting or relies on general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All current and noncurrent assets, liabilities and deferred inflows/outflows are disclosed on the statement of net position. On the statement of activities, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

The District has the following major governmental funds.

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

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

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

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

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

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

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

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

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

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

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

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

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

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

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

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

**1. *Deposits and Investments***

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

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less from the date of acquisition.

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

## **KANSAS CITY PUBLIC SCHOOLS**

### **Notes to Basic Financial Statements**

June 30, 2017

#### **2. Restricted Cash and Investments**

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

#### **3. Receivables**

All trade and property tax receivables are shown net of an allowance of approximately \$4.8 million for uncollectible amounts.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. Property taxes are levied by the county assessor based on the assessed valuation of taxable property as of January 1 of each calendar year (tax lien date). Taxes are billed the following November 1 and become due on or before December 31. Tax bills not collected by December 31 are considered delinquent and the unpaid amount is subject to interest and penalties. The county is responsible for the collection and distribution of property taxes. Assessed values are established by the county's Department of Assessment and reviewed by the County Board of Equalization and the state tax commissioner. The total assessed value at January 1, 2017 for real estate, personal property, merchants and manufacturers, and railroad and utility property was approximately \$3.2 billion.

#### **4. Inventories**

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

Inventories purchased are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA's assigned values, which approximate the acquisition value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs. Commodity contributions received by the District are recorded as inventory and revenue at the date of receipt and recognized as an expenditure when consumed (consumption method).

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

#### 5. Capital Assets

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

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

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

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

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

#### 6. Compensated Absences

District employees earn annual vacation leave at the following rates:

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

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

District employees accumulate paid time off (PTO) at the rate of one-half day per reporting period. Vested, unused PTO may be accumulated up to a maximum of 200 days. For employees hired before January 1, 2009, the value of unused PTO is payable upon termination or retirement at a rate of 3% for each year of employment up to a maximum of 75% of total value of PTO. Employees hired after January 1, 2009 may accumulate 175 days, at a rate of 3% for each year of service.

Estimated vacation and PTO payments due to employees at June 30, 2017 of \$17.5 million have been recorded in the government-wide financial statements. Of this balance, \$3.0 million is recorded as accrued liabilities in the Other Special Revenue Fund as they are considered due, for example, as a result of employee resignations and retirements. Within the governmental funds financial statements, there is a fund balance restriction at June 30, 2017 of \$9.4 million to cover these future payments. Payments of benefits to employees are made from the Other Special Revenue Fund.

#### 7. Interfund Transactions

Within the fund financial statements, activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". There were no internal balances as of June 30, 2017.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form. There were no advances between funds as of June 30, 2017.

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



# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### 8. Deferred Inflows/Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualified for reporting in this category. It is the deferred pension related amounts reported in the government-wide statement of net position. The pension-related deferred outflow consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, the difference between expected and actual Plan experience and changes of Plan assumptions. It also consists of contributions made to the pension plan subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from two sources: property taxes and unreimbursed grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports a deferred inflow of resources from property taxes levied for future years. The statement of net pension also reports pension related deferred inflow, which consists of the unamortized portion of the change in the District's proportionate share of the net pension liability.

### 9. Long-term Obligations

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

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

### 10. Pensions

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

#### 11. Tax Abatements

The district is subject to property and sales tax abatements through various programs implemented by the city of Kansas City, Missouri. For purposes of GASB Statement No. 77, the “tax abatement” programs include: Tax Increment Financing (TIF), Enhanced Enterprise Zone, Chapter 99, Chapter 100, Chapter 353, LCRA sale/leaseback, and Port KC sale/leaseback. The financial impact of these tax abatement programs on the district during fiscal year 2017 is \$20,770,000 offset in part by PILOTs received of \$776,000. The financial impact of the Planned Industrial Expansion Authority (PIEA) tax abatement program is \$4,911,000 offset in part by PILOTs received of \$511,000.

#### 12. Fund Balance and Net Position

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

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

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

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

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

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

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

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

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

In the government-wide financial statements and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets.

## **KANSAS CITY PUBLIC SCHOOLS**

### **Notes to Basic Financial Statements**

June 30, 2017

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

Net position restricted through legislation, outside parties or by law through constitutional provisions consist of \$280,704 for worker's compensation, \$35,000 for nonexpendable corpus of permanent fund, \$205,110 for patron gifts, \$9,440,622 for compensated absences and \$2,319,551 for other restrictions.

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

#### **13. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### (2) Fund Balances

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

| Fund Balances:             | General       | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total       |
|----------------------------|---------------|---------------------|-----------------------------------|-------------|
| Nonspendable:              |               |                     |                                   |             |
| Patron gift                | \$ -          | -                   | 35,000                            | 35,000      |
| Prepays                    | 4,740         | -                   | -                                 | 4,740       |
| Total Nonspendable         | 4,740         | -                   | 35,000                            | 39,740      |
| Restricted:                |               |                     |                                   |             |
| Child nutritional services | -             | -                   | 4,535,919                         | 4,535,919   |
| Student activities         | -             | -                   | 243,103                           | 243,103     |
| Patron gift                | -             | -                   | 205,110                           | 205,110     |
| Property held for sale     | -             | 1,945,400           | -                                 | 1,945,400   |
| Permanent fund             | -             | -                   | 131,047                           | 131,047     |
| Compensated absences       | -             | -                   | 9,440,622                         | 9,440,622   |
| Workers compensation       | 280,704       | -                   | -                                 | 280,704     |
| Total Restricted           | 280,704       | 1,945,400           | 14,555,801                        | 16,781,905  |
| Committed:                 |               |                     |                                   |             |
| Encumbrances               | -             | 4,410,030           | 1,242                             | 4,411,272   |
| Total Committed            | -             | 4,410,030           | 1,242                             | 4,411,272   |
| Assigned:                  |               |                     |                                   |             |
| Encumbrances               | 1,410,106     | 45,054,534          | -                                 | 46,464,640  |
| Insurance                  | 1,884,190     | -                   | -                                 | 1,884,190   |
| Total Assigned             | 3,294,296     | 45,054,534          | -                                 | 48,348,830  |
| Unassigned:                | 55,929,135    | -                   | -                                 | 55,929,135  |
| Total fund balances        | \$ 59,508,875 | 51,409,964          | 14,592,043                        | 125,510,882 |

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

#### (3) Detailed Notes on All Funds

##### (a) Deposits and Investments

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

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

Interest rate risk—The Board approved investment policy requires that the investment portfolio be structured so that securities mature to meet cash requirements for day-to-day operations. Primarily, operating funds are invested in short-term securities with a weighted average maturity of less than 12 months and securities are held to maturity. Investments may mature within no more than 5 years from date of purchase. The policy requires the District to adopt weighted average maturity limitations that do not exceed 3 years and is consistent with the investment objectives. The weighted average maturity for the District's portfolio is 0.25 years.

The District had the following investments in debt securities at June 30, 2017:

| <u>Investment type</u>              | <u>Investment<br/>balance</u> | <u>Weighted<br/>average<br/>maturity<br/>(years)</u> |
|-------------------------------------|-------------------------------|--|
| U.S. Treasury obligations           | \$ 280,704                    | 0.36   |
| Government-sponsored enterprises    | 18,819,044                    | 0.60   |
| Certificates of deposit             | 40,000,000                    | 0.17   |
| MOSIP – term                        | 15,000,000                    | .02  |
| Total debt securities               | <u>\$ 74,099,748</u>          |  |
| Portfolio weighted average maturity |                               | .25  |

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

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

| <b>Investment type</b>                | <b>Moody's<br/>Investors<br/>Service</b> | <b>Standard<br/>&amp; Poor's</b> |
|---------------------------------------|--|----------------------------------|
| U. S. Treasury Obligations            | Aaa                                      | AAA                              |
| Government-sponsored enterprises:     |  |                                  |
| Federal National Mortgage Association | Aaa                                      | AA+                              |
| Federal Home Loan Banks               | Aaa                                      | AA+                              |
| Repurchase agreement                  | Aaa                                      | AA-                              |
| Local Government Investment Pool:     |  |                                  |
| MOSIP Liquid Series                   | -  | AAAm                             |
| MOSIP Term Series                     | -  | AAAf                             |

Concentration of credit risk—The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet its anticipated cash requirements. At the time the investments are purchased, the District seeks to follow diversification standards published by the Office of Missouri State Treasurer. Those standards allow for no more than 60% of the total investment portfolio to be in U.S. Government agencies and no more than 30% to be in U.S. Government callable agencies. Collateralized repurchase agreements are limited to 50% of the total investments. At June 30, 2017 the District's investments in Federal National Mortgage Association constituted approximately 11.78% of its total investment portfolio. The District's investments in U.S. Treasury obligations and local government investment pools are not subject to concentration of credit risk disclosures.

Custodial credit risk—For deposits, this is the risk that, in the event of a bank failure, the District deposits may not be returned. Collateral is required by state statute for demand deposits and certificates of deposit. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by State Statutes and include United States Government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities, and special districts; and revenue bonds of certain Missouri agencies. For investments, there is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2017, the District had no deposits or investments exposed to custodial credit risk.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

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

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

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

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

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

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

|  | Total          | Level 1    | Level 2       | Level 3 |
|--|----------------|------------|---------------|---------|
| Investments:                             |                |            |               |         |
| Repurchase agreements                    | \$ 42,966,000  | \$ -       | \$ 42,966,000 | \$ -    |
| U.S. Treasuries                          | 280,704        | 280,704    | -             | -       |
| U.S. Agencies                            | 18,819,044     | -          | 18,819,044    | -       |
|  | 62,065,748     | \$ 280,704 | \$ 61,785,044 | \$ -    |
| Investments measured at net asset value  |                |            |               |         |
| MOSIP - term                             | 15,000,000     |            |               |         |
| Investments measured at amortized cost:  |                |            |               |         |
| Certificates of deposit                  | 40,000,000     |            |               |         |
| Local government investment pool - MOSIP | 10,097,317     |            |               |         |
| Total investments                        | \$ 127,163,065 |            |               |         |

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### (b) Capital Assets

Capital asset activity as of June 30, 2017 is shown below:

|  | <u>Beginning<br/>balance</u> | <u>Additions</u>    | <u>Transfers/<br/>retirements</u> | <u>Ending<br/>balance</u> |
|--|------------------------------|---------------------|-----------------------------------|---------------------------|
| Governmental activities:                           |                              |                     |                                   |                           |
| Capital assets, not being<br>depreciated:          |                              |                     |                                   |                           |
| Land   | \$ 29,732,846                | —                   | (32,368)                          | 29,700,478                |
| Construction in progress                           | 16,740,382                   | 423,153             | (16,326,987)                      | 836,548                   |
| Impairment- closed buildings                       | 14,857,044                   | —                   | (3,436,462)                       | 11,420,582                |
| Total capital<br>assets, not being<br>depreciated  | <u>61,330,272</u>            | <u>423,153</u>      | <u>(19,795,817)</u>               | <u>41,957,608</u>         |
| Capital assets, being depreciated:                 |                              |                     |                                   |                           |
| Buildings and improvements                         | 490,043,160                  | 45,089,461          | (600)                             | 535,132,021               |
| Improvements other than<br>buildings               | 44,889,009                   | 4,456,321           | —                                 | 49,345,330                |
| Equipment and furniture                            | 21,556,448                   | 901,289             | (3,556,056)                       | 18,901,681                |
| Vehicles   | 1,696,089                    | 93,450              | (53,636)                          | 1,735,903                 |
| Total capital<br>assets being<br>depreciated       | <u>558,184,706</u>           | <u>50,540,521</u>   | <u>(3,610,292)</u>                | <u>605,114,935</u>        |
| Less accumulated depreciation<br>for:              |                              |                     |                                   |                           |
| Buildings and improvements                         | (205,485,768)                | (10,765,263)        | 460                               | (216,250,571)             |
| Improvements other than<br>buildings               | (30,426,386)                 | (1,121,912)         | —                                 | (31,548,298)              |
| Equipment and furniture                            | (19,232,246)                 | (746,476)           | 3,553,585                         | (16,425,137)              |
| Vehicles   | (1,418,025)                  | (110,141)           | 49,986                            | (1,478,180)               |
| Total accumulated<br>depreciation                  | <u>(256,562,425)</u>         | <u>(12,743,792)</u> | <u>3,604,031</u>                  | <u>(265,702,186)</u>      |
| Total capital assets,<br>being depreciated,<br>net | <u>301,622,281</u>           | <u>37,796,729</u>   | <u>(6,261)</u>                    | <u>339,412,749</u>        |
| Governmental<br>activities capital<br>assets, net  | <u>\$ 362,952,553</u>        | <u>38,219,882</u>   | <u>(19,802,078)</u>               | <u>381,370,357</u>        |



# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

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

|  |    |                          |
|--|----|--------------------------|
| Elementary schools                                 | \$ | 5,048,298                |
| Middle schools                                     |    | 1,769,171                |
| Senior high schools                                |    | 5,332,535                |
| Special education                                  |    | 532                      |
| Total instruction                                  |    | <u>12,150,536</u>        |
| Executive Administration                           |    | 9,066                    |
| Food Service                                       |    | 12,372                   |
| Internal Services                                  |    | 552                      |
| Student activities                                 |    | 868                      |
| Health/Psych/Speech/Audiology                      |    | 1,429                    |
| Information technology                             |    | <u>126,384</u>           |
| Total support services                             |    | <u>150,671</u>           |
| Operation of facilities                            |    | 104,439                  |
| Facilities improvements and renovation             |    | <u>338,146</u>           |
| Total governmental activities depreciation expense | \$ | <u><u>12,743,792</u></u> |

As of June 30, 2017 the District has twelve schools with a total carrying value of \$11,420,582 that are idle and considered impaired. These schools are accounted for at the lower of carrying value or fair value. Management has determined an additional seven schools with a carrying value of \$31,065,716 are considered to be temporarily impaired.

### (b) Transfers

The following transfers were made during the fiscal year:

|                            | General<br>Fund     | Capital<br>Projects | Nonmajor<br>Governmental | Total                   |
|----------------------------|---------------------|---------------------|--------------------------|-------------------------|
| Transfers from:            |                     |                     |                          |                         |
| General Fund               | \$ —                | 227,018             | 2,107,683                | 2,334,701               |
| Capital Project Fund       | 2,575,276           | —                   | 4,507,279                | 7,082,555               |
| Nonmajor governmental Fund | —                   | 88,695              | —                        | 88,695                  |
| Enterprise fund            | 236,209             | 5,800               | —                        | 242,009                 |
|                            | <u>\$ 2,811,485</u> | <u>321,513</u>      | <u>6,614,962</u>         | <u><u>9,747,960</u></u> |

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

(c) **Accrued Salaries**

School-based instructional staff, are compensated over a 12-month period beginning in August. Remaining salaries and related payroll taxes for the fiscal year have been accrued at June 30, 2017.

(d) **Long-term Borrowings**

*Bonds Payable*

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

The 2009 Leasehold Revenue Qualified School Construction Bonds are payable through 2025. The total principal and interest remaining on the debt is \$15,966,475 with annual requirements ranging from \$1.6 million to \$2.4 million. For the current year, interest paid by the District was \$0.3 million. The amount of tax credits issued to the bondholder from the federal government was \$0.93 million.

The 2010 Leasehold Revenue Qualified School Construction Bonds are payable through 2029. The total principal and interest remaining on the debt is \$19,479,504 with annual requirements ranging from \$1.3 million to \$1.9 million. For the current year, interest paid by the District was \$.93 million. The amount of interest subsidy reimbursed to the District from the federal government was \$692,051.

On August 24, 2016, the District issued the Series 2016 Certificates of Participation in the amount of \$51,035,000. The Certificates mature in 2036 and require annual principal payments and semi-annual interest payments at a variable of 2%-5%. Proceeds were used for school renovations, rehabilitation, and other capital improvements. The total principal and interest remaining on the debt is \$70,361,325.

Bonds outstanding at June 30, 2017 are as follows:

| <b>Purpose</b>                      | <b>Amount<br/>outstanding</b> | <b>Interest rate</b> | <b>Maturity year</b> |
|-------------------------------------|-------------------------------|----------------------|----------------------|
| <b>Revenue bonds:</b>               |                               |                      |                      |
| Series 2009                         | \$ 14,460,000                 | 2.23%                | 2025                 |
| Series 2010                         | 13,345,000                    | 7.12%                | 2029                 |
| <b>Certificate of participation</b> |                               |                      |                      |
| Series 2016                         | 49,575,000                    | 2.00%                | 2036                 |
|                                     | <u>\$ 77,380,000</u>          |                      |                      |

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### *Equipment Lease Purchase Agreement*

Equipment lease purchase agreement was executed June 23, 2015 in the amount of \$27,786,986 held in an escrow account by the lender, to finance the energy performance contract for the purpose of the purchase and installation of specified energy saving equipment and provision of other services designed to save energy and reduce related costs for identified property and buildings owned by the District. The District records a liability for this agreement when eligible costs have been incurred. As of June 30, 2017, there was \$27,419,712 in eligible disbursements from the escrow account with an outstanding balance of \$24,813,052 as of June 30, 2017. The obligation bears interest at 3.5% with principal and interest due quarterly from 2015 through 2030.

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

|                      | <b>Revenue Bonds</b> |                 | <b>Certificates of Participation</b> |                 |
|----------------------|----------------------|-----------------|--------------------------------------|-----------------|
|                      | <b>Principal</b>     | <b>Interest</b> | <b>Principal</b>                     | <b>Interest</b> |
| Year ending June 30: |                      |                 |                                      |                 |
| 2018                 | \$ 2,350,000         | 1,247,174       | 835,000                              | 1,554,069       |
| 2019                 | 2,475,000            | 1,144,499       | 830,000                              | 1,537,369       |
| 2020                 | 2,620,000            | 1,038,131       | 800,000                              | 1,495,869       |
| 2021                 | 2,770,000            | 927,524         | 775,000                              | 1,479,869       |
| 2022                 | 2,930,000            | 812,599         | 750,000                              | 1,448,869       |
| 2023-2027            | 12,240,000           | 2,254,960       | 8,370,000                            | 6,925,544       |
| 2028-2032            | 2,420,000            | 216,092         | 18,925,000                           | 4,952,738       |
| 2033-2036            | —                    | —               | 18,290,000                           | 1,392,000       |
| Total                | \$ 27,805,000        | 7,640,979       | 49,575,000                           | 20,786,327      |

Aggregate maturities are as follows:

|                      | <b>Lease Purchase Agreement</b> |                 |
|----------------------|---------------------------------|-----------------|
|                      | <b>Principal</b>                | <b>Interest</b> |
| Year ending June 30: |                                 |                 |
| 2018                 | \$ 1,535,487                    | 848,450         |
| 2019                 | 1,589,939                       | 793,998         |
| 2020                 | 1,646,322                       | 737,616         |
| 2021                 | 1,704,703                       | 679,234         |
| 2022                 | 1,765,156                       | 618,782         |
| 2023-2027            | 9,810,313                       | 2,109,374       |
| 2028-2032            | 6,761,132                       | 390,679         |
| Total                | \$ 24,813,052                   | 6,178,133       |

The lease is secured by the capital assets purchased. Capital assets, net of accumulated depreciation, relating to this lease are \$27,043,719 as of June 30, 2017.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

### (e) *Changes in Long-term Liabilities*

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

|                              | <u>Beginning<br/>balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Ending<br/>balance</u> | <u>Due within<br/>one year</u> |
|------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities:     |                              |                   |                     |                           |                                |
| Leasehold revenue bonds      | \$ 30,035,000                | —                 | (2,230,000)         | 27,805,000                | 2,350,000                      |
| Certificate of participation | —                            | 51,035,000        | (1,460,000)         | 49,575,000                | 835,000                        |
| Net pension liability        | 158,472,857                  | —                 | (224,037)           | 158,248,820               | —                              |
| Compensated absences         | 17,197,100                   | 5,223,029         | (4,936,120)         | 17,484,009                | 7,954,784                      |
| Lease purchase agreement     | 14,655,924                   | 11,640,029        | (1,482,901)         | 24,813,052                | 1,535,487                      |
| Long-term liabilities        | <u>\$ 220,360,881</u>        | <u>67,898,058</u> | <u>(10,333,058)</u> | <u>277,925,881</u>        | <u>12,675,271</u>              |

Compensated absences are liquidated by the Other Special Revenue Fund. Net pension liability is liquidated by the General Fund.

### (4) **Other Information**

#### (a) *Risk Management*

Resources are accumulated in the General Fund for workers' compensation, unemployment, and general liability claims. The District qualifies as a self-insurer under Missouri Workers' Compensation laws and maintains a reserve to cover estimated workers' compensation claims incurred before November 1, 1999. Restricted cash and investments of \$280,704 as of June 30, 2017 are for the self-insured portion of the workers compensation program's reserve requirement. A commercial insurance policy is purchased to cover current and future workers' compensation claims. Pursuant to 288.090:3(1)(a) of the Missouri Revised Statutes, the District participates in the State Employment Security Program on a reimbursable basis and pays claims in lieu of contributions. The District maintains a general liability reserve to cover claims in excess of existing commercial insurance coverage that is funded by contributions from the General Fund.

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

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

#### **(b) *Post-Employment Benefits***

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

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

Membership in the OPEB comprised the following at July 1, 2016:

|                                |       |
|--------------------------------|-------|
| Active employees               | 2,130 |
| Inactive employees and spouses | 210   |

The annual required contribution (ARC) is the basic annual expense recognized under GASB Statement No. 45, though there is no requirement to fund the ARC. The ARC is calculated under the actuarial cost method that was chosen and is made up of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL - excess of the past service liability over the actuarial value of the assets). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For fiscal year 2017, the District contributed \$499,926 to the plan. Plan members receiving benefits from OPEB contributed \$2,617,833.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

Other Post-employment Benefit cost expense is computed based on the annual required contribution (ARC) of the District. The annual required contribution is an amount of funding, funded on a regular basis, it is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components that make up the District's OPEB Cost for 2017:

|   |                             |
|---|-----------------------------|
| Annual Required Contribution            | \$2,062,337                 |
| Interest on Net OPEB Obligation         | (102,327)                   |
| Adjustment to ARC                       | <u>165,870</u>              |
| Annual OPEB Cost (Expense)              | <u>2,125,880</u>            |
| Contributions Made                      | (499,926)                   |
| Decrease in net OPEB Obligation (Asset) | 1,625,954                   |
| Net OPEB Asset – Beginning of Year      | <u>(3,148,536)</u>          |
| Net OPEB Asset – End of Year            | <u><u>\$(1,522,582)</u></u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2017, 2016, and 2015 are as follows in the table below:

| <u>Fiscal Yr Ended</u> | <u>OPEB Cost</u> | <u>% of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation (Asset)</u> |
|------------------------|------------------|--|------------------------------------|
| 06/30/17               | \$2,125,880      | 23.5%                                    | \$(1,522,582)                      |
| 06/30/16               | \$1,247,897      | 67.8%                                    | \$(3,148,536)                      |
| 06/30/15               | \$1,259,677      | 47.6%                                    | \$(3,550,853)                      |

As of July 1, 2016, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$17,653,532 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,653,532. The covered payroll (annual payroll of active employees covered by the plan) was \$107,524,599 and the ratio of the UAAL to the covered payroll was 16.42%.

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

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

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

In the July 1, 2016 actuarial valuation, the individual entry age normal as a level percentage of payroll method was used. The actuarial assumptions included a 3.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the District's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend rate of 8.5 percent for medical claims, reduced by decrements to an ultimate rate of 5 percent after eight years. The UAAL is being amortized as a level dollar amount over a period of 30 years.

#### (c) *Commitments*

On May 25, 2016 the Board approved a three-year agreement from July 1, 2016 through June 30, 2019, with an option to extend up to two one-year periods with First Student to provide regular and special education transportation services for an amount not to exceed \$15,200,000 for the first year. The contract is based on variable pricing dependent on the number of bus routes scheduled.

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

On April 27, 2016, the board approved an agreement with Freedom Interior Solutions for three years until May 31, 2019 to provide classroom and administrative furniture District-wide on an as needed basis not to exceed \$1,000,000.

On May 11, 2016 the board approved a three-year agreement from July 1, 2016 through July 30, 2019 with an option to extend up to two one-year period with Marcis & Associates to provide custodial services for a total amount of \$10,043,979 over the life of the agreement. This contract terminated November 30, 2017.

#### (d) *Operating Leases*

The District has entered into operating leases with Lenovo and VAR for student laptops and tablets that are below the District's capitalization threshold. Lease expenditures for the current year were \$1,498,277 and the estimated remaining obligation is \$1.1 million through fiscal year 2018.

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

(e) ***Pension Plan and Retirement Benefits***

**Plan description:** The District contributes to the Kansas City Public School Retirement System (KCPSRS), a cost-sharing, multiple-employer and contributory defined benefit pension plan. Substantially all full-time employees of the District, the Kansas City Public Library and charter schools are covered by the plan. The Kansas City Public School Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. All benefit provisions are established and may be amended by the legislature of the State of Missouri. The general administration and responsibility for the proper operation of the Kansas City Public School Retirement System rests with a board of trustees. Financial statements of the Kansas City Public School Retirement System can be obtained by writing to Kansas City Public School Retirement System, 3100 Broadway, Suite 1211, Kansas City, Missouri 64111 or by calling (816) 472-5912.

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

**Contributions:** All regular and full-time employees must become members of the Retirement System as a condition of employment. From January 1, 1999 through December 31, 2013, members contributed 7.5% of regular annual compensation. During the 2013 Missouri legislative session, SB223 was passed allowing the Kansas City Public School Retirement System Board (KCPSRS) flexibility to increase the contribution rate in ½% increments annually, to a maximum of 9%. January 1, 2016 the rate increased to 9.0 percent. The District's contractually required contribution rate for the year ended June 30, 2016, was 9.0% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$9,583,729 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$158,248,820 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating governments. At December 31, 2016, the District's collective proportion was 59.045964 percent, which was a decrease of 1.744152 percent from its proportion measured as of December 31, 2015.



# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

For the year ended June 30, 2017, the District recognized pension expense of \$24,080,081. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Difference between expected and actual Plan experience  | \$ 1,749,782                                  | (1,068,743)                              |
| Net difference between projected and actual earnings on pension plan investments                              | 31,732,751                                    | -  |
| Changes of assumptions  | 646,165                                       | -  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | -   | (3,178,814)                              |
| District contributions subsequent to the measurement date   | 5,649,795                                     | -  |
| Total   | <u>\$ 39,778,493</u>                          | <u>(4,247,557)</u>                       |

\$5,649,795 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period. The remaining amount of deferred outflows and inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of each measurement period. Amounts reported as deferred outflows of resources (other than contributions) and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> | <b>Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|----------------------------|---|
| 2017                       | \$ 10,941,449   |
| 2018                       | 10,354,003  |
| 2019                       | 8,042,133   |
| 2020                       | 543,556   |
| Total                      | <u>\$ 29,881,141</u>                                    |

There were no non-employer contributing entities at KCPSRS.

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.00 percent  |
| Salary increases          | 5.00 percent including price inflation  |
| Investment rate of return | 8.00 percent compounded annually, net of investment expense and including price inflation |

Mortality rates were based on the IRS Prescribed Static Table: RP-2000 Healthy Non-Annuitant Table projected 15 years from valuation date for active members and 7 years for healthy retirees using Scale AA.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2010.

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

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

| Asset Class                     | Target<br>Allocation | Long-Term<br>Expected<br>Real Rate of<br>Return |
|---------------------------------|----------------------|---|
| U.S. equity                     | 22.5%                | 5.3%  |
| Developed equity                | 15.0                 | 5.7%  |
| Emerging market equity          | 10.0                 | 7.1%  |
| Core fixed income               | 10.0                 | 2.0%  |
| Global fixed income             | 5.0                  | 1.1%  |
| High yield                      | 2.5                  | 4.0%  |
| MACS                            | 7.5                  | 4.7%  |
| Hedge funds - equity long/short | 4.5                  | 4.8%  |
| Hedge fund of funds             | 3.0                  | 3.7%  |
| Private equity                  | 5.0                  | 8.7%  |
| Commodities                     | 5.0                  | 2.8%  |
| Real estate                     | 10.0                 | 4.6%  |
| Total                           | 100%                 |   |

**Discount rate:** The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts and KC Library will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# KANSAS CITY PUBLIC SCHOOLS

## Notes to Basic Financial Statements

June 30, 2017

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

|  | <b>1% Decrease<br/>(7.0%)</b> | <b>Current<br/>Discount Rate<br/>(8.0%)</b> | <b>1% Increase<br/>(9.0%)</b> |
|--|-------------------------------|---|-------------------------------|
| District's proportionate share of the net pension liability \$ | 206,294,303                   | 158,248,820                                 | 116,951,324                   |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued KCPSRS financial report; which can be located at [www.kcpsrs.org](http://www.kcpsrs.org).

### **Payable to the pension plan at June 30, 2017:**

The District reported payables in the defined benefit pension plan of \$15,236,088 for legally required employer contributions and \$352,720 for legally required employee contributions which had been withheld from employee wages but not yet remitted to KCPSRS.

### **(f) New Pronouncements**

As of June 30, 2017, the GASB has issued the following statements not yet implemented by the District. The statements which might impact the District are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

## KANSAS CITY PUBLIC SCHOOLS

### Notes to Basic Financial Statements

June 30, 2017

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the District beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

Other than GASB Statement No. 75, which will have a significant impact on the government-wide financial statements, the District's management has not yet determined the effect these statements will have on the District's financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**KANSAS CITY PUBLIC SCHOOLS**  
**Schedule of Budgetary Comparison—General Fund**  
**Year ended June 30, 2017**

|                                     | <b>Original<br/>budget</b> | <b>Final<br/>budget</b> | <b>Actual</b>      | <b>Variance with<br/>Final<br/>Budget</b> |
|-------------------------------------|----------------------------|-------------------------|--------------------|---|
| Revenues:                           |                            |                         |                    |   |
| Property taxes                      | \$ 136,677,658             | 147,170,108             | 148,325,535        | 1,155,427                                 |
| Prop C taxes                        | 11,067,857                 | 11,168,529              | 10,673,244         | (495,285)                                 |
| Other local                         | 6,029,005                  | 8,185,440               | 8,120,863          | (64,577)                                  |
| County                              | 5,008,443                  | 4,995,081               | 5,217,841          | 222,760                                   |
| Basic formula                       | 7,001,927                  | 6,121,981               | 6,063,032          | (58,949)                                  |
| Other state                         | 8,412,408                  | 8,208,861               | 6,713,286          | (1,495,575)                               |
| Federal sources                     | 21,184,141                 | 27,648,055              | 27,166,212         | (481,843)                                 |
| Tuition                             | —                          | 3,890                   | 168,035            | 164,145                                   |
| Total revenues                      | <u>195,381,439</u>         | <u>213,501,945</u>      | <u>212,448,048</u> | <u>(1,053,897)</u>                        |
| Expenditures:                       |                            |                         |                    |   |
| Current:                            |                            |                         |                    |   |
| Administration:                     |                            |                         |                    |   |
| Board of education services:        |                            |                         |                    |   |
| Salaries                            | 84,000                     | 84,000                  | 65,412             | 18,588                                    |
| Benefits                            | 24,000                     | 24,000                  | 19,124             | 4,876                                     |
| Purchased services                  | 264,000                    | 257,000                 | 201,253            | 55,747                                    |
| Supplies and materials              | 8,600                      | 13,100                  | 11,285             | 1,815                                     |
| Total Board of education services   | <u>380,600</u>             | <u>378,100</u>          | <u>297,074</u>     | <u>81,026</u>                             |
| Executive administration:           |                            |                         |                    |   |
| Salaries                            | 1,667,256                  | 1,562,626               | 1,783,562          | (220,936)                                 |
| Benefits                            | 499,024                    | 495,699                 | 370,214            | 125,485                                   |
| Purchased services                  | 1,515,804                  | 2,323,678               | 3,050,474          | (726,796)                                 |
| Supplies and materials              | 51,935                     | 65,623                  | 60,866             | 4,757                                     |
| Total executive administration      | <u>3,734,019</u>           | <u>4,447,626</u>        | <u>5,265,116</u>   | <u>(817,490)</u>                          |
| Building level administration:      |                            |                         |                    |   |
| Salaries                            | 1,802,110                  | 1,880,782               | 2,049,806          | (169,024)                                 |
| Benefits                            | 796,896                    | 811,117                 | 764,682            | 46,435                                    |
| Purchased services                  | 181,654                    | 292,464                 | 355,544            | (63,080)                                  |
| Supplies and materials              | 46,484                     | 51,111                  | 53,415             | (2,304)                                   |
| Total building level administration | <u>2,827,144</u>           | <u>3,035,474</u>        | <u>3,223,447</u>   | <u>(187,973)</u>                          |
| Total administration                | <u>6,941,763</u>           | <u>7,861,200</u>        | <u>8,785,637</u>   | <u>(924,437)</u>                          |
| Instruction:                        |                            |                         |                    |   |
| Elementary:                         |                            |                         |                    |   |
| Salaries                            | 598,242                    | 921,096                 | 750,717            | 170,379                                   |
| Benefits                            | 312,382                    | 484,043                 | 308,945            | 175,098                                   |
| Purchased services                  | 893,190                    | 1,655,863               | 1,879,036          | (223,173)                                 |
| Supplies and materials              | 1,692,766                  | 1,758,971               | 1,741,723          | 17,248                                    |
| Total elementary                    | <u>3,496,580</u>           | <u>4,819,973</u>        | <u>4,680,421</u>   | <u>139,552</u>                            |
| Middle/junior high:                 |                            |                         |                    |   |
| Salaries                            | —                          | 25,000                  | —                  | 25,000                                    |
| Benefits                            | —                          | 8,250                   | —                  | 8,250                                     |
| Purchased services                  | 142,782                    | 219,920                 | 290,028            | (70,108)                                  |
| Supplies and materials              | 30,610                     | 31,042                  | 29,693             | 1,349                                     |
| Total middle/junior high            | <u>173,392</u>             | <u>284,212</u>          | <u>319,721</u>     | <u>(35,509)</u>                           |

(Continued)

**KANSAS CITY PUBLIC SCHOOLS**  
**Schedule of Budgetary Comparison—General Fund**  
**Year ended June 30, 2017**

|                                  | <b>Original<br/>budget</b> | <b>Final<br/>budget</b> | <b>Actual</b> | <b>Variance with<br/>Final<br/>Budget</b> |
|----------------------------------|----------------------------|-------------------------|---------------|---|
| Senior high:                     |                            |                         |               |   |
| Salaries                         | \$ 294,981                 | 343,343                 | 344,631       | (1,288)                                   |
| Benefits                         | 148,975                    | 160,123                 | 147,248       | 12,875                                    |
| Purchased services               | 1,665,666                  | 2,085,038               | 2,101,171     | (16,133)                                  |
| Supplies and materials           | 138,310                    | 242,611                 | 222,110       | 20,501                                    |
| Total senior high                | 2,247,932                  | 2,831,115               | 2,815,160     | 15,955                                    |
| Summer school:                   |                            |                         |               |   |
| Salaries                         | 137,775                    | 153,548                 | 114,764       | 38,784                                    |
| Benefits                         | 13,984                     | 13,945                  | 9,730         | 4,215                                     |
| Purchased services               | 7,535,595                  | 5,583,161               | 4,634,189     | 948,972                                   |
| Supplies and materials           | 79,055                     | 33,061                  | 13,660        | 19,401                                    |
| Total special education          | 7,766,409                  | 5,783,715               | 4,772,343     | 1,011,372                                 |
| Special education:               |                            |                         |               |   |
| Salaries                         | 2,926,281                  | 3,202,300               | 2,914,233     | 288,067                                   |
| Benefits                         | 1,576,656                  | 1,600,995               | 1,273,446     | 327,549                                   |
| Purchased services               | 4,330,907                  | 6,183,778               | 5,103,930     | 1,079,848                                 |
| Supplies and materials           | 496,568                    | 367,268                 | 251,627       | 115,641                                   |
| Total special education          | 9,330,412                  | 11,354,341              | 9,543,236     | 1,811,105                                 |
| Culturally different:            |                            |                         |               |   |
| Salaries                         | 966,826                    | 1,259,280               | 1,178,138     | 81,142                                    |
| Benefits                         | 520,639                    | 682,509                 | 544,200       | 138,309                                   |
| Purchased services               | 4,611,584                  | 3,572,990               | 2,858,120     | 714,870                                   |
| Supplies and materials           | 56,873                     | 1,406,949               | 1,102,379     | 304,570                                   |
| Total culturally different       | 6,155,922                  | 6,921,728               | 5,682,837     | 1,238,891                                 |
| Vocational instruction:          |                            |                         |               |   |
| Salaries                         | 190,550                    | 141,550                 | 140,366       | 1,184                                     |
| Benefits                         | 75,901                     | 57,901                  | 44,308        | 13,593                                    |
| Purchased services               | 119,244                    | 279,851                 | 238,273       | 41,578                                    |
| Supplies and materials           | 266,950                    | 375,717                 | 253,183       | 122,534                                   |
| Total vocational instruction     | 652,645                    | 855,019                 | 676,130       | 178,889                                   |
| Student activities:              |                            |                         |               |   |
| Salaries                         | 735,669                    | 751,891                 | 663,778       | 88,113                                    |
| Benefits                         | 122,530                    | 124,681                 | 96,243        | 28,438                                    |
| Purchased services               | 275,076                    | 268,327                 | 224,446       | 43,881                                    |
| Supplies and materials           | 156,300                    | 164,375                 | 198,038       | (33,663)                                  |
| Total student activities         | 1,289,575                  | 1,309,274               | 1,182,505     | 126,769                                   |
| Tuition to other districts:      |                            |                         |               |   |
| Purchased services               | 475,513                    | 475,513                 | 468,116       | 7,397                                     |
| Total tuition to other districts | 475,513                    | 475,513                 | 468,116       | 7,397                                     |
| Total instruction                | 31,588,380                 | 34,634,890              | 30,140,469    | 4,494,421                                 |
| Support services:                |                            |                         |               |   |
| Attendance/placement:            |                            |                         |               |   |
| Salaries                         | 1,070,740                  | 1,554,769               | 1,531,016     | 23,753                                    |
| Benefits                         | 387,827                    | 596,444                 | 483,239       | 113,205                                   |
| Purchased services               | 155,480                    | 272,628                 | 181,120       | 91,508                                    |
| Supplies and materials           | 21,000                     | 31,156                  | 30,425        | 731                                       |
| Total attendance/placement       | 1,635,047                  | 2,454,997               | 2,225,800     | 229,197                                   |

(Continued)



**KANSAS CITY PUBLIC SCHOOLS**  
**Schedule of Budgetary Comparison—General Fund**  
**Year ended June 30, 2017**

|                                      | <b>Original<br/>budget</b> | <b>Final<br/>budget</b> | <b>Actual</b> | <b>Variance with<br/>Final<br/>Budget</b> |
|--------------------------------------|----------------------------|-------------------------|---------------|---|
| Guidance/counseling:                 |                            |                         |               |   |
| Salaries                             | \$ 140,228                 | 157,228                 | 190,280       | (33,052)                                  |
| Benefits                             | 54,356                     | 61,739                  | 54,575        | 7,164                                     |
| Purchased services                   | 88,449                     | 185,417                 | 128,177       | 57,240                                    |
| Supplies and materials               | 16,995                     | 14,995                  | 13,826        | 1,169                                     |
| Total guidance/counseling            | 300,028                    | 419,379                 | 386,858       | 32,521                                    |
| Health, psychology, and speech:      |                            |                         |               |   |
| Salaries                             | 4,319,593                  | 4,219,103               | 3,880,135     | 338,968                                   |
| Benefits                             | 1,591,060                  | 1,548,401               | 1,194,604     | 353,797                                   |
| Purchased services                   | 3,773                      | 3,773                   | 503           | 3,270                                     |
| Supplies and materials               | 11,100                     | 46,916                  | 44,646        | 2,270                                     |
| Total health, psychology, and speech | 5,925,526                  | 5,818,193               | 5,119,888     | 698,305                                   |
| Improvement of instruction:          |                            |                         |               |   |
| Curriculum development:              |                            |                         |               |   |
| Salaries                             | 313,271                    | 281,792                 | 243,200       | 38,592                                    |
| Benefits                             | 128,580                    | 120,845                 | 87,146        | 33,699                                    |
| Purchased services                   | 1,792,066                  | 2,249,023               | 1,611,647     | 637,376                                   |
| Supplies and materials               | 111,775                    | 181,194                 | 166,792       | 14,402                                    |
| Total curriculum development         | 2,345,692                  | 2,832,854               | 2,108,785     | 724,069                                   |
| Staff training:                      |                            |                         |               |   |
| Purchased services                   | 45,000                     | 11,076                  | 2,626         | 8,450                                     |
| Total staff training                 | 45,000                     | 11,076                  | 2,626         | 8,450                                     |
| Educational media services:          |                            |                         |               |   |
| Salaries                             | —                          | 605                     | 605           | —   |
| Benefits                             | —                          | 61                      | 55            | 6   |
| Purchased services                   | 10,083                     | 148,674                 | 137,823       | 10,851                                    |
| Supplies and materials               | 566,862                    | 426,371                 | 382,108       | 44,263                                    |
| Total educational media services     | 576,945                    | 575,711                 | 520,591       | 55,120                                    |
| Financial services:                  |                            |                         |               |   |
| Salaries                             | 6,420,015                  | 6,469,520               | 6,383,197     | 86,323                                    |
| Benefits                             | 2,154,383                  | 2,141,046               | 1,813,403     | 327,643                                   |
| Purchased services                   | 2,439,289                  | 5,870,858               | 4,494,373     | 1,376,485                                 |
| Supplies and materials               | 164,990                    | 8,770,699               | 4,720,370     | 4,050,329                                 |
| Total financial services             | 11,178,677                 | 23,252,123              | 17,411,343    | 5,840,780                                 |
| Total support services               | 22,006,915                 | 35,364,333              | 27,775,891    | 7,588,442                                 |
| Operation of facilities:             |                            |                         |               |   |
| Salaries                             | 9,414,025                  | 10,256,401              | 10,745,640    | (489,239)                                 |
| Benefits                             | 3,663,311                  | 3,962,978               | 3,408,224     | 554,754                                   |
| Purchased services                   | 7,862,568                  | 11,902,365              | 9,739,314     | 2,163,051                                 |
| Supplies and materials               | 169,365                    | 1,933,252               | 1,020,764     | 912,488                                   |
| Other purchased services             | 584,408                    | 6,439,588               | 6,203,648     | 235,940                                   |
| Other supplies and materials         | 569,283                    | 759,820                 | 753,944       | 5,876                                     |
| Total operation of facilities        | 22,262,960                 | 35,254,404              | 31,871,534    | 3,382,870                                 |
| Pupil transportation:                |                            |                         |               |   |
| Purchased services                   | 14,455,067                 | 16,054,432              | 15,795,623    | 258,809                                   |
| Total pupil transportation           | 14,455,067                 | 16,054,432              | 15,795,623    | 258,809                                   |

(Continued)

# KANSAS CITY PUBLIC SCHOOLS

## Schedule of Budgetary Comparison—General Fund

Year ended June 30, 2017

|  | Original<br>budget | Final<br>budget | Actual        | Variance with<br>Final<br>Budget |
|--|--------------------|-----------------|---------------|----------------------------------|
| Facility acquisition/asbestos  |                    |                 |               |                                  |
| Purchased services   | \$ —               | 2,357,231       | 511,451       | 1,845,780                        |
| Supplies and materials   |                    |                 | 112,008       | (112,008)                        |
| Total facility acquisition/asbestos  | —                  | 2,357,231       | 623,459       | 1,733,772                        |
| Community and adult services:  |                    |                 |               |                                  |
| Adult basic education:   |                    |                 |               |                                  |
| Salaries   | 672,200            | 670,830         | 624,343       | 46,487                           |
| Benefits   | 246,691            | 227,074         | 170,245       | 56,829                           |
| Purchased services   | 27,843             | 72,128          | 37,492        | 34,636                           |
| Supplies and materials   | 27,613             | 65,811          | 42,357        | 23,454                           |
| Total adult basic education  | 974,347            | 1,035,843       | 874,437       | 161,406                          |
| Community services:  |                    |                 |               |                                  |
| Salaries   | 904,726            | 1,712,858       | 1,396,797     | 316,061                          |
| Benefits   | 343,346            | 690,003         | 467,049       | 222,954                          |
| Purchased services   | 257,621            | 741,122         | 691,448       | 49,674                           |
| Supplies and materials   | 23,500             | 144,911         | 96,587        | 48,324                           |
| Total community services   | 1,529,193          | 3,288,894       | 2,651,881     | 637,013                          |
| Early Childhood:   |                    |                 |               |                                  |
| Salaries   | 3,719,128          | 4,034,172       | 4,306,790     | (272,618)                        |
| Benefits   | 1,617,825          | 1,540,964       | 1,609,784     | (68,820)                         |
| Purchased services   | 1,194,094          | 590,210         | 300,702       | 289,508                          |
| Supplies and materials   | 193,826            | 357,019         | 236,932       | 120,087                          |
| Total early childhood  | 6,724,873          | 6,522,365       | 6,454,208     | 68,157                           |
| Total community and adult services   | 9,228,413          | 10,847,102      | 9,980,526     | 866,576                          |
| Total expenditures   | 106,483,498        | 142,373,592     | 124,973,139   | 17,400,453                       |
| Revenues over expenditures   | 88,897,941         | 71,128,353      | 87,474,909    | 16,346,556                       |
| Other financing sources (uses):  |                    |                 |               |                                  |
| Proceeds from lease purchase agreement   | —                  | —               | 58,300        | (58,300)                         |
| Issuance of long-term debt   | —                  | —               | 565,326       | (565,326)                        |
| Transfers in   | —                  | —               | 2,811,485     | (2,811,485)                      |
| Transfers out  | (88,747,663)       | (90,464,608)    | (88,435,660)  | (2,028,948)                      |
| Total other financing sources  | (88,747,663)       | (90,464,608)    | (85,000,549)  | (5,464,059)                      |
| Revenues and other financing<br>sources over (under)<br>expenditures               | \$ 150,278         | (19,336,255)    | 2,474,360     | 21,810,615                       |
| Reconciliation to GAAP Basis:  |                    |                 |               |                                  |
| Activities reported within the Teachers' Fund<br>(a sub-fund of the General Fund): |                    |                 |               |                                  |
| Total revenue  |                    |                 | 7,904,006     |                                  |
| Total expenditures   |                    |                 | (94,004,968)  |                                  |
| Total other financing sources  |                    |                 | 86,100,962    |                                  |
| Total reconciling items  |                    |                 | —             |                                  |
| Revenues and other financing<br>sources over expenditures                          |                    |                 | 2,474,360     |                                  |
| Fund balance, beginning of year  |                    |                 | 57,034,515    |                                  |
| Fund balance, end of year  |                    |                 | \$ 59,508,875 |                                  |

See Note to Required Supplementary Information.

## KANSAS CITY PUBLIC SCHOOLS

### Note to the Required Supplementary Information

June 30, 2017

#### **Budgetary Information**

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

Major funds:

General

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

Capital Projects

Nonmajor funds:

Child Nutritional Services

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

The capital project (life-to-date) included in the Capital Project Fund activity is not appropriated annually, but as projects are established.

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

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

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

The Board must approve expenditures in excess of appropriations at the fund level. Budgeted expenditure amendments approved by the Board during the fiscal year resulted in a 26% increase in the General Fund, 7% in the Teachers Fund, and 543% in the Capital Projects Fund.

# KANSAS CITY PUBLIC SCHOOLS

## Other Post-Employment Benefits Required Supplementary Information

### Schedule of Funding Progress

| Actuarial<br>Valuation Date | Actuarial<br>Value of Assets<br>(a) | Actuarial<br>Accrued Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percent of<br>Covered Payroll<br>((b-a)/c) |
|-----------------------------|-------------------------------------|--|--------------------------|--------------------------|---------------------------|---|
| 7/1/12                      | \$ -                                | \$ 12,731,277                                  | \$ 12,731,277            | 0%                       | \$ 98,114,215             | 12.98%  |
| 7/1/14                      | \$ -                                | \$ 12,309,982                                  | \$ 12,309,982            | 0%                       | \$ 99,408,171             | 12.38%  |
| 7/1/16                      | \$ -                                | \$ 17,653,532                                  | \$ 17,653,532            | 0%                       | \$ 105,960,028            | 16.66%  |

The information presented as required supplementary information was determined as part of the July 1, 2016 actuarial valuation. The projected credit method was used. The actuarial assumptions include a 3.25% discount rate and an annual health care cost trend rate of 8.5% for fiscal year ending 6/30/17 and for medical claims, reduced by decrements to an ultimate rate of 5% after eight years. The UAAL is being amortized as a level dollar amount over a period of 30 years.

# KANSAS CITY PUBLIC SCHOOLS

## Net Pension Liability Required Supplementary Information

| Fiscal Year | Plan fiduciary net position as a % of the total pension liability | District's proportion of the net pension liability (asset) | District's proportionate share of the net pension liability (asset) | District's covered payroll | District's proportionate share of the net pension liability (asset) as a % of covered payroll |
|-------------|---|--|---|----------------------------|---|
| 2017        | 70.09%  | 59.045964%   | \$ 158,248,820  | \$ 107,282,763             | 147.51%   |
| 2016        | 70.93%  | 60.790116%   | \$ 158,472,857  | \$ 104,510,704             | 151.63%   |
| 2015        | 79.44%  | 62.829118%   | \$ 113,573,271  | \$ 103,970,133             | 109.24%   |
| 2014        | n/a   | 64.011121%   | \$ 95,311,292   | n/a                        | n/a   |
| 2013        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2012        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2011        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2010        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2009        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2008        | n/a   | n/a  | n/a   | n/a                        | n/a   |
| 2007        | n/a   | n/a  | n/a   | n/a                        | n/a   |

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

## Schedule of Employer Contributions Required Supplementary Information

| Fiscal Year | Statutory required contribution | Contributions in relation to the required contribution | Contribution deficiency (excess) | Contribution as a % of district's covered payroll |
|-------------|---------------------------------|--|----------------------------------|---|
| 2017        | \$ 9,586,293                    | 9,586,293  | -                                | 8.94%   |
| 2016        | 8,786,297                       | 8,786,297  | -                                | 8.41%   |
| 2015        | 8,324,500                       | 8,324,500  | -                                | 8.01%   |
| 2014        | 7,719,216                       | 7,719,216  | -                                | n/a   |
| 2013        | 7,104,617                       | 7,104,617  | -                                | n/a   |
| 2012        | 9,593,660                       | 9,593,660  | -                                | n/a   |
| 2011        | 11,382,658                      | 11,382,658   | -                                | n/a   |
| 2010        | 12,335,504                      | 12,335,504   | -                                | n/a   |
| 2009        | 12,583,497                      | 12,583,497   | -                                | n/a   |
| 2008        | 12,591,876                      | 12,591,876   | -                                | n/a   |
| 2007        | 12,323,052                      | 12,323,052   | -                                | n/a   |

## **NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES**

**NONMAJOR GOVERNMENTAL FUNDS**

# KANSAS CITY PUBLIC SCHOOLS

## Nonmajor Governmental Funds—Combining Balance Sheet

June 30, 2017

| Assets   | Special revenue               |                     |                          |                | Permanent<br>fund<br>patron<br>endowments | Total<br>nonmajor<br>governmental<br>funds |
|--|-------------------------------|---------------------|--------------------------|----------------|---|--|
|  | Child Nutritional<br>services | Student<br>activity | Other Special<br>Revenue | Patron<br>gift |   |  |
| Cash and investments   | \$ 4,333,977                  | 305,612             | —                        | 204,687        | 165,775                                   | 5,010,051                                  |
| Restricted cash and investments  | —                             | —                   | 32,504,700               | —              | —   | 32,504,700                                 |
| Interest receivable  | —                             | —                   | 25,722                   | 423            | 272                                       | 26,417                                     |
| Other receivables  | 71,813                        | 583                 | —                        | —              | —   | 72,396                                     |
| Due from other governments   | 373,312                       | —                   | —                        | —              | —   | 373,312                                    |
| Total assets   | <u>\$ 4,779,102</u>           | <u>306,195</u>      | <u>32,530,422</u>        | <u>205,110</u> | <u>166,047</u>                            | <u>37,986,876</u>                          |
| <b>Liabilities, Deferred Inflows of<br/>Resources and Fund Balance</b> |                               |                     |                          |                |   |  |
| Liabilities:   |                               |                     |                          |                |   |  |
| Accounts payable   | \$ 73,493                     | 61,850              | 836                      | —              | —   | 136,179                                    |
| Accrued salaries, benefits and payroll taxes                           | 98,939                        | —                   | 20,070,301               | —              | —   | 20,169,240                                 |
| Compensated absences   | —                             | —                   | 3,018,663                | —              | —   | 3,018,663                                  |
| Total liabilities  | <u>172,432</u>                | <u>61,850</u>       | <u>23,089,800</u>        | <u>—</u>       | <u>—</u>                                  | <u>23,324,082</u>                          |
| Deferred inflows of resources  |                               |                     |                          |                |   |  |
| Unavailable revenue - grants and services                              | 70,751                        | —                   | —                        | —              | —   | 70,751                                     |
| Total deferred inflows of resources                                    | <u>70,751</u>                 | <u>—</u>            | <u>—</u>                 | <u>—</u>       | <u>—</u>                                  | <u>70,751</u>                              |
| Fund balance:  |                               |                     |                          |                |   |  |
| Nonspendable   | —                             | —                   | —                        | —              | 35,000                                    | 35,000                                     |
| Restricted   | 4,535,919                     | 243,103             | 9,440,622                | 205,110        | 131,047                                   | 14,555,801                                 |
| Committed  | —                             | 1,242               | —                        | —              | —   | 1,242                                      |
| Total fund balance   | <u>4,535,919</u>              | <u>244,345</u>      | <u>9,440,622</u>         | <u>205,110</u> | <u>166,047</u>                            | <u>14,592,043</u>                          |
| Total liabilities, deferred inflows of<br>resources and fund balance   | <u>\$ 4,779,102</u>           | <u>306,195</u>      | <u>32,530,422</u>        | <u>205,110</u> | <u>166,047</u>                            | <u>37,986,876</u>                          |



# KANSAS CITY PUBLIC SCHOOLS

## Nonmajor Governmental Funds— Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year ended June 30, 2017

|   |                 | Special revenue               |                     |                          | Permanent<br>fund<br>patron<br>endowments | Total<br>nonmajor<br>governmental<br>funds |
|---|-----------------|-------------------------------|---------------------|--------------------------|---|--|
|   | Debt<br>Service | Child Nutritional<br>services | Student<br>activity | Other Special<br>Revenue | Patron<br>gift                            |  |
| Revenues:   |                 |                               |                     |                          |   |  |
| Prop C sales tax  | \$ —            | —                             | —                   | 989,295                  | —   | 989,295                                    |
| Local, including investment income  | —               | 128,946                       | 747,308             | 65,380                   | 2,163                                     | 944,291                                    |
| Other state   | —               | 79,238                        | —                   | —                        | —   | 79,238                                     |
| Federal   | —               | 13,188,713                    | —                   | 27,800                   | —   | 13,216,513                                 |
| Total revenues  | —               | 13,396,897                    | 747,308             | 1,082,475                | 2,163                                     | 15,229,337                                 |
| Expenditures:   |                 |                               |                     |                          |   |  |
| Current:  |                 |                               |                     |                          |   |  |
| Instruction   | —               | —                             | 769,870             | —                        | —   | 769,870                                    |
| Support services  | —               | 12,128,441                    | —                   | 5,731,002                | —   | 17,859,443                                 |
| Transportation  | —               | —                             | 5,982               | —                        | —   | 5,982                                      |
| Debt Service:   |                 |                               |                     |                          |   |  |
| Principal   | 2,230,000       | —                             | —                   | —                        | —   | 2,230,000                                  |
| Interest & fiscal charges   | 2,277,279       | —                             | —                   | —                        | —   | 2,277,279                                  |
| Total expenditures  | 4,507,279       | 12,128,441                    | 775,852             | 5,731,002                | —   | 23,142,574                                 |
| Revenues over<br>(under) expenditures                                       | (4,507,279)     | 1,268,456                     | (28,544)            | (4,648,527)              | 2,163                                     | (7,913,237)                                |
| Other financing sources (uses):   |                 |                               |                     |                          |   |  |
| Transfers in  | 4,507,279       | —                             | —                   | 2,107,683                | —   | 6,614,962                                  |
| Transfers out   | —               | (88,695)                      | —                   | —                        | —   | (88,695)                                   |
| Total other financing<br>sources (uses)                                     | 4,507,279       | (88,695)                      | —                   | 2,107,683                | —   | 6,526,267                                  |
| Revenues over (under)<br>expenditures and other<br>financing sources (uses) | —               | 1,179,761                     | (28,544)            | (2,540,844)              | 2,163                                     | (1,386,970)                                |
| Fund balances, beginning of year  | —               | 3,356,158                     | 272,889             | 11,981,466               | 202,947                                   | 15,979,013                                 |
| Fund balances, end of year  | \$ —            | 4,535,919                     | 244,345             | 9,440,622                | 205,110                                   | 14,592,043                                 |

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|   | <b>Original<br/>budget</b> | <b>Final<br/>budget</b> | <b>Actual</b>       | <b>Variance with<br/>Final<br/>Budget</b> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues:   |                            |                         |                     |   |
| Local   | \$ 249,063                 | 242,020                 | 128,946             | (113,074)                                 |
| State   | —                          | —                       | 79,238              | 79,238                                    |
| Federal   | 12,490,033                 | 12,361,200              | 13,188,713          | 827,513                                   |
| Total revenues  | <u>12,739,096</u>          | <u>12,603,220</u>       | <u>13,396,897</u>   | <u>793,677</u>                            |
| Expenditures:   |                            |                         |                     |   |
| Current:  |                            |                         |                     |   |
| Support services:   |                            |                         |                     |   |
| Salaries  | 3,917,550                  | 3,902,815               | 3,361,959           | 540,856                                   |
| Benefits  | 1,913,543                  | 1,551,099               | 1,304,591           | 246,508                                   |
| Purchased services  | 409,166                    | 654,070                 | 499,784             | 154,286                                   |
| Supplies and materials                                    | 6,475,837                  | 6,495,236               | 6,962,107           | (466,871)                                 |
| Total expenditures  | <u>12,716,096</u>          | <u>12,603,220</u>       | <u>12,128,441</u>   | <u>474,779</u>                            |
| Revenues over<br>expenditures                             | <u>23,000</u>              | <u>—</u>                | <u>1,268,456</u>    | <u>1,268,456</u>                          |
| Other financing sources (uses):                           |                            |                         |                     |   |
| Transfers out   | <u>23,000</u>              | <u>6,257</u>            | <u>(88,695)</u>     | <u>(94,952)</u>                           |
| Total other financing<br>(uses)                           | <u>23,000</u>              | <u>6,257</u>            | <u>(88,695)</u>     | <u>(94,952)</u>                           |
| Revenues over<br>expenditures and other<br>financing uses | <u>\$ 46,000</u>           | <u>6,257</u>            | <u>1,179,761</u>    | <u>1,173,504</u>                          |
| Fund balance, beginning of year                           |                            |                         | <u>3,356,158</u>    |   |
| Fund balance, end of year                                 |                            |                         | <u>\$ 4,535,919</u> |   |

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|  | Original<br>budget | Final<br>budget | Actual     | Variance with<br>Final<br>Budget |
|--|--------------------|-----------------|------------|----------------------------------|
| Revenues:                                      |                    |                 |            |                                  |
| Property taxes                                 | \$ 7,930,031       | 8,459,795       | 8,378,093  | (81,702)                         |
| Other local                                    | —                  | 2,185,085       | 556,558    | (1,628,527)                      |
| State  | —                  | 11,322          | —          | (11,322)                         |
| Federal  | 760,700            | 1,340,609       | 1,916,228  | 575,619                          |
| Total revenues                                 | 8,690,731          | 11,996,811      | 10,850,879 | (1,145,932)                      |
| Expenditures:                                  |                    |                 |            |                                  |
| Capital outlay:                                |                    |                 |            |                                  |
| Administration:                                |                    |                 |            |                                  |
| Board of education services                    | 2,000              | 2,000           | —          | 2,000                            |
| Executive administration                       | —                  | 7,000           | 3,819      | 3,181                            |
| Total administration                           | 2,000              | 9,000           | 3,819      | 5,181                            |
| Instruction:                                   |                    |                 |            |                                  |
| Elementary                                     | —                  | 3,197           | 3,196      | 1                                |
| Senior high                                    | —                  | 2,621           | 2,521      | 100                              |
| Special education                              | —                  | 58,360          | 7,512      | 50,848                           |
| Culturally different                           | —                  | 191,787         | 132,729    | 59,058                           |
| Vocational instruction                         | 38,050             | 74,822          | 65,614     | 9,208                            |
| Student activities                             | 3,400              | 19,419          | 14,037     | 5,382                            |
| Total instruction                              | 41,450             | 350,206         | 225,609    | 124,597                          |
| Support services:                              |                    |                 |            |                                  |
| Health/psychology/speech/audiology             | 3,000              | —               | —          | —                                |
| Improvement of instruction:                    |                    |                 |            |                                  |
| Curriculum development                         | —                  | 24,467          | 24,097     | 370                              |
| Finance/support services                       | 29,000             | 2,294,967       | —          | 2,294,967                        |
| Child nutrition                                | —                  | —               | 551,233    | (551,233)                        |
| Admissions                                     | —                  | —               | 5,500      | (5,500)                          |
| Information technology                         | —                  | —               | 613,853    | (613,853)                        |
| Food service                                   | 23,000             | 291,625         | —          | 291,625                          |
| Total support services                         | 55,000             | 2,611,059       | 1,194,683  | 1,416,376                        |
| Community and adult services:                  |                    |                 |            |                                  |
| Adult basic education                          | 4,000              | 31,618          | 29,968     | 1,650                            |
| Early childhood                                | —                  | 199,890         | 114,484    | 85,406                           |
| Total community and adult services             | 4,000              | 231,508         | 144,452    | 87,056                           |
| Operation of facilities                        | —                  | 76,427          | 49,632     | 26,795                           |
| Facilities improvement and renovation:         |                    |                 |            |                                  |
| Capital outlay                                 | —                  | 19,046,124      | 29,706,361 | (10,660,237)                     |
| Total facilities improvement<br>and renovation | —                  | 19,046,124      | 29,706,361 | (10,660,237)                     |

(Continued)

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|  | Original<br>budget | Final<br>budget | Actual       | Variance with<br>Final<br>Budget |
|--|--------------------|-----------------|--------------|----------------------------------|
| Debt service:  |                    |                 |              |                                  |
| Principal  | 51,159,001         | 5,172,901       | 2,942,901    | 2,230,000                        |
| Interest   | 2,247,447          | 3,201,806       | 3,025,359    | 176,447                          |
| Total debt service   | 53,406,448         | 8,374,707       | 5,968,260    | 2,406,447                        |
| Total expenditures   | 53,508,898         | 30,699,031      | 37,292,816   | (6,593,785)                      |
| Revenues under expenditures  | (44,818,167)       | (18,702,220)    | (26,441,937) | (7,739,717)                      |
| Other financing sources (uses):  |                    |                 |              |                                  |
| Transfers in   | 849,067            | 16,743          | 321,513      | 304,770                          |
| Transfers out  | —                  | —               | (7,082,555)  | (7,082,555)                      |
| Issuance of long-term debt   | —                  | —               | 50,469,674   | 50,469,674                       |
| Premium on long-term debt  | —                  | —               | 2,317,450    | 2,317,450                        |
| Proceeds from lease purchase agreement   | —                  | —               | 11,581,727   | 11,581,727                       |
| Sale of capital assets   | —                  | —               | 2,053,163    | 2,053,163                        |
| Total other financing sources  | 849,067            | 16,743          | 59,660,972   | 59,644,229                       |
| Revenues and other financing<br>sources over expenditures<br>and other financing sources | \$ (43,969,100)    | (18,685,477)    | 33,219,035   | 51,904,512                       |
| Fund balance, beginning of year  |                    |                 | 18,190,929   |                                  |
| Fund balance, end of year  |                    |                 | 51,409,964   |                                  |

**KANSAS CITY PUBLIC SCHOOLS**  
**Capital Projects Fund—**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—by Project**  
**Year ended June 30, 2017**

| <b>Function</b>                                | <b>Capital<br/>Projects<br/>L-T-D Fund</b> | <b>Operating<br/>Capital<br/>Projects</b> | <b>Child Nutrition<br/>Capital<br/>Projects</b> | <b>Bond<br/>Capital<br/>Projects</b> | <b>Eliminations</b> | <b>Total Capital<br/>Projects funds</b> |
|--|--|---|---|--------------------------------------|---------------------|---|
| Revenues:                                      |  |   |   |                                      |                     |   |
| Property taxes                                 | \$ —                                       | 8,378,093                                 | —   | —                                    | —                   | 8,378,093                               |
| Other local                                    | 200,000                                    | 238,422                                   | —   | 118,136                              | —                   | 556,558                                 |
| Federal  | —  | 1,627,518                                 | 288,710   | —                                    | —                   | 1,916,228                               |
| Total revenues                                 | 200,000                                    | 10,244,033                                | 288,710   | 118,136                              | —                   | 10,850,879                              |
| Expenditures:                                  |  |   |   |                                      |                     |   |
| Administration:                                |  |   |   |                                      |                     |   |
| Executive administration                       | —  | 3,819                                     | —   | —                                    | —                   | 3,819                                   |
| Total administration                           | —  | 3,819                                     | —   | —                                    | —                   | 3,819                                   |
| Instruction:                                   |  |   |   |                                      |                     |   |
| Elementary schools                             | —  | 3,196                                     | —   | —                                    | —                   | 3,196                                   |
| Senior high                                    | —  | 2,521                                     | —   | —                                    | —                   | 2,521                                   |
| Special education                              | —  | 7,512                                     | —   | —                                    | —                   | 7,512                                   |
| Culturally different                           | —  | 132,729                                   | —   | —                                    | —                   | 132,729                                 |
| Vocational instruction                         | —  | 65,614                                    | —   | —                                    | —                   | 65,614                                  |
| Student activities                             | —  | 14,037                                    | —   | —                                    | —                   | 14,037                                  |
| Total instruction                              | —  | 225,609                                   | —   | —                                    | —                   | 225,609                                 |
| Support services:                              |  |   |   |                                      |                     |   |
| Improvement instruction curriculum development | —  | 24,097                                    | —   | —                                    | —                   | 24,097                                  |
| Child nutrition                                | 253,972                                    | —   | 297,261   | —                                    | —                   | 551,233                                 |
| Admissions                                     | —  | 5,500                                     | —   | —                                    | —                   | 5,500                                   |
| Information technology                         | 613,853                                    | —   | —   | —                                    | —                   | 613,853                                 |
| Total support services                         | 867,825                                    | 29,597                                    | 297,261   | —                                    | —                   | 1,194,683                               |
| Community and adult services                   |  |   |   |                                      |                     |   |
| Adult Basic Education                          | —  | 29,968                                    | —   | —                                    | —                   | 29,968                                  |
| Early childhood                                | —  | 114,484                                   | —   | —                                    | —                   | 114,484                                 |
| Total debt service                             | —  | 144,452                                   | —   | —                                    | —                   | 144,452                                 |
| Operation of plant:                            |  |   |   |                                      |                     |   |
| Plant services                                 | 15,325                                     | 34,307                                    | —   | —                                    | —                   | 49,632                                  |
| Total operation of plant                       | 15,325                                     | 34,307                                    | —   | —                                    | —                   | 49,632                                  |
| Debt service:                                  |  |   |   |                                      |                     |   |
| Principal                                      | —  | 2,942,901                                 | —   | —                                    | —                   | 2,942,901                               |
| Interest and fiscal charges                    | 425,572                                    | 1,855,397                                 | —   | 744,390                              | —                   | 3,025,359                               |
| Total debt service                             | 425,572                                    | 4,798,298                                 | —   | 744,390                              | —                   | 5,968,260                               |
| Facilities improvement and renovation:         |  |   |   |                                      |                     |   |
| Operation of facilities                        | 20,179,547                                 | —   | —   | 9,526,814                            | —                   | 29,706,361                              |
| Total facilities improvement and renovation    | 20,179,547                                 | —   | —   | 9,526,814                            | —                   | 29,706,361                              |
| Total expenditures                             | 21,488,269                                 | 5,236,082                                 | 297,261   | 10,271,204                           | —                   | 37,292,816                              |
| Revenues over (under) expenditures             | (21,288,269)                               | 5,007,951                                 | (8,551)   | (10,153,068)                         | —                   | (26,441,937)                            |
| Other financing sources (uses):                |  |   |   |                                      |                     |   |
| Transfers in                                   | —  | 9,626,431                                 | 88,695  | —                                    | (9,393,613)         | 321,513                                 |
| Transfers out                                  | (1,451,961)                                | (5,210,636)                               | (6,085)   | (9,807,486)                          | 9,393,613           | (7,082,555)                             |
| Revenue bond issuance                          | —  | —   | —   | 50,469,674                           | —                   | 50,469,674                              |
| Revenue bond premium                           | —  | —   | —   | 2,317,450                            | —                   | 2,317,450                               |
| Lease purchase agreement - drawdowns           | 11,581,727                                 | —   | —   | —                                    | —                   | 11,581,727                              |
| Sale of capital assets                         | 2,007,461                                  | 45,702                                    | —   | —                                    | —                   | 2,053,163                               |
| Total financing sources (uses)                 | 12,137,227                                 | 4,461,497                                 | 82,610  | 42,979,638                           | —                   | 59,660,972                              |
| Net change in fund balances                    | (9,151,042)                                | 9,469,448                                 | 74,059  | 32,826,570                           | —                   | 33,219,035                              |
| Fund balances – beginning of year              | 11,266,954                                 | 6,998,034                                 | (74,059)  | —                                    | —                   | 18,190,929                              |
| Fund balances – end of year                    | \$ 2,115,912                               | 16,467,482                                | —   | 32,826,570                           | —                   | 51,409,964                              |

# KANSAS CITY PUBLIC SCHOOLS

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

June 30, 2017

| <b>Function</b>            | <b>Capital<br/>Projects<br/>L-T-D Fund</b> | <b>Operating<br/>Capital<br/>Projects</b> | <b>Child Nutrition<br/>Capital<br/>Projects</b> | <b>Bond<br/>Capital<br/>Projects</b> | <b>Total Capital<br/>Projects funds</b> |
|----------------------------|--|---|---|--------------------------------------|---|
| Fund balance:              |  |   |   |                                      |   |
| <b>Restricted</b>          |  |   |   |                                      |   |
| Property held for sale     | \$ 1,945,400                               | —   | —   | —                                    | 1,945,400                               |
| <b>Total Restricted</b>    | <u>1,945,400</u>                           | <u>—</u>                                  | <u>—</u>  | <u>—</u>                             | <u>1,945,400</u>                        |
| <b>Committed</b>           |  |   |   |                                      |   |
| Encumbrances               | 819,680                                    | —   | —   | 3,590,350                            | 4,410,030                               |
| <b>Total Committed</b>     | <u>819,680</u>                             | <u>—</u>                                  | <u>—</u>  | <u>3,590,350</u>                     | <u>4,410,030</u>                        |
| <b>Assigned</b>            |  |   |   |                                      |   |
| Future equipment purchases | (649,168)                                  | 16,467,482                                | —   | 29,236,220                           | 45,054,534                              |
| <b>Total Assigned</b>      | <u>(649,168)</u>                           | <u>16,467,482</u>                         | <u>—</u>  | <u>29,236,220</u>                    | <u>45,054,534</u>                       |
| Total fund balance         | \$ <u>2,115,912</u>                        | <u>16,467,482</u>                         | <u>—</u>  | <u>32,826,570</u>                    | <u>51,409,964</u>                       |

# KANSAS CITY PUBLIC SCHOOLS

## General Fund— Schedule of Revenues, Expenditures and Changes in Fund Balance Year ended June 30, 2017

| Function                                 | Operating<br>General | C-I-P<br>General | Bond Capital<br>Projects<br>General | Eliminations | Total General<br>funds |
|--|----------------------|------------------|-------------------------------------|--------------|------------------------|
| Revenues:                                |                      |                  |                                     |              |                        |
| Property taxes                           | \$ 148,325,535       | —                | —                                   | —            | 148,325,535            |
| Prop C sales tax                         | 16,808,606           | —                | —                                   | —            | 16,808,606             |
| Other local, including investment income | 8,188,517            | 16,856           | —                                   | —            | 8,205,373              |
| Intermediate/county                      | 5,671,574            | —                | —                                   | —            | 5,671,574              |
| State aid—basic formula                  | 6,626,401            | —                | —                                   | —            | 6,626,401              |
| Other state                              | 7,045,342            | —                | —                                   | —            | 7,045,342              |
| Federal                                  | 27,501,186           | —                | —                                   | —            | 27,501,186             |
| Tuition                                  | 168,035              | —                | —                                   | —            | 168,035                |
| Total revenues                           | 220,335,196          | 16,856           | —                                   | —            | 220,352,052            |
| Expenditures:                            |                      |                  |                                     |              |                        |
| Current:                                 |                      |                  |                                     |              |                        |
| Administration                           | 17,329,990           | —                | —                                   | —            | 17,329,990             |
| Instruction                              | 102,338,375          | —                | 2,434                               | —            | 102,340,809            |
| Support services                         | 32,548,617           | 5,326,387        | 919,200                             | —            | 38,794,204             |
| Operation of facilities                  | 29,277,137           | 2,029,072        | 565,326                             | —            | 31,871,535             |
| Pupil transportation                     | 15,795,623           | —                | —                                   | —            | 15,795,623             |
| Community and adult services             | 12,222,483           | —                | —                                   | —            | 12,222,483             |
| Capital outlay                           | —                    | 616,949          | 6,509                               | —            | 623,458                |
| Total expenditures                       | 209,512,225          | 7,972,408        | 1,493,469                           | —            | 218,978,102            |
| Revenues over (under) expenditures       | 10,822,971           | (7,955,552)      | (1,493,469)                         | —            | 1,373,950              |
| Other financing sources (uses):          |                      |                  |                                     |              |                        |
| Transfers in                             | 1,883,342            | 6,124,020        | 928,143                             | (6,124,020)  | 2,811,485              |
| Transfers out                            | (8,458,721)          | —                | —                                   | 6,124,020    | (2,334,701)            |
| Issuance of long term debt               | —                    | —                | 565,326                             | —            | 565,326                |
| Lease purchase agreement - drawdowns     | —                    | 58,300           | —                                   | —            | 58,300                 |
| Total other financing sources (uses)     | (6,575,379)          | 6,182,320        | 1,493,469                           | —            | 1,100,410              |
| Net change in fund balances              | 4,247,592            | (1,773,232)      | —                                   | —            | 2,474,360              |
| Fund balances, beginning of year         | 57,713,869           | (679,354)        | —                                   | —            | 57,034,515             |
| Fund balances, end of year               | \$ 61,961,461        | (2,452,586)      | —                                   | —            | 59,508,875             |

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|                                     | Original<br>budget | Final<br>budget   | Actual            | Variance with<br>Final<br>Budget |
|-------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| Revenues:                           |                    |                   |                   |                                  |
| Prop C taxes                        | \$ 6,640,714       | 6,701,118         | 6,135,362         | (565,756)                        |
| Local                               | —                  | 300               | 84,505            | 84,205                           |
| County                              | 161,016            | 204,265           | 453,733           | 249,468                          |
| Basic formula                       | 3,472,580          | 726,095           | 563,369           | (162,726)                        |
| State                               | 320,562            | 385,610           | 332,063           | (53,547)                         |
| Federal                             | 279,764            | 325,450           | 334,974           | 9,524                            |
| Total revenues                      | <u>10,874,636</u>  | <u>8,342,838</u>  | <u>7,904,006</u>  | <u>(438,832)</u>                 |
| Expenditures:                       |                    |                   |                   |                                  |
| Current:                            |                    |                   |                   |                                  |
| Administration:                     |                    |                   |                   |                                  |
| Executive administration:           |                    |                   |                   |                                  |
| Salaries                            | 385,576            | 385,576           | 416,770           | (31,194)                         |
| Benefits                            | 96,680             | 96,680            | 105,790           | (9,110)                          |
| Total executive administration      | <u>482,256</u>     | <u>482,256</u>    | <u>522,560</u>    | <u>(40,304)</u>                  |
| Building level administration:      |                    |                   |                   |                                  |
| Salaries                            | 5,909,753          | 6,032,252         | 6,382,337         | (350,085)                        |
| Benefits                            | 1,833,620          | 1,731,367         | 1,639,457         | 91,910                           |
| Total building level administration | <u>7,743,373</u>   | <u>7,763,619</u>  | <u>8,021,794</u>  | <u>(258,175)</u>                 |
| Total administration                | <u>8,225,629</u>   | <u>8,245,875</u>  | <u>8,544,354</u>  | <u>(298,479)</u>                 |
| Instruction:                        |                    |                   |                   |                                  |
| Elementary:                         |                    |                   |                   |                                  |
| Salaries                            | 27,174,885         | 25,682,642        | 25,700,404        | (17,762)                         |
| Benefits                            | 9,899,654          | 8,972,011         | 7,776,731         | 1,195,280                        |
| Total elementary                    | <u>37,074,539</u>  | <u>34,654,653</u> | <u>33,477,135</u> | <u>1,177,518</u>                 |
| Middle:                             |                    |                   |                   |                                  |
| Salaries                            | 3,219,911          | 3,223,646         | 2,828,313         | 395,333                          |
| Benefits                            | 1,166,815          | 1,089,966         | 899,983           | 189,983                          |
| Total middle/junior high            | <u>4,386,726</u>   | <u>4,313,612</u>  | <u>3,728,296</u>  | <u>585,316</u>                   |
| Senior high:                        |                    |                   |                   |                                  |
| Salaries                            | 10,608,105         | 10,698,462        | 10,783,550        | (85,088)                         |
| Benefits                            | 3,842,473          | 3,495,476         | 3,204,064         | 291,412                          |
| Total senior high                   | <u>14,450,578</u>  | <u>14,193,938</u> | <u>13,987,614</u> | <u>206,324</u>                   |
| Other Instruction:                  |                    |                   |                   |                                  |
| Salaries                            | 720,000            | 827,768           | 839,325           | (11,557)                         |
| Benefits                            | 73,080             | 79,628            | 72,806            | 6,822                            |
| Total summer school                 | <u>793,080</u>     | <u>907,396</u>    | <u>912,131</u>    | <u>(4,735)</u>                   |
| Special education:                  |                    |                   |                   |                                  |
| Salaries                            | 10,225,373         | 9,878,239         | 9,377,020         | 501,219                          |
| Benefits                            | 3,643,074          | 3,463,067         | 2,705,879         | 757,188                          |
| Total special education             | <u>13,868,447</u>  | <u>13,341,306</u> | <u>12,082,899</u> | <u>1,258,407</u>                 |

(Continued)



# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|   | <b>Original<br/>budget</b> | <b>Final<br/>budget</b> | <b>Actual</b> | <b>Variance with<br/>Final<br/>Budget</b> |
|---|----------------------------|-------------------------|---------------|---|
| Culturally different:                   |                            |                         |               |   |
| Salaries                                | \$ 4,043,146               | 4,644,533               | 4,458,014     | 186,519                                   |
| Benefits                                | 1,470,032                  | 1,574,456               | 1,290,953     | 283,503                                   |
| Total culturally different              | 5,513,178                  | 6,218,989               | 5,748,967     | 470,022                                   |
| Vocational instruction:                 |                            |                         |               |   |
| Salaries                                | 1,267,042                  | 1,187,057               | 1,209,010     | (21,953)                                  |
| Benefits                                | 456,604                    | 423,627                 | 370,742       | 52,885                                    |
| Total vocational instruction            | 1,723,646                  | 1,610,684               | 1,579,752     | 30,932                                    |
| Student activities:                     |                            |                         |               |   |
| Salaries                                | 615,089                    | 609,183                 | 628,319       | (19,136)                                  |
| Fringes                                 | 62,432                     | 61,882                  | 55,226        | 6,656                                     |
| Total student activities                | 677,521                    | 671,065                 | 683,545       | (12,480)                                  |
| Total instruction                       | 78,487,715                 | 75,911,643              | 72,200,339    | 3,711,304                                 |
| Support services:                       |                            |                         |               |   |
| Guidance/counseling:                    |                            |                         |               |   |
| Salaries                                | 2,469,722                  | 2,663,998               | 2,529,141     | 134,857                                   |
| Benefits                                | 817,021                    | 881,682                 | 713,859       | 167,823                                   |
| Total guidance/counseling               | 3,286,743                  | 3,545,680               | 3,243,000     | 302,680                                   |
| Health, psychology, and speech:         |                            |                         |               |   |
| Salaries                                | 1,962,666                  | 1,983,379               | 1,717,040     | 266,339                                   |
| Benefits                                | 698,655                    | 688,862                 | 511,869       | 176,993                                   |
| Total health, psychology,<br>and speech | 2,661,321                  | 2,672,241               | 2,228,909     | 443,332                                   |
| Improvement of instruction:             |                            |                         |               |   |
| Current development:                    |                            |                         |               |   |
| Salaries                                | 1,165,518                  | 2,720,160               | 2,507,558     | 212,602                                   |
| Benefits                                | 320,175                    | 717,244                 | 574,385       | 142,859                                   |
| Total current developments              | 1,485,693                  | 3,437,404               | 3,081,943     | 355,461                                   |
| Educational media services:             |                            |                         |               |   |
| Salaries                                | 1,829,178                  | 2,008,363               | 1,847,917     | 160,446                                   |
| Benefits                                | 596,828                    | 655,761                 | 533,774       | 121,987                                   |
| Total educational media                 | 2,426,006                  | 2,664,124               | 2,381,691     | 282,433                                   |
| Financial Services                      |                            |                         |               |   |
| Salaries                                | 61,887                     | 70,737                  | 70,920        | (183)                                     |
| Benefits                                | 21,972                     | 22,815                  | 11,847        | 10,968                                    |
| Total staff training                    | 83,859                     | 93,552                  | 82,767        | 10,785                                    |
| Total support services                  | 9,943,622                  | 12,413,001              | 11,018,310    | 1,394,691                                 |

(Continued)

# KANSAS CITY PUBLIC SCHOOLS

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

Year ended June 30, 2017

|  | Original<br>budget | Final<br>budget | Actual       | Variance with<br>Final<br>Budget |
|--|--------------------|-----------------|--------------|----------------------------------|
| Community and adult services:  |                    |                 |              |                                  |
| Adult basic education:   |                    |                 |              |                                  |
| Salaries   | \$ 60,878          | 60,878          | 61,949       | (1,071)                          |
| Benefits   | 21,760             | 21,760          | 19,086       | 2,674                            |
| Total adult basic education  | 82,638             | 82,638          | 81,035       | 1,603                            |
| Community services   |                    |                 |              |                                  |
| Salaries   | 7,000              | 7,000           | —            | 7,000                            |
| Benefits   | 711                | 711             | —            | 711                              |
| Total adult basic education  | 7,711              | 7,711           | —            | 7,711                            |
| Early Childhood  |                    |                 |              |                                  |
| Salaries   | 1,582,167          | 1,685,257       | 1,660,351    | 24,906                           |
| Benefits   | 466,750            | 481,322         | 500,579      | (19,257)                         |
| Total early childhood  | 2,048,917          | 2,166,579       | 2,160,930    | 5,649                            |
| Total community and adult services                                   | 2,139,266          | 2,256,928       | 2,241,965    | 14,963                           |
| Total expenditures   | 98,796,232         | 98,827,447      | 94,004,968   | 4,822,479                        |
| Revenues under expenditures  | (87,921,596)       | (90,484,609)    | (86,100,962) | 4,383,647                        |
| Other financing sources:   |                    |                 |              |                                  |
| Transfers in   | 87,941,596         | 90,484,609      | 86,100,962   | (4,383,647)                      |
| Revenues and other financing<br>sources over (under)<br>expenditures | 20,000             | —               | —            | —                                |
| Fund balance, beginning of year                                      |                    |                 | —            |                                  |
| Fund balance, end of year  |                    |                 | \$ —         |                                  |

See Note to Required Supplementary Information.

## **CAPITAL ASSETS**

# KANSAS CITY PUBLIC SCHOOLS

## Capital Assets Used in the Operation of Governmental Funds by Source

June 30, 2017  
(with comparative totals for June 30, 2016)

|   | <b>Total</b>          |                    |
|---|-----------------------|--------------------|
|   | <b>2017</b>           | <b>2016</b>        |
| Capital assets (gross):                 |                       |                    |
| Land                                    | \$ 29,700,478         | 29,732,846         |
| Buildings                               | 535,132,021           | 490,043,160        |
| Improvements other than buildings       | 49,345,330            | 44,889,009         |
| Impairment-closed buildings             | 11,420,582            | 14,857,044         |
| Equipment, furniture, and vehicles      | 20,637,584            | 23,252,537         |
| Construction in progress                | 836,548               | 16,740,382         |
| Total                                   | <u>\$ 647,072,543</u> | <u>619,514,978</u> |
| Investment in capital assets by source: |                       |                    |
| General fund                            | \$ 347,590            | 326,400            |
| Capital projects                        | 645,036,379           | 617,254,477        |
| Special revenue                         | 1,622,551             | 1,868,078          |
| Trust and agency                        | 13,127                | 13,127             |
| Donations                               | 52,896                | 52,896             |
| Total                                   | <u>\$ 647,072,543</u> | <u>619,514,978</u> |

# KANSAS CITY PUBLIC SCHOOLS

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

Year Ended June 30, 2017

| <b>Classification</b>    | <b>Beginning<br/>balance<br/>July 1, 2016</b> | <b>Adjustments</b> | <b>Additions</b>  | <b>Retirements</b>  | <b>Construction-<br/>in-progress<br/>transfers</b> | <b>Ending<br/>balance<br/>June 30, 2017</b> |
|--------------------------|---|--------------------|-------------------|---------------------|--|---|
| High schools             | \$ 249,838,032                                | 347,533            | 23,345,814        | (1,291,349)         | —  | 272,240,030                                 |
| Middle schools           | 104,101,882                                   | 4,882,286          | 3,731,233         | (274,026)           | —  | 112,441,375                                 |
| Elementary schools       | 219,323,985                                   | (7,810,661)        | 21,618,904        | (1,577,982)         | —  | 231,554,246                                 |
| Administration           | 29,510,697                                    | (35,619)           | 1,844,569         | (1,319,303)         | —  | 30,000,344                                  |
| Construction in progress | 16,740,382                                    | 2,616,461          | 423,154           | (18,943,449)        | —  | 836,548                                     |
| Total                    | \$ <u>619,514,978</u>                         | <u>—</u>           | <u>50,963,674</u> | <u>(23,406,109)</u> | <u>—</u>   | <u>647,072,543</u>                          |

# KANSAS CITY PUBLIC SCHOOLS

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

June 30, 2017

| <b>Classification</b>    |    | <b>Land</b>       | <b>Buildings</b>   | <b>Improvements<br/>other than<br/>buildings</b> | <b>Impaired<br/>assets</b> | <b>Equipment,<br/>furniture,<br/>vehicles</b> | <b>Construction-<br/>in-progress</b> | <b>Total</b>       |
|--------------------------|----|-------------------|--------------------|--|----------------------------|---|--------------------------------------|--------------------|
| High schools             | \$ | 9,965,126         | 229,397,965        | 23,446,474                                       | 2,689,519                  | 6,740,946                                     | —                                    | 272,240,030        |
| Middle schools           |    | 5,306,862         | 99,935,196         | 5,509,957  | 680,000                    | 1,009,360                                     | —                                    | 112,441,375        |
| Elementary schools       |    | 11,826,207        | 187,340,769        | 18,456,128                                       | 8,051,063                  | 5,880,079                                     | —                                    | 231,554,246        |
| Administration           |    | 2,602,283         | 18,458,091         | 1,932,771  | —                          | 7,007,199                                     | —                                    | 30,000,344         |
| Construction-in-progress |    | —                 | —                  | —  | —                          | —   | 836,548                              | 836,548            |
| Total                    | \$ | <u>29,700,478</u> | <u>535,132,021</u> | <u>49,345,330</u>                                | <u>11,420,582</u>          | <u>20,637,584</u>                             | <u>836,548</u>                       | <u>647,072,543</u> |

## Kansas City Public Schools

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Identifying Number | Expenditures      |
|--|---------------------------|------------------------------------|-------------------|
| <b>U.S. Department of Education:</b>   |                           |                                    |                   |
| Direct, Teacher Incentive Grant  | 84.374A                   | S374A100021                        | \$ 120,232        |
| Direct, Elementary and Secondary Counseling Program  | 84.215                    | S215E150439                        | 390,887           |
| Passed through Webster University:<br>Culturally Different   | 84.365Z                   | T365Z120052                        | 40,600            |
| Passed through Missouri Department of Elementary and Secondary Education:                              |                           |                                    |                   |
| Title I  | 84.010                    | S010A150025                        | 7,147,576         |
| Title I - School Improvement 1003A   | 84.010A                   | S010A140025                        | 713,643           |
| Title ID - Prevention & Intervention   | 84.010A                   | S010A140025                        | 71,340            |
| Subtotal   |                           |                                    | <u>7,932,559</u>  |
| Individuals with Disabilities Education Act (IDEA):  |                           |                                    |                   |
| Entitlement <sup>(2)</sup>   | 84.027A                   | H027A150040                        | 4,129,136         |
| Early Childhood Special Education (611) <sup>(2)</sup>   | 84.027A                   | H027A150040                        | 293,784           |
| Subtotal   |                           |                                    | <u>4,422,920</u>  |
| Early Childhood Special Education (619) <sup>(2)</sup>   | 84.173A                   | H173A150103                        | 86,804            |
| Title III, English Language Learners   | 84.365                    | S365A140025                        | 649,808           |
| Title II, Part B Math & Science Partnership Program  | 84.366B                   | S366B140026                        | 286,932           |
| School Improvement Grant CADRE II  | 84.377A                   | S377A130026                        | 397,256           |
| School Improvement Grant CADRE III   | 84.377A                   | S377A120026                        | 48,174            |
| Title II, Part A   | 84.367A                   | S367A150024                        | 1,473,220         |
| Migrant Education  | 84.011A                   | S011A150025                        | 23,283            |
| Adult Education (P.L. 91-930) - State Grant Program  | 84.002A                   | V002A150026                        | 501,317           |
| Carl D. Perkins Vocational Education Act (P.L. 98-524),<br>Title II, Part C, Improvement and Expansion | 84.048A                   | V048A140025                        | <u>627,855</u>    |
| <b>Total U.S. Department of Education</b>  |                           |                                    | <u>17,001,847</u> |

(Continued)

# Kansas City Public Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title                        | Federal<br>CFDA<br>Number | Pass-through<br>Identifying Number | Expenditures  |
|---|---------------------------|------------------------------------|---------------|
| <b>U.S. Department of Army:</b>   |                           |                                    |               |
| Direct program - ROTC Salary Grant  | 12.999                    | N/A                                | 324,741       |
| <b>U.S. Department of Agriculture:</b>                                    |                           |                                    |               |
| Passed through Missouri Department of Elementary and Secondary Education: |                           |                                    |               |
| Food Distribution <sup>(1)</sup> (noncash)                                | 10.555                    | N/A                                | 813,052       |
| National School Lunch Program <sup>(1)</sup>                              | 10.555                    | 2015IN109943 &<br>2016N109943      | 6,942,737     |
| Subtotal  |                           |                                    | 7,755,789     |
| National School Breakfast Program <sup>(1)</sup>                          | 10.553                    | 2015IN109943                       | 2,982,276     |
| National School Snack Program <sup>(1)</sup>                              | 10.553                    | 2016N109943                        | 47,340        |
| Subtotal  |                           |                                    | 3,029,616     |
| National School Fruit & Vegetable Program <sup>(1)</sup>                  | 10.559                    | 205IL160343 &<br>2016160343        | 588,444       |
| Food & Nutrition Services Equipment                                       | 10.579                    | 15153MO603N8                       | 288,882       |
| Passed through Missouri Department of Health and Senior Services:         |                           |                                    |               |
| Child and Adult Care Food Program   | 10.558                    | ERS46111932                        | 1,338,336     |
| Summer Nutrition Program <sup>(1)</sup>                                   | 10.559                    | ERS0461932S                        | 467,073       |
| <b>Total U.S. Department of Agriculture</b>                               |                           |                                    | 13,468,140    |
| <b>U.S. Department of Labor</b>   |                           |                                    |               |
| Passed through Full Employment Council                                    |                           |                                    |               |
| WIOA Youth activities   | 17.259                    | AA-30771-17-60-a-29                | 74,439        |
| <b>U.S. Department of Housing and Urban Development</b>                   |                           |                                    |               |
| HUD YouthBuild  | 17.274                    | YB2999521760A29                    | 53,032        |
| <b>U.S. Department of Health and Human Services:</b>                      |                           |                                    |               |
| Passed through Mid America Regional Council,                              |                           |                                    |               |
| Early Head Start Expansion  | 93.600                    | 07HP000084                         | 40,929        |
| Head Start  | 93.600                    | 07CH7045                           | 4,187,171     |
| Subtotal  |                           |                                    | 4,228,100     |
| Passed through Missouri Department of Elementary and Secondary Education  |                           |                                    |               |
| JAG TANF Grant  | 93.558                    | 1701MDTANF                         | 26,785        |
| MO Breastfeeding Worksite   | 93.945                    | 5U58DP0                            | 406           |
| Refugee Children School Impact  | 93.576                    | 205G992RE5                         | 111,128       |
| Homeless Children & Youth   | 84.196A                   | S196A160026                        | 138,003       |
| <b>Total U.S. Department of Health and Human Services</b>                 |                           |                                    | 4,504,422     |
| <b>Total Expenditures of Federal Awards</b>                               |                           |                                    | \$ 35,426,621 |

See Notes to Schedule of Expenditures of Federal Awards.

<sup>(1)</sup> Included in total Child Nutrition Cluster amount of \$11,840,922.

<sup>(2)</sup> Included in total Special Education Cluster (IDEA) amount of \$4,358,724.



## **STATISTICAL SECTION**

## Statistical Section

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

### **Contents**

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

Table 1 – Table 4

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

Table 5 – Table 8

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

Table 9 – Table 11

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

Table 12 – Table 13

**Note:** Personal income data is currently not available.

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

Table 14

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

Table 1

**KANSAS CITY PUBLIC SCHOOLS**  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

| Classification                                  | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2017              | 2016              | 2015              | 2014              | 2013              | 2012              | 2011              | 2010              | 2009              | 2008              |
| Governmental activities:                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Net investment in capital assets                | \$ 317,613        | \$ (256,562)      | \$ 313,050        | \$ 311,276        | \$ 296,176        | \$ 325,699        | \$ 320,182        | \$ 331,473        | \$ 371,354        | \$ 351,989        |
| Restricted                                      | 12,281            | —                 | 15,479            | 16,781            | 25,587            | 24,503            | 25,484            | 10,594            | 12,489            | 60,705            |
| Unrestricted                                    | <u>(42,264)</u>   | <u>255,016</u>    | <u>2,477</u>      | <u>104,618</u>    | <u>123,174</u>    | <u>110,811</u>    | <u>99,271</u>     | <u>105,853</u>    | <u>114,368</u>    | <u>115,956</u>    |
| Total governmental activities, net of position  | <u>\$ 287,630</u> | <u>\$ (1,546)</u> | <u>\$ 331,005</u> | <u>\$ 432,675</u> | <u>\$ 444,937</u> | <u>\$ 461,013</u> | <u>\$ 444,937</u> | <u>\$ 447,920</u> | <u>\$ 498,211</u> | <u>\$ 528,650</u> |
| Business-type activities:                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Unrestricted                                    | \$ 465            | \$ —              | \$ 288            | \$ 501            | \$ 374            | \$ 178            | \$ 39             | \$ 180            | \$ 522            | \$ 1,426          |
| Total business-type activities, net of position | <u>\$ 465</u>     | <u>\$ —</u>       | <u>\$ 288</u>     | <u>\$ 501</u>     | <u>\$ 374</u>     | <u>\$ 178</u>     | <u>\$ 39</u>      | <u>\$ 180</u>     | <u>\$ 522</u>     | <u>\$ 1,426</u>   |
| Primary government:                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Net investment in capital assets                | \$ 317,613        | \$ (256,562)      | \$ 313,050        | \$ 311,276        | \$ 296,176        | \$ 325,699        | \$ 320,182        | \$ 331,473        | \$ 371,354        | \$ 351,989        |
| Restricted                                      | 12,281            | —                 | 15,479            | 16,781            | 25,587            | 24,503            | 25,484            | 10,594            | 12,489            | 60,705            |
| Unrestricted                                    | <u>(41,799)</u>   | <u>255,016</u>    | <u>2,765</u>      | <u>105,119</u>    | <u>123,548</u>    | <u>110,990</u>    | <u>99,310</u>     | <u>106,033</u>    | <u>114,890</u>    | <u>117,382</u>    |
| Total primary government, net of position       | <u>\$ 288,095</u> | <u>\$ (1,546)</u> | <u>\$ 331,293</u> | <u>\$ 433,176</u> | <u>\$ 445,311</u> | <u>\$ 461,192</u> | <u>\$ 444,976</u> | <u>\$ 448,100</u> | <u>\$ 498,734</u> | <u>\$ 530,076</u> |

The District adopted GASB Statement Nos. 68 and 71 in 2015, which restated beginning net position of governmental activities.  
Prior years have not been restated.

Table 2

**KANSAS CITY PUBLIC SCHOOLS**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

|   | <b>Fiscal Year</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Classification</b>                         | <b>2017</b>        | <b>2016</b>       | <b>2015</b>       | <b>2014</b>       | <b>2013</b>       | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       | <b>2008</b>       |
| <b>Expenses</b>                               |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental activities:                      |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Administration                                | \$ 16,035          | \$ 17,416         | \$ 16,326         | \$ 16,710         | \$ 11,521         | \$ 13,150         | \$ 20,646         | \$ 20,874         | \$ 25,512         | \$ 23,464         |
| Instruction                                   | 115,241            | 127,841           | 118,825           | 105,802           | 100,639           | 101,298           | 116,388           | 149,927           | 175,175           | 193,545           |
| Support services                              | 69,642             | 57,780            | 58,340            | 51,572            | 51,372            | 46,820            | 52,810            | 67,768            | 76,835            | 79,253            |
| Operation of facilities                       | 30,741             | 33,451            | 34,467            | 33,744            | 52,366            | 28,746            | 29,462            | 41,589            | 40,936            | 44,578            |
| Pupil transportation                          | 15,802             | 12,725            | 12,124            | 11,443            | 11,847            | 12,102            | 12,863            | 15,258            | 17,211            | 18,703            |
| Facilities improvements and renovation        | 1,051              | 826               | 2,604             | 14,638            | 3,829             | 2,123             | 15,724            | 225               | 7,909             | 1,413             |
| Community and adult services                  | 12,222             | 12,353            | 10,347            | 8,951             | 8,706             | 9,194             | 11,748            | 9,644             | 8,478             | 11,557            |
| Interest on long-term debt                    | 5,749              | 3,332             | 2,597             | 2,809             | 2,989             | 3,716             | 2,044             | 1,990             | 2,791             | 3,902             |
| Total governmental activities expenses        | <u>\$ 266,483</u>  | <u>\$ 265,724</u> | <u>\$ 255,630</u> | <u>\$ 245,667</u> | <u>\$ 243,269</u> | <u>\$ 217,149</u> | <u>\$ 261,685</u> | <u>\$ 307,276</u> | <u>\$ 354,846</u> | <u>\$ 376,416</u> |
| Business-type activities                      |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Community services                            | \$ 107             | \$ 116            | \$ 393            | \$ 57             | \$ 57             | \$ 151            | \$ 29             | \$ 32             | \$ 194            | \$ 389            |
| Total business-type activities expenses       | <u>107</u>         | <u>116</u>        | <u>393</u>        | <u>57</u>         | <u>57</u>         | <u>151</u>        | <u>29</u>         | <u>32</u>         | <u>194</u>        | <u>389</u>        |
| Total primary government expenses             | <u>\$ 266,591</u>  | <u>\$ 265,840</u> | <u>\$ 256,023</u> | <u>\$ 245,725</u> | <u>\$ 243,326</u> | <u>\$ 217,300</u> | <u>\$ 261,714</u> | <u>\$ 307,308</u> | <u>\$ 355,040</u> | <u>\$ 376,805</u> |
| <b>Program Revenues</b>                       |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental activities:                      |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services                          |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Administration                                | \$ 9               | \$ 3              | \$ —              | \$ —              | \$ —              | \$ 2              | \$ —              | \$ —              | \$ —              | \$ —              |
| Instruction                                   | 11                 | 147               | 65                | 28                | 165               | 3                 | —                 | 34                | —                 | 20                |
| Support services                              | 1,328              | 1,690             | 3,715             | 1,947             | 2,931             | 766               | 935               | 685               | 1,992             | 3,763             |
| Operation of facilities                       | 21                 | 3                 | —                 | 6                 | —                 | 6                 | 41                | 49                | 61                | 69                |
| Pupil transportation                          | —                  | 3                 | 3                 | 94                | 203               | 79                | 32                | 19                | 4                 | —                 |
| Community and adult services                  | 112                | 151               | 47                | 291               | —                 | —                 | 2                 | 25                | 156               | 88                |
| Operating grants and contributions            |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Administration                                | 119                | —                 | 26                | 20                | —                 | —                 | 183               | 43                | —                 | —                 |
| Instruction                                   | 30,901             | 29,015            | 36,633            | 33,449            | 32,774            | 30,402            | 45,623            | 56,153            | 37,711            | 34,431            |
| Support services                              | 12,895             | 13,572            | 11,863            | 11,694            | 10,476            | 9,440             | 16,901            | 18,018            | 18,068            | 12,807            |
| Operation of facilities                       | 2                  | —                 | 2                 | —                 | —                 | —                 | —                 | 7                 | —                 | —                 |
| Pupil transportation                          | 2,117              | 2,708             | 2,668             | 2,354             | 2,405             | 2,910             | 3,057             | 5,496             | 6,405             | 7,104             |
| Community and adult services                  | 2,250              | 1,446             | 1,189             | 2,198             | 1,626             | 2,398             | 971               | 528               | 670               | 895               |
| Capital grants and contributions              |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Administration                                | —                  | —                 | —                 | —                 | —                 | —                 | 10                | —                 | —                 | —                 |
| Instruction                                   | 5                  | —                 | 456               | —                 | 15                | 813               | 111               | 804               | 37                | 620               |
| Support services                              | 298                | —                 | 150               | —                 | 6                 | 25                | 1                 | —                 | —                 | 37                |
| Operation of facilities                       | 225                | —                 | 225               | —                 | 198               | 249               | 183               | 230               | 189               | —                 |
| Facilities improvements and renovation        | —                  | —                 | —                 | —                 | —                 | —                 | —                 | —                 | 495               | —                 |
| Community and adult services                  | —                  | —                 | 5                 | —                 | —                 | —                 | —                 | —                 | 12                | 861               |
| Interest on long-term debt                    | 1,739              | 1,743             | 2,043             | 1,893             | 2,136             | 1,956             | —                 | —                 | —                 | —                 |
| Total governmental activities program revenue | <u>52,031</u>      | <u>50,481</u>     | <u>58,864</u>     | <u>53,975</u>     | <u>52,935</u>     | <u>49,049</u>     | <u>68,050</u>     | <u>82,090</u>     | <u>65,801</u>     | <u>60,695</u>     |

| <b>Classification</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  | <b>2013</b>  | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  | <b>2009</b>  | <b>2008</b>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Business-type activities:                                      |              |              |              |              |              |              |              |              |              |              |
| Charges for services   | 381          | 412          | 301          | 227          | 253          | 291          | 46           | 97           | 287          | 728          |
| Total business-type activities program revenues                | 381          | 412          | 301          | 227          | 253          | 291          | 46           | 97           | 287          | 728          |
| Total primary governmental program revenues                    | \$ 52,412    | \$ 50,893    | \$ 59,166    | \$ 54,201    | \$ 53,188    | \$ 49,340    | \$ 68,097    | \$ 82,187    | \$ 66,088    | \$ 61,423    |
| Net (expense)/revenue  |              |              |              |              |              |              |              |              |              |              |
| Governmental activities  | \$ (214,452) | \$ (215,243) | \$ (196,766) | \$ (191,693) | \$ (190,333) | \$ (168,100) | \$ (193,635) | \$ (225,186) | \$ (289,045) | \$ (315,721) |
| Business-type activities                                       | 273          | 295          | (92)         | 170          | 196          | 139          | 17           | 64           | 93           | 339          |
| Total primary government net expense                           | \$ (214,179) | \$ (214,947) | \$ (196,858) | \$ (191,523) | \$ (190,137) | \$ (167,961) | \$ (193,617) | \$ (225,122) | \$ (288,952) | \$ (315,382) |
| <b>General Revenues and Other Changes in</b>                   |              |              |              |              |              |              |              |              |              |              |
| <b>Net Position</b>  |              |              |              |              |              |              |              |              |              |              |
| Governmental activities:                                       |              |              |              |              |              |              |              |              |              |              |
| Property taxes   | \$ 158,869   | \$ 146,959   | \$ 144,992   | \$ 141,515   | \$ 136,844   | \$ 138,277   | \$ 146,191   | \$ 144,211   | \$ 152,705   | \$ 159,256   |
| Prop C Sales tax   | 17,798       | 17,616       | 15,149       | 15,579       | 15,061       | 15,128       | 15,831       | 16,659       | 20,180       | 23,051       |
| Other local revenues   | 4,341        | 7,706        | 5,559        | 5,039        | 7,256        | 6,067        | 3,363        | 2,249        | 3,600        | 2,100        |
| County governmental contributions                              | 5,672        | 4,964        | 5,284        | 5,054        | 5,284        | 4,287        | 3,489        | 3,295        | 4,209        | 4,025        |
| State aid-basic formula  | 6,626        | 12,365       | 12,274       | 8,529        | 10,148       | 18,970       | 20,150       | 44,028       | 70,172       | 89,732       |
| Grants and entitlements not restricted<br>to specific programs | 7            | 743          | 705          | 409          | 427          | 441          | 561          | 328          | 821          | 1,051        |
| Gain on sale of capital assets                                 | —            | —            | 545          | 659          | —            | —            | —            | —            | —            | —            |
| Investment earnings  | 743          | 1,519        | 1,499        | 2,604        | (763)        | 1,007        | 906          | 1,753        | 4,500        | 10,486       |
| Special item   | —            | —            | —            | —            | —            | —            | —            | (38,038)     | —            | —            |
| Extraordinary item   | —            | —            | —            | —            | —            | —            | 161          | —            | 1,419        | (17,319)     |
| Transfers  | 242          | 150          | 120          | 43           | —            | —            | —            | 410          | 1,000        | 750          |
| Total governmental activities                                  | 194,298      | 192,023      | 186,127      | 179,431      | 174,257      | 184,177      | 190,652      | 174,895      | 258,606      | 273,133      |
| Business-type activities:                                      |              |              |              |              |              |              |              |              |              |              |
| Investment earnings  | —            | —            | —            | —            | —            | —            | 2            | 4            | 3            | 8            |
| Transfers  | (242)        | (150)        | (120)        | (43)         | —            | —            | (161)        | (410)        | (1,000)      | (750)        |
| Total business-type activities                                 | (242)        | (150)        | (120)        | (43)         | —            | —            | (159)        | (406)        | (997)        | (742)        |
| Total primary government                                       | \$ 194,056   | \$ 191,872   | \$ 186,007   | \$ 179,388   | \$ 174,257   | \$ 184,176   | \$ 190,493   | \$ 174,489   | \$ 257,610   | \$ 272,391   |
| <b>Change in Net Position</b>                                  |              |              |              |              |              |              |              |              |              |              |
| Governmental activities  | \$ (20,154)  | \$ (23,220)  | \$ (10,639)  | \$ (12,262)  | \$ (16,076)  | \$ 16,076    | \$ (2,983)   | \$ (50,291)  | \$ (30,439)  | \$ (42,587)  |
| Business-type activities                                       | 31           | 145          | (212)        | 127          | 196          | 139          | (141)        | (342)        | (904)        | (403)        |
| Total primary government                                       | \$ (20,123)  | \$ (23,075)  | \$ (10,851)  | \$ (12,135)  | \$ (15,880)  | \$ 16,215    | \$ (3,125)   | \$ (50,633)  | \$ (31,343)  | \$ (42,990)  |

Table 3

**KANSAS CITY PUBLIC SCHOOLS**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)  
(Amounts expressed in thousands)

| Classification                     | Fiscal Year      |                  |                  |                  |                  |                  |                   |                  |                  |                   |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
|                                    | 2017             | 2016             | 2015             | 2014             | 2013             | 2012             | 2011              | 2010             | 2009             | 2008              |
| General Fund                       |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Nonspendable                       | \$ 5             | \$ 5             | \$ 82            | \$ 1,223         | \$ —             | \$ —             | \$ —              | \$ 520           | \$ —             | \$ —              |
| Restricted                         | 281              | 280              | 280              | 3,027            | 301              | 837              | 289               | 816              | —                | —                 |
| Assigned                           | 3,294            | 2,726            | 751              | 3,997            | 479              | 1,467            | 897               | 2,256            | —                | —                 |
| Unassigned                         | 55,929           | 54,023           | 56,675           | 64,965           | 64,782           | 61,504           | 51,236            | 37,255           | —                | —                 |
| Reserved                           |                  |                  |                  |                  |                  |                  |                   |                  | 1,853            | 5,243             |
| Unreserved:                        |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Designated:                        |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Grant activity                     | —                | —                | —                | —                | —                | —                | —                 | —                | 2,742            | 4,041             |
| Reserve for contingency            | —                | —                | —                | —                | —                | —                | —                 | —                | 5,000            | —                 |
| Undesignated                       | —                | —                | —                | —                | —                | —                | —                 | —                | 37,701           | 35,593            |
| Total general fund                 | <u>\$ 59,509</u> | <u>\$ 57,035</u> | <u>\$ 57,788</u> | <u>\$ 73,212</u> | <u>\$ 65,562</u> | <u>\$ 63,808</u> | <u>\$ 52,422</u>  | <u>\$ 40,847</u> | <u>\$ 47,296</u> | <u>\$ 44,877</u>  |
| All other governmental funds       |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Nonspendable                       | \$ 35            | \$ 35            | \$ 35            | \$ 35            | \$ 2,074         | \$ 2,619         | \$ 2,567          | \$ 1,675         | \$ —             | \$ —              |
| Restricted                         | 16,501           | 17,888           | 18,065           | 16,348           | 28,802           | 45,336           | 56,904            | 46,043           | —                | —                 |
| Committed                          | 4,411            | 3,847            | 4,811            | 19,373           | 31,770           | 45,742           | 34,655            | 25,781           | —                | —                 |
| Assigned                           | 45,055           | 12,400           | 22,153           | 6,203            | 17,544           | 3,785            | 7,904             | 15,126           | —                | —                 |
| Unassigned                         | —                | —                | —                | —                | —                | (759)            | —                 | —                | —                | —                 |
| Reserved                           |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Debt service funds                 | —                | —                | —                | —                | —                | —                | —                 | —                | 11,968           | 60,171            |
| Capital projects funds             | —                | —                | —                | —                | —                | —                | —                 | —                | 10,075           | 4,381             |
| Nonmajor funds                     | —                | —                | —                | —                | —                | —                | —                 | —                | 239              | 382               |
| Unreserved, reported in:           |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Designated:                        |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Long-term building maintenance     | —                | —                | —                | —                | —                | —                | —                 | —                | 11,299           | 9,588             |
| Transition period funding          | —                | —                | —                | —                | —                | —                | —                 | —                | —                | —                 |
| Technology plan                    | —                | —                | —                | —                | —                | —                | —                 | —                | 2,784            | 7,008             |
| CIP escrow                         | —                | —                | —                | —                | —                | —                | —                 | —                | 12,600           | —                 |
| Compensated absences               | —                | —                | —                | —                | —                | —                | —                 | —                | 21,138           | 21,814            |
| E-Rate/E-Rate support              | —                | —                | —                | —                | —                | —                | —                 | —                | 1,848            | 1,835             |
| Undesignated:                      |                  |                  |                  |                  |                  |                  |                   |                  |                  |                   |
| Special revenue funds              | —                | —                | —                | —                | —                | —                | —                 | —                | (110)            | 372               |
| Capital projects funds             | —                | —                | —                | —                | —                | —                | —                 | —                | 6,964            | 17,110            |
| Permanent funds                    | —                | —                | —                | —                | —                | —                | —                 | —                | 124              | 121               |
| Total all other governmental funds | <u>\$ 66,002</u> | <u>\$ 34,170</u> | <u>\$ 45,064</u> | <u>\$ 41,959</u> | <u>\$ 80,190</u> | <u>\$ 96,723</u> | <u>\$ 102,029</u> | <u>\$ 88,625</u> | <u>\$ 83,906</u> | <u>\$ 122,782</u> |

The District implemented GASB54 in fiscal year 2011.

**KANSAS CITY PUBLIC SCHOOLS**  
Changes in Fund Balances of Governmental Funds, and Debt Service Ratio  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)  
(Amounts expressed in thousands)

**Table 4**

|   | Fiscal Year |             |             |             |             |            |            |            |             |             |
|---|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
|   | 2017        | 2016        | 2015        | 2014        | 2013        | 2012       | 2011       | 2010       | 2009        | 2008        |
| <b>Revenues</b>   |             |             |             |             |             |            |            |            |             |             |
| Property taxes  | \$ 156,704  | \$ 144,378  | \$ 144,075  | \$ 139,195  | \$ 142,138  | \$ 138,391 | \$ 147,293 | \$ 144,986 | \$ 149,926  | \$ 157,679  |
| Prop C Sales tax  | 17,798      | 17,616      | 15,149      | 15,579      | 15,061      | 15,128     | 15,831     | 16,659     | 20,180      | 23,051      |
| Other local revenues                                    | 9,706       | 11,600      | 9,519       | 11,055      | 8,702       | 8,647      | 5,581      | 5,375      | 11,836      | 15,527      |
| County governmental contributions                       | 5,672       | 4,964       | 5,284       | 5,054       | 5,284       | 4,287      | 3,489      | 3,295      | 4,209       | 4,025       |
| State aid-basic formula                                 | 6,626       | 12,365      | 12,274      | 8,529       | 10,148      | 18,225     | 20,150     | 44,028     | 70,172      | 89,732      |
| Other state   | 7,125       | 7,560       | 8,473       | 5,790       | 6,009       | 8,981      | 6,981      | 8,504      | 10,999      | 12,176      |
| Federal   | 42,634      | 44,423      | 43,767      | 48,576      | 38,782      | 39,441     | 60,751     | 74,338     | 48,797      | 41,699      |
| Tuition   | 168         | 416         | 362         | 5           | 283         | 25         | 10         | 52         | 13          | 4           |
| Total revenues  | 246,432     | 243,321     | 238,902     | 233,783     | 226,407     | 233,126    | 260,086    | 297,236    | 316,132     | 343,893     |
| <b>Expenditures</b>                                     |             |             |             |             |             |            |            |            |             |             |
| Administration  | 17,334      | 15,446      | 17,227      | 15,659      | 15,526      | 14,359     | 16,012     | 20,811     | 25,643      | 24,011      |
| Instruction   | 103,335     | 109,321     | 108,092     | 95,329      | 91,352      | 92,571     | 105,754    | 136,551    | 160,407     | 176,156     |
| Support services  | 57,848      | 53,852      | 51,717      | 54,967      | 51,560      | 45,983     | 54,740     | 73,343     | 75,984      | 74,219      |
| Operation of facilities                                 | 31,921      | 32,170      | 34,487      | 34,296      | 29,478      | 27,624     | 29,569     | 41,205     | 41,286      | 44,483      |
| Pupil transportation                                    | 15,802      | 12,725      | 12,124      | 11,443      | 11,847      | 12,102     | 12,863     | 15,258     | 17,211      | 18,703      |
| Community and adult services                            | 12,367      | 11,445      | 10,338      | 8,943       | 8,697       | 9,198      | 11,732     | 9,625      | 8,553       | 11,578      |
| Facilities improvements and renovations                 | 30,330      | 29,502      | 13,292      | 36,447      | 22,764      | 12,351     | 6,241      | 7,290      | 17,736      | 5,166       |
| Debt service  |             |             |             |             |             |            |            |            |             |             |
| Principal   | 5,173       | 3,601       | 2,009       | 5,750       | 7,555       | 9,770      | 10,875     | 10,385     | 9,945       | 22,130      |
| Interest  | 5,303       | 3,336       | 2,600       | 2,928       | 3,287       | 3,773      | 3,755      | 2,352      | 3,244       | 4,351       |
| Total expenditures                                      | 279,413     | 271,397     | 251,886     | 265,763     | 242,066     | 227,730    | 251,541    | 316,822    | 360,009     | 380,797     |
| Excess of revenues under expenditures                   | (32,980)    | (28,076)    | (12,984)    | (31,980)    | (15,659)    | 5,396      | 8,545      | (19,586)   | (43,877)    | (36,904)    |
| Other financing sources (uses)                          |             |             |             |             |             |            |            |            |             |             |
| Transfers in  | 9,748       | 6,339       | 13,948      | 18,779      | 19,300      | 21,691     | 25,348     | 112,411    | 176,079     | 144,715     |
| Transfers out   | (9,506)     | (6,189)     | (13,828)    | (18,736)    | (19,300)    | (21,691)   | (25,188)   | (112,002)  | (157,909)   | (149,288)   |
| Issuance of long term debt                              | 51,035      | —           | —           | —           | —           | —          | 16,274     | 17,880     | —           | —           |
| Premium on long-term debt                               | 2,317       | —           | —           | —           | —           | —          | —          | —          | —           | —           |
| Payment to refunded debt                                | —           | —           | —           | —           | —           | —          | —          | —          | (13,977)    | —           |
| Capital Leases/lease purchase agreement                 | 11,640      | 16,147      | —           | —           | —           | —          | —          | —          | —           | 1,527       |
| Unrealized proceeds - surplus assets                    | —           | —           | —           | —           | —           | 620        | —          | —          | 1,826       | 3,294       |
| Unrealized loss on surplus assets                       | —           | (300)       | —           | —           | (920)       | (904)      | —          | (595)      | —           | —           |
| Sales of capital assets                                 | 2,053       | 431         | 545         | 1,356       | 1,798       | 968        | —          | 161        | 1,401       | 161         |
| Total other financing sources (uses)                    | 67,287      | 16,428      | 666         | 1,399       | 878         | 684        | 16,435     | 17,856     | 7,420       | 409         |
| Net change in fund balances                             | \$ 34,307   | \$ (11,648) | \$ (12,318) | \$ (30,581) | \$ (14,781) | \$ 6,080   | \$ 24,979  | \$ (1,730) | \$ (36,457) | \$ (36,495) |
| Debt service as a percentage of noncapital expenditures | 4.3%        | 2.9%        | 1.9%        | 3.8%        | 5.0%        | 6.3%       | 6.2%       | 4.2%       | 3.8%        | 6.2%        |

Table 5

## KANSAS CITY PUBLIC SCHOOLS

Assessed and Estimated Actual Value of Taxable Property (1)

Last Ten Calendar Years

| Tax levy year | Real property (2) |                  | Personal property (2) |                  | Total         |                | Ratio of                       |
|---------------|-------------------|------------------|-----------------------|------------------|---------------|----------------|--------------------------------|
|               | Value             | Actual value     | Value                 | Actual value     | Value         | Actual value   | total assessed<br>Actual value |
| 2016          | \$ 2,206,661,482  | \$ 9,638,832,171 | \$ 692,101,904        | \$ 2,076,513,363 | 2,898,763,386 | 11,715,345,534 | 25 %                           |
| 2015          | 2,177,107,405     | 9,504,761,520    | 673,218,103           | 2,019,856,295    | 2,850,325,508 | 11,524,617,815 | 25                             |
| 2014          | 2,097,556,838     | 9,145,085,488    | 637,913,712           | 1,913,932,529    | 2,735,470,550 | 11,059,018,017 | 25                             |
| 2013          | 2,099,953,272     | 9,147,153,397    | 621,468,398           | 1,864,591,653    | 2,721,421,670 | 11,011,745,050 | 25                             |
| 2012          | 2,084,828,732     | 9,066,836,031    | 605,311,801           | 1,816,117,315    | 2,690,140,533 | 10,882,953,346 | 25                             |
| 2011          | 2,089,006,959     | 9,094,590,836    | 658,069,420           | 1,974,405,701    | 2,747,076,379 | 11,068,996,537 | 25                             |
| 2010          | 2,136,547,926     | 9,227,817,390    | 648,566,756           | 1,945,894,857    | 2,785,114,682 | 11,173,712,247 | 25                             |
| 2009          | 2,134,968,810     | 9,215,327,571    | 656,797,975           | 1,970,590,984    | 2,791,766,785 | 11,185,918,555 | 25                             |
| 2008          | 2,270,379,857     | 9,881,307,807    | 688,862,166           | 2,066,793,177    | 2,959,242,023 | 11,948,100,985 | 25                             |
| 2007          | 2,458,068,509     | 10,743,151,553   | 742,016,617           | 2,226,272,478    | 3,200,085,126 | 12,969,424,602 | 25                             |

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

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



Table 6

**KANSAS CITY PUBLIC SCHOOLS**  
Property Tax Rates (1)—Direct and Overlapping Governments  
Last Ten Fiscal Years

| Fiscal year ended | City of Kansas City | City of Independence (3) | State of Missouri | Jackson County | Metropolitan Community Colleges | City of Sugar Creek (3) | Kansas City, Missouri Public Library | School District | Total (2) |
|-------------------|---------------------|--------------------------|-------------------|----------------|---------------------------------|-------------------------|--------------------------------------|-----------------|-----------|
| 2017              | \$ 1.5906           | \$ —                     | \$ 0.03           | \$ 0.503       | \$ 0.2339                       | \$ —                    | \$ 0.4940                            | \$ 4.96         | 7.81      |
| 2016              | 1.5806              | —                        | 0.03              | 0.496          | 0.2343                          | —                       | 0.4933                               | 4.95            | 7.78      |
| 2015              | 1.5997              | —                        | 0.03              | 0.514          | 0.2374                          | —                       | 0.5000                               | 4.95            | 7.83      |
| 2014              | 1.5932              | —                        | 0.03              | 0.053          | 0.2329                          | —                       | 0.5000                               | 4.95            | 7.36      |
| 2013              | 1.5679              | —                        | 0.03              | 0.543          | 0.2329                          | —                       | 0.5000                               | 4.95            | 7.82      |
| 2012              | 1.5294              | —                        | 0.03              | 0.543          | 0.2329                          | —                       | 0.5000                               | 4.95            | 7.79      |
| 2011              | 1.5294              | —                        | 0.03              | 0.543          | 0.2329                          | —                       | 0.5000                               | 4.95            | 7.79      |
| 2010              | 1.4678              | —                        | 0.03              | 0.543          | 0.2266                          | —                       | 0.4991                               | 4.95            | 7.72      |
| 2009              | 1.4678              | —                        | 0.03              | 0.570          | 0.2143                          | —                       | 0.4731                               | 4.95            | 7.71      |
| 2008              | 1.4632              | 0.65                     | 0.03              | 0.570          | 0.2100                          | 1.07                    | 0.4500                               | 4.95            | 9.39      |
| 2007              | 1.5055              | 0.66                     | 0.03              | 0.570          | 0.2200                          | 1.07                    | 0.4700                               | 4.95            | 9.48      |

- (1) Source: Tax rates per \$100 assessed valuation as confirmed directly by taxing authorities.
- (2) The District's boundaries are not wholly contained in Kansas City, Missouri, but overlap other cities. Consequently, the total does not represent the actual tax burden of individual taxpayers. The total is presented only as an indicator of the change in property tax rates.
- (3) On November 6, 2007, voters approved a boundary change that eliminated District school sites located in the City of Independence and the City of Sugar Creek.

Table 7

## KANSAS CITY PUBLIC SCHOOLS

Principal Property Taxpayers

June 30, 2017

| Taxpayers                     | Type of Business                | Tax Year 2016         |      |                                    | Tax Year 2007      |      |                                    |
|-------------------------------|---------------------------------|-----------------------|------|------------------------------------|--------------------|------|------------------------------------|
|                               |                                 | Assessed value(1)     | Rank | Percentage of total assessed value | Assessed value(1)  | Rank | Percentage of total assessed value |
| Hallmark & Crown Power        | Real Estate/Retail/Hotel        | \$ 64,724,517         | 1    | 2.2%                               | 75,174,534         | 1    | 2.6%                               |
| Kansas City Power and Light   | Utility                         | 51,220,030            | 2    | 1.8                                | 36,648,690         | 2    | 1.3                                |
| Google Fiber Missouri LLC     | Information Technology Services | 40,234,493            | 3    | 1.4                                | —                  |      |                                    |
| AT&T                          | Communications                  | 38,987,130            | 4    | 1.3                                | 28,073,833         | 5    | 1.0                                |
| Country Club Plaza JV LLC     | Real Estate                     | 26,372,500            | 5    | 0.9                                | —                  |      |                                    |
| Bayer & Mobay                 | Agricultural Research and Mfg   | 28,249,440            | 6    | 1.0                                | 13,891,629         | 8    | 0.5                                |
| Southern Union Co             | Utility                         | 27,340,174            | 7    | 0.9                                | 14,458,119         | 7    | 0.5                                |
| Town Pavilion Holdings LLC    | Real Estate                     | 23,406,989            | 8    | 0.8                                | —                  |      |                                    |
| Valencia Office LLC           | Real Estate                     | 13,830,704            | 9    | 0.5                                | —                  |      |                                    |
| Twentieth Centry Realty Inc   | Real Estate                     | 12,813,488            | 10   | 0.4                                | —                  |      |                                    |
| Kansas City Star              | Newspaper                       | —                     |      |                                    | 32,777,639         | 3    | 1.1                                |
| JC Nichols & Highwoods Realty | Real Estate                     | —                     |      |                                    | 30,256,155         | 4    | 1.0                                |
| FSP Grand Blvd                | Real Estate                     | —                     |      |                                    | 16,848,000         | 6    | 0.6                                |
| DST, Inc.                     | Information Technology Services | —                     |      |                                    | 13,413,811         | 9    | 0.5                                |
| PMO II LP                     | Real Estate                     | —                     |      |                                    | 10,022,303         | 10   | 0.3                                |
|                               |                                 | <u>\$ 327,179,465</u> |      | <u>11.2%</u>                       | <u>271,564,713</u> |      | <u>9.4%</u>                        |

Note: Total assessed value for 2016 was \$2,898,763,386 and 2007 was \$3,200,085,126

(1) Based on calendar year ended December 31, 2016 and December 31, 2007.

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

Table 8

## KANSAS CITY PUBLIC SCHOOLS

## Property Tax Levies and Collections (1)

Last Ten Calendar Years

| Tax levy year |    | Current tax<br>levy (2) | Current tax<br>collections | Percentage of<br>levy collected |    | Delinquent<br>tax<br>collections | Total tax<br>collections | Total<br>collections<br>as a percent<br>of current<br>levy (3) |    | Outstanding<br>delinquent<br>taxes (4) | Outstanding<br>delinquent<br>taxes as a<br>percentage of<br>current levy |
|---------------|----|-------------------------|----------------------------|---------------------------------|----|----------------------------------|--------------------------|--|----|--|--|
| 2016          | \$ | 141,314,785             | 130,897,819                | 92.6%                           | \$ | 11,152,184                       | \$ 142,050,003           | 100.5%   | \$ | 16,608,841                             | 12%  |
| 2015          |    | 138,687,992             | 123,114,788                | 88.8%                           |    | 7,158,783                        | 130,273,571              | 93.9%  |    | 15,573,204                             | 11%  |
| 2014          |    | 135,405,792             | 130,008,627                | 96.0%                           |    | 11,587,460                       | 141,596,087              | 104.6%   |    | 5,397,165                              | 4%   |
| 2013          |    | 136,480,977             | 129,727,584                | 95.1%                           |    | 7,921,094                        | 137,648,678              | 100.9%   |    | 6,753,393                              | 5%   |
| 2012          |    | 130,100,895             | 120,106,398                | 92.3%                           |    | 12,883,252                       | 132,989,650              | 102.2%   |    | 9,994,497                              | 8%   |
| 2011          |    | 137,909,659             | 126,060,394                | 91.4%                           |    | 9,641,611                        | 135,702,005              | 98.4%  |    | 11,849,265                             | 9%   |
| 2010          |    | 140,337,926             | 129,688,746                | 92.4%                           |    | 13,048,624                       | 142,737,370              | 101.7%   |    | 10,649,180                             | 8%   |
| 2009          |    | 139,616,489             | 127,958,778                | 91.7%                           |    | 11,173,379                       | 139,132,157              | 99.7%  |    | 11,657,711                             | 8%   |
| 2008          |    | 149,109,674             | 136,280,928                | 91.4%                           |    | 11,310,642                       | 147,591,570              | 99.0%  |    | 12,828,746                             | 9%   |
| 2007          |    | 159,347,626             | 144,632,799                | 90.8%                           |    | 9,125,735                        | 153,758,534              | 96.5%  |    | 14,714,827                             | 9%   |

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

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

(3) Percentage includes collection of delinquent taxes.

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

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

Table 9

## KANSAS CITY PUBLIC SCHOOLS

Outstanding Debt by Type

Governmental Activities

Last Ten Fiscal Years

| <b>Fiscal year ended<br/>June 30</b> |    | <b>Leasehold<br/>Revenue Bonds</b> | <b>Lease Purchase<br/>Agreement</b> | <b>Certificates of<br/>Participation</b> | <b>Capital<br/>Leases</b> | <b>Total<br/>Primary<br/>Government</b> |
|--------------------------------------|----|------------------------------------|-------------------------------------|--|---------------------------|---|
| 2017                                 | \$ | 27,805,000                         | 24,813,052                          | 49,575,000                               | —                         | 102,193,052                             |
| 2016                                 |    | 30,035,000                         | 14,655,924                          | —  | —                         | 44,690,924                              |
| 2015                                 |    | 32,125,000                         | —                                   | —  | —                         | 32,125,000                              |
| 2014                                 |    | 34,154,000                         | —                                   | —  | —                         | 34,154,000                              |
| 2013                                 |    | 39,904,000                         | —                                   | —  | —                         | 39,904,000                              |
| 2012                                 |    | 47,459,000                         | —                                   | —  | —                         | 47,459,000                              |
| 2011                                 |    | 57,229,000                         | —                                   | —  | —                         | 57,229,000                              |
| 2010                                 |    | 51,830,000                         | —                                   | —  | —                         | 51,830,000                              |
| 2009                                 |    | 44,335,000                         | —                                   | —  | —                         | 44,335,000                              |
| 2008                                 |    | 67,185,000                         | —                                   | —  | 495,408                   | 67,680,408                              |

Table 10

**KANSAS CITY PUBLIC SCHOOLS**

## Computation of Overlapping Debt

June 30, 2017

| <b>Jurisdiction</b>           | <b>General<br/>obligation<br/>bonds<br/>outstanding (2)</b> | <b>Percentage<br/>applicable<br/>to District (1)</b> | <b>Amount<br/>applicable<br/>to District</b> |
|-------------------------------|---|--|--|
| City of Kansas City, Missouri | \$ 316,255,000  | 100%   | \$ 316,255,000                               |

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

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

**Table 11****KANSAS CITY PUBLIC SCHOOLS**

## Computation of Legal Debt Margin

June 30, 2017

|  |                  |
|--|------------------|
| Total assessed value, tax levy year 2016 (1) | \$ 2,898,763,386 |
| Legal debt margin—15% of assessed value (2)  | 434,814,508      |

(1) See Table 5.

(2) The bonded indebtedness of the District is limited by Section 26(b) of the Missouri Constitution, Article VI, to 15% of the value of the taxable tangible property as shown by the last completed assessment for state and county purposes. The District had no outstanding general bonded debt at June 30, 2017.

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

Table 12

## KANSAS CITY PUBLIC SCHOOLS

Demographic Statistics

Last Ten Fiscal Years

| <b>Fiscal year ended<br/>June 30</b> | <b>District<br/>population</b> | <b>September<br/>school<br/>membership</b> | <b>Ratio of<br/>membership<br/>to population</b> | <b>Regular school<br/>year average<br/>daily attendance</b> | <b>Ratio of<br/>attendance to<br/>membership</b> |
|--------------------------------------|--------------------------------|--|--|---|--|
| 2017                                 | 193,837                        | 14,161                                     | 7 %  | 13,224  | 93.4 %   |
| 2016                                 | 193,837                        | 14,662                                     | 8  | 13,273  | 90.5   |
| 2015                                 | 193,837                        | 14,312                                     | 7  | 12,942  | 90.4   |
| 2014                                 | 193,837                        | 14,192                                     | 7  | 12,833  | 90.4   |
| 2013                                 | 193,837                        | 15,708                                     | 8  | 13,317  | 84.8   |
| 2012                                 | 193,837                        | 15,403                                     | 8  | 13,732  | 89.2   |
| 2011                                 | 193,837                        | 15,854                                     | 7  | 13,890  | 87.6   |
| 2010                                 | 193,837                        | 17,104                                     | 7  | 15,451  | 90.3   |
| 2009                                 | 239,451                        | 17,892                                     | 7  | 16,051  | 89.7   |
| 2008                                 | 239,451                        | 22,429                                     | 9  | 19,381  | 86.4   |

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

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

Table 13

**KANSAS CITY PUBLIC SCHOOLS**

## Property Value and Construction Costs

Last Ten Fiscal Years

| <b>Fiscal year ended<br/>June 30</b> | <b>Estimated<br/>actual<br/>property<br/>value (1)</b> | <b>Nonresidential<br/>construction<br/>(in millions)</b> | <b>Residential<br/>construction<br/>(in millions)</b> |
|--------------------------------------|--|--|---|
| 2017                                 | \$ 11,715,345,535                                      | \$ 38.8  | \$ 112.9  |
| 2016                                 | 11,527,617,815   | 26.5   | 46.5  |
| 2015                                 | 11,059,018,018   | 34.9   | 26.4  |
| 2014                                 | 11,011,745,050   | 24.7   | 44.8  |
| 2013                                 | 10,822,953,045   | 24.4   | 14.0  |
| 2012                                 | 11,068,996,537   | 26.3   | 15.5  |
| 2011                                 | 11,173,712,247   | 49.1   | 38.4  |
| 2010                                 | 11,185,918,555   | 27.1   | 51.3  |
| 2009                                 | 11,948,100,985   | 32.8   | 53.9  |
| 2008                                 | 12,969,424,032   | 47.2   | 63.9  |

(1) See Table 6.

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



Table 14

## KANSAS CITY PUBLIC SCHOOLS

Per-Pupil Costs

Last Ten Fiscal Years

| <b>Fiscal year ended<br/>June 30</b> | <b>Average<br/>daily<br/>attendance (2)</b> | <b>Eligible<br/>pupils (2)</b> | <b>Current<br/>expenditures<br/>per eligible<br/>pupil (1)</b> | <b>K-12<br/>September<br/>enrollment</b> | <b>Pre-K</b> |
|--------------------------------------|---|--------------------------------|--|--|--------------|
| 2017                                 | 14,210                                      | 14,871                         | \$ 13,744  | 14,161                                   | 1,104        |
| 2016                                 | 14,527                                      | 15,190                         | 15,280   | 14,662                                   | 992          |
| 2015                                 | 14,028                                      | 15,114                         | 13,305   | 14,312                                   | 1,030        |
| 2014                                 | 12,857                                      | 12,977                         | 15,496   | 14,192                                   | 1,111        |
| 2013                                 | 13,417                                      | 13,517                         | 14,877   | 15,708                                   | 1,388        |
| 2012                                 | 13,816                                      | 13,900                         | 14,467   | 15,403                                   | 1,376        |
| 2011                                 | 14,067                                      | 14,244                         | 14,117   | 15,854                                   | 1,483        |
| 2010                                 | 16,573                                      | 17,345                         | 15,021   | 17,104                                   | 1,989        |
| 2009                                 | 17,384                                      | 18,186                         | 16,570   | 17,892                                   | 2,139        |
| 2008                                 | 21,138                                      | 22,107                         | 14,629   | 22,429                                   | 2,615        |

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

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