

The Police Department of Kansas City, Missouri
A Component Unit of the City of Kansas City, Missouri

Financial Statements
Together with Independent Auditor's Report

For the Year Ended April 30, 2014

The Police Department of Kansas City, Missouri
A Component Unit of the City of Kansas City, Missouri
April 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Police Commissioners
The Police Department of Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Police Department of Kansas City, Missouri (the Department), a component unit of the City of Kansas City, Missouri as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 assessments 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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of April 30, 2014, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress 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 Department's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor and agency fund financial statements 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, the combining nonmajor and agency fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Management's Discussion and Analysis

April 30, 2014

The Board of Police Commissioners (the Board), a state agency pursuant to the revised statutes of the State of Missouri, operates the Police Department of Kansas City, Missouri (the Department). Statutes provide the Board with exclusive management and control of the metropolitan police force for the City of Kansas City, Missouri (the City). The City is required to provide annual budgetary appropriations for this purpose. The Governor appoints and the Missouri Senate approves four Commissioners from the local community who, along with the Mayor of Kansas City, comprise the Board.

This discussion and analysis of the Department's financial performance provides an overview of the Department's financial activities for the fiscal year ended April 30, 2014. Please read it in conjunction with the Department's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The majority of Department operations are funded by the City, but the Department is statutorily required to issue financial statements. The accompanying financial statements are reflective of the fact future operations and payments of Department liabilities depend on the City for funding through the annual budget appropriations process.

- The net position of the Department (assets minus liabilities) at the close of the most recent fiscal year was a deficit of \$129,300. Liabilities associated with compensated absences, pension obligations, and other post-employment benefits totaling \$165,170 are the major reasons for the deficit.
- The Department's net position decreased by \$27,607 in the current year.
- Current year revenues of \$218,994 represented an increase of \$3,318 or 1.5% from the prior year. City revenues provided \$207,114 or 94.6% of this amount. Grants, including federal stimulus, the Jackson County anti-drug sales tax, charges for services, and other revenues provided \$11,880 or 5.4%.
- Changes to statutes governing pension plans resulted in increased contribution expenses totaling \$5,690.

Overview of the Financial Statements

Management's discussion and analysis introduces the Department's basic financial statements. The Department's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to basic financial statements. This report also contains additional required supplementary information (pensions, other post-employment benefits, and budgetary schedules) and other supplementary information (combining statements for nonmajor governmental and agency funds) in addition to the basic financial statements.

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Management's Discussion and Analysis

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Basic Financial Statements

The Department operates a single governmental program (public safety) and presents the aforementioned government-wide financial statements and fund financial statements in combined form. The combined statements are: (1) *Governmental Funds Balance Sheet / Statement of Net Position*, (2) *Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities*, (3) *Statement of Fiduciary Net Position and* (4) *Statement of Changes in Fiduciary Net Position*. These financial statements also include *Notes to Basic Financial Statements* that explain some of the information in the financial statements and provide more detail.

Government-wide Financial Statements

The two government-wide financial statements report information about the Department as a whole using accounting methods similar to those used by private-sector companies. Government-wide financial statements provide both long-term and short-term information about the Department's overall financial status.

1. The statement of net position includes all of the Department's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the Department's net position may serve as a useful indicator of whether financial position is improving or deteriorating.
2. The statement of activities reports how the Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as sick leave).

The government-wide financial statements reflect the Department's only program, public safety, which is a governmental activity. Governmental activities are supported mostly by City general revenues and intergovernmental revenues (grants). Complete financial statements of the City may be obtained from the City of Kansas City, Missouri, 414 East 12th Street, Kansas City, Missouri 64106.

Fund Financial Statements

The Department, like other state and local governments, uses funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The fund financial statements provide more detailed information about the Department's most significant individual funds – not the Department as a whole. Major funds are separately reported while all other funds are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is presented in the form of combining statements in a later section of this report.

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The Department has two kinds of funds:

1. Governmental funds focus on (1) how cash and other financial assets that can readily be converted to cash flow are available to meet current obligations and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on the subsequent page of the governmental fund financial statements that explains, and better identifies the relationship between them.

The Department's general fund and federal and state grants fund are considered major funds and the activities of all other governmental funds are combined in a separate column in each of the basic fund financial statements.

2. Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. The Department is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Department's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position* and a *Statement of Changes in Fiduciary Net Position*. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's own activity.

Notes to Basic Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes schedules of funding progress for the pension plans and other post-employment benefits and budgetary comparison schedules, which include reconciliations for the general fund and federal and state grants fund for budgetary purposes and fund balances as presented in the governmental funds financial statements.

Other Supplementary Information

The combining financial statements for nonmajor funds and agency funds follow the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statements.

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Management's Discussion and Analysis

April 30, 2014

Government-Wide Financial Analysis

As noted earlier, increases or decreases in the Department's net position may serve as a useful indicator of whether financial position is improving or deteriorating. The Department's net position was a deficit of \$129,300 at April 30, 2014 compared to a net position deficit of \$101,693 at the end of the previous year. This change totals \$27,607 and was caused primarily by increases in estimates for net pension obligations in the amount of \$15,578, other post-employment benefits for health insurance in the amount of \$5,288, and estimated claims payable of \$2,994. Actuarial studies for the law enforcement and civilian pension plans estimated increases in net pension liabilities as a result of funding below recommended levels, market conditions, and actuarial assumptions.

The following table provides a breakdown of the Department's net position:

The Police Department of Kansas City, Missouri's Net Position (expressed in thousands)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 27,646	\$ 27,863
Capital assets	35,749	37,399
Total assets	<u>63,395</u>	<u>65,262</u>
Other liabilities	21,362	19,707
Long-term obligations	171,333	147,248
Total liabilities	<u>192,695</u>	<u>166,955</u>
Net position:		
Net investment in capital assets	35,749	37,399
Restricted	2,996	3,153
Unrestricted (deficit)	(168,045)	(142,245)
Total net position (deficit)	<u>\$ (129,300)</u>	<u>\$ (101,693)</u>

Liabilities such as compensated absences, net pension obligations, and other-post employment benefits totaling \$165,170 cause the deficit in unrestricted net position and will be liquidated as they come due using appropriations provided annually by the City. These items totaled \$143,897 last year.

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Net investment in capital assets of \$35,749 reflects the Department's capital assets (vehicles, helicopters, and equipment) net of accumulated depreciation. Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. The decrease of \$1,650 is due to depreciation on equipment that was paid for by the public safety sales tax for capital improvements in facilities recently occupied.

The following table provides a summary of the Department's changes in net position:

The Police Department of Kansas City, Missouri's Changes in Net Position (expressed in thousands)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program and other revenues	\$ 218,994	\$ 215,676
Expenses:		
Public safety - police	<u>246,335</u>	<u>236,012</u>
Change in net position before asset disposals	(27,341)	(20,336)
Gain (loss) on asset disposals	<u>(266)</u>	<u>99</u>
Change in net position	(27,607)	(20,237)
Net position (deficit), beginning of year	<u>(101,693)</u>	<u>(81,456)</u>
Net position (deficit), end of year	<u>\$ (129,300)</u>	<u>\$ (101,693)</u>

The Department's net position before capital asset disposals decreased \$27,341. The majority of this decrease is due to the aforementioned \$23,860 increase in estimates for liabilities related to pension obligations, other post-employment benefits, and claims payable. Revenue from the City increased \$6,893 and all other revenues decreased \$3,575. Revenue from the City increased to provide for pay raises and for pension contributions. The primary reasons for the decrease in all other revenues are one-time funding was received last year for a new helicopter and multi-year law enforcement hiring grants are ending.

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Personnel costs increased 3.2% due to pay raises, hiring additional law enforcement officers, and increases for costs associated with pension and other post-employment benefits. Salaries and benefits represent 85.5% of the Department's governmental activity expenses, compared to 86.5% last year. This includes amounts paid into the pension systems on behalf of sworn and civilian employees. The two pension systems are separate State entities funded by the City and issue their own financial statements.

Non-personnel costs increased 12.2% mostly as a result of increases to claims payable and depreciation.

The Department was established by State statute to police the City of Kansas City, Missouri. The City's general revenues support most of this governmental activity. Other revenue sources include a ¼ cent sales tax for drug enforcement assessed by Jackson County; federal, state, and local grants; and charges for services such as police report reproduction. The State of Missouri provides assistance with risk management.

Financial Analysis of the Department's Funds

As noted earlier, the Department, like other state and local governments, uses funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$5,973; a decrease of \$4,241 in comparison with the prior year.

- Fund balance in the amount of \$2,996 is restricted for grants and state-required workers' compensation escrow.
- Board-authorized purchase commitments are \$174.
- The Department assigns fund balance in the amount of \$1,573 related to risk management activities and to cover subsequent year deficits in situations where anticipated revenues do not adequately cover anticipated costs.

The general fund had an ending fund balance of \$4,669; a decrease of \$4,075 or 46.6% in comparison with the prior year. The decrease includes self-funded risk management activity which operated at a deficit of \$4,162 as a result of estimates for claims payable. The Department expended \$291 from a federal stimulus grant that is reported in the general fund, a decrease of \$1,223 from the prior year.

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Management's Discussion and Analysis

April 30, 2014

The Department's other major fund is the federal and state grants fund, which has no fund balance owing to the fact revenues equal expenditures on an annual basis.

Other governmental funds are supported by Department generated revenues. These funds supplement appropriations provided by the City and were established to comply with federal, state, and local requirements for revenues generated by policing activities such as federal forfeitures, licensing of private security officers, open records requests, and City ordinances for alarm licensing and parade/escort requests. Ending fund balances decreased in the forfeiture fund in the amount of \$157 and \$9 in the police drug enforcement fund.

General Fund Budgetary Highlights

The Department is required to prepare its budget in form and detail similar to City departments. However, the Department's governing body, the Board, has sole authority to manage the Department's budget.

The schedule in the required supplementary information provides information about the Department's general fund budget, including original and final budget, actual amounts on the budgetary basis and reconciliation to amounts reported in the statement of governmental fund revenues, expenditures, and changes in fund balance. Year-end commitments totaling \$2,974 are not reflected in the actual amounts reported under budgetary basis or the generally accepted accounting principles (GAAP) basis since they will be reappropriated in the subsequent year. Personal services were under budget by \$807 as a result of expending less for positions funded by police-generated revenues. Contractual services were under budget by \$928 due mostly from appropriations for legal claims exceeding costs incurred paying claims and outside training costs being less than anticipated.

Over the course of the year, the Department's General Fund budget was revised, which, excluding the impact of reestablishment of encumbrances, can be briefly summarized as follows:

- Increases to appropriations for costs related to pension changes were \$3,750.
- Increases to appropriations for costs for risk management were \$800.
- Increases to appropriations for self-funded costs related to statutory changes in the licensing of private security officers were \$424.
- Increases to appropriations for costs to enforce parking ordinances in the downtown corridor were \$300.
- Increases to appropriations for self-funded activities such as training and legislative matters were \$43.

The Police Department of Kansas City, Missouri

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Management's Discussion and Analysis

April 30, 2014

Capital Assets

Capital Assets

The Department invests in capital assets necessary for policing efforts, including automotive, communication, computer, and helicopter equipment. Improvements to City-owned facilities, if any, are donated annually to the City. At April 30 2014, the Department's capital assets were \$82,401 and accumulated depreciation was \$46,652. More detailed information about the Department's capital assets is presented in Notes 1 and 3 to the basic financial statements. The Department has no debt related to the acquisition of capital assets. The City issued general obligation debt to provide appropriations to the Department for the purchase of helicopters as well as equipping new/remodeled facilities.

Economic Factors and Next Year's Budgets and Rates

The statutes establishing the Board require submission of an annual budget to the City estimating the sum of money necessary to operate the Department in the ensuing year. The City considers the Board's submission as part of its budget process and oftentimes provides a different, generally lesser amount. In addition, the Missouri State Legal Expense Fund provides supplemental funding to cover some risk management costs for judgments resulting from lawsuits against members of the Board or law enforcement officers, and the Board receives other self-generated revenues to support appropriations.

As stated earlier, the Department is dependent on the City for most of its funding and any discussion of next year activity needs to focus on City operations. For the fiscal year beginning May 1, 2014, City general revenues will fund \$203,596 for the Department, an increase of \$6,020 or 3.0%. The increase includes another \$13.2 million for pensions and health insurance, but cuts other expenditures by \$6.7 million. In next year's budget, non-City funding sources support costs of \$26,012, a decrease of \$102 attributable mostly to public safety sales tax retained by the City to service debt on bonds issued to construct Department facilities. The Department's operating budget is increasing by 3.6% and represents 23.3% of City governmental funds, compared to 22.1% last year. Personnel costs represent over 85% of the Department budget.

The Department's facility needs have been addressed through the ¼ cent sales tax for public safety, but vehicles and other equipment are funded at levels that do not allow for systematic replacement, thereby increasing annual maintenance costs. The Department continually seeks City and grant funding for these types of equipment.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors of the City of Kansas City, Missouri with a general overview of the Department's finances and to demonstrate the Department's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact the Kansas City Police Department, Fiscal Division, 1125 Locust, Kansas City, MO 64106.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Governmental Funds Balance Sheet and Statement of Net Position
 April 30, 2014

	General Fund	Federal and State Grants	Other Funds	Total	Adjustments	Statement of Net Position
Assets						
Cash and short-term investments	\$ 11,506,483	\$ 117,120	\$ 1,361,206	\$ 12,984,809	\$ -	\$ 12,984,809
Receivables:						
Accounts	290,193	-	-	290,193	-	290,193
Interest	458	-	37	495	-	495
Due from City of Kansas City, Missouri	8,873,503	-	615,412	9,488,915	-	9,488,915
Due from other governments	10,835	1,249,810	21,355	1,282,000	-	1,282,000
Advance to other funds	4,000	-	-	4,000	-	4,000
Inventories	1,974,936	-	-	1,974,936	-	1,974,936
Restricted deposits	1,620,465	-	-	1,620,465	-	1,620,465
Capital assets, net of accumulated depreciation	-	-	-	-	35,748,718	35,748,718
Total assets	<u>\$ 24,280,873</u>	<u>\$ 1,366,930</u>	<u>\$ 1,998,010</u>	<u>\$ 27,645,813</u>	<u>\$ 35,748,718</u>	<u>\$ 63,394,531</u>
Liabilities						
Accounts payable	\$ 362,893	\$ 35,699	\$ 606,989	\$ 1,005,581	-	\$ 1,005,581
Accrued payroll	8,339,819	110,250	77,643	8,527,712	-	8,527,712
Unearned revenue	870,985	-	-	870,985	-	870,985
Due to City of Kansas City, Missouri	2,158,553	1,220,981	-	3,379,534	-	3,379,534
Due to other governments	3,255	-	9,099	12,354	-	12,354
Compensated absences - current	2,317,087	-	-	2,317,087	5,249,083	7,566,170
Compensated absences - noncurrent	-	-	-	-	30,414,556	30,414,556
Net pension obligation	-	-	-	-	105,802,451	105,802,451
Net OPEB obligation	-	-	-	-	21,387,199	21,387,199
Claims payable	5,559,623	-	-	5,559,623	8,169,000	13,728,623
Total liabilities	<u>19,612,215</u>	<u>1,366,930</u>	<u>693,731</u>	<u>21,672,876</u>	<u>171,022,289</u>	<u>192,695,165</u>
Fund Balances/Net Position						
Fund balances:						
Restricted for workers compensation escrow	1,620,465	-	-	1,620,465	(1,620,465)	
Restricted for programs	71,546	-	1,304,279	1,375,825	(1,375,825)	
Committed to capital outlay	174,298	-	-	174,298	(174,298)	
Assigned to risk management	935,154	-	-	935,154	(935,154)	
Assigned to subsequent year's budget	637,558	-	-	637,558	(637,558)	
Unassigned	1,229,637	-	-	1,229,637	(1,229,637)	
Total fund balances	<u>4,668,658</u>	<u>-</u>	<u>1,304,279</u>	<u>5,972,937</u>	<u>(5,972,937)</u>	
Total liabilities and fund balances	<u>\$ 24,280,873</u>	<u>\$ 1,366,930</u>	<u>\$ 1,998,010</u>	<u>\$ 27,645,813</u>		
Net position:						
Net investment in capital assets					35,748,718	35,748,718
Restricted for special programs					2,996,290	2,996,290
Unrestricted (deficit)					(168,045,642)	(168,045,642)
Total net position					<u>(129,300,634)</u>	<u>(129,300,634)</u>
Total liabilities and net position					<u>\$ 35,748,718</u>	<u>\$ 63,394,531</u>

The Police Department of Kansas City, Missouri

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Reconciliation of the Statement of Net Position with
Governmental Funds Balance Sheet
April 30, 2014

Total fund balances - governmental funds	\$	5,972,937
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 as assets in governmental funds. The cost of the assets is \$82,400,405, and the accumulated depreciation is \$46,651,687.		35,748,718
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences		(35,663,639)
Net pension obligations		(105,802,451)
Net OPEB obligation		(21,387,199)
Claims payable		(8,169,000)
Total net position (deficit)	\$	<u>(129,300,634)</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Governmental Funds Revenues, Expenditures, and
 Changes in Fund Balances and Statement of Activities
 For the year ended April 30, 2014

	<u>General Fund</u>	<u>Federal and State Grants</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:						
Revenues received from City of Kansas City, Missouri	\$ 199,406,095	\$ -	\$ 7,708,207	\$ 207,114,302	\$ -	\$ 207,114,302
Operating grants	1,126,162	4,451,910	-	5,578,072	-	5,578,072
Capital grants	-	70,780	-	70,780	174,550	245,330
Other intergovernmental	249,110	-	2,513,808	2,762,918	-	2,762,918
Charges for services	2,450,145	-	501,065	2,951,210	-	2,951,210
Interest	5,078	-	536	5,614	-	5,614
Other	336,421	-	-	336,421	-	336,421
Total revenues	<u>203,573,011</u>	<u>4,522,690</u>	<u>10,723,616</u>	<u>218,819,317</u>	<u>174,550</u>	<u>218,993,867</u>
Expenditures/expenses:						
Public safety - police:						
Current:						
Personal services	180,114,851	3,736,785	1,995,379	185,847,015	21,416,264	207,263,279
Contractual services	17,675,223	891,876	1,181,222	19,548,321	(10,984)	19,537,337
Commodities	8,164,851	100,996	28,147	8,293,994	(396,365)	7,897,629
Depreciation	-	-	-	-	9,215,145	9,215,145
Capital outlay	1,605,891	376,963	7,509,911	9,492,765	(7,071,377)	2,421,388
Total expenditures/expenses	<u>207,560,816</u>	<u>4,906,620</u>	<u>10,714,659</u>	<u>223,182,095</u>	<u>23,152,683</u>	<u>246,334,778</u>
Excess (deficiency) of revenues over expenditures	<u>(3,987,805)</u>	<u>(383,930)</u>	<u>8,957</u>	<u>(4,362,778)</u>	<u>(22,978,133)</u>	<u>(27,340,911)</u>
Other financing sources (uses):						
Disposal of capital assets	115,778	-	6,009	121,787	(388,091)	(266,304)
Transfers - internal activities	(202,703)	383,930	(181,227)	-	-	-
Total other financing sources and uses	<u>(86,925)</u>	<u>383,930</u>	<u>(175,218)</u>	<u>121,787</u>	<u>(388,091)</u>	<u>(266,304)</u>
Change in fund balances/ net position	(4,074,730)	-	(166,261)	(4,240,991)	(23,366,224)	(27,607,215)
Fund balances/net position:						
Beginning of year	<u>8,743,388</u>	<u>-</u>	<u>1,470,540</u>	<u>10,213,928</u>	<u>(111,907,347)</u>	<u>(101,693,419)</u>
End of year	<u>\$ 4,668,658</u>	<u>\$ -</u>	<u>\$ 1,304,279</u>	<u>\$ 5,972,937</u>	<u>\$ (135,273,571)</u>	<u>\$ (129,300,634)</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Reconciliation of the Governmental Funds Revenues,
 Expenditures, and Changes in Fund Balances
 with the Statement of Actives
 For the year ended April 30, 2014

Net change in fund balances - total governmental funds \$ (4,240,991)

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

Capital grant revenue consisted of capital assets donated by grantors 174,550

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures (\$7,746,175) were less than depreciation (\$9,215,145), and aircraft parts that were installed (\$32,551) in the current period. (1,436,419)

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. This is the amount by which liabilities changed in the current period.

Compensated absences	(126,303)
Net pension obligations	(15,578,228)
Net OPEB obligation	(5,287,733)
Claims payable	(724,000)

In the statement of activities, only the gain from disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of assets sold. (388,091)

Change in net position in governmental activities \$ (27,607,215)

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Statement of Fiduciary Net Position
 April 30, 2014

	<u>Private-purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and short-term investments	\$ 406	\$ 2,206,421
Receivables:		
Accounts	-	1,167
Interest	-	72
Total assets	<u>\$ 406</u>	<u>\$ 2,207,660</u>
Liabilities		
Liabilities:		
Advance from other funds	\$ -	\$ 4,000
Other accrued liabilities	-	2,203,660
Total liabilities	<u>-</u>	<u>2,207,660</u>
Net Position		
Restricted	<u>\$ 406</u>	<u>\$ -</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
Statement of Changes in Fiduciary Net Position
For the year ended April 30, 2014

	<u>Private-purpose Trusts</u>
Additions:	
Other	\$ -
Total additions	<u>-</u>
Deductions:	
Commodities	-
Total deductions	<u>-</u>
Change in net position	-
Net Position:	
Beginning of year	406
End of year	<u>\$ 406</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Note 1: Organization and Summary of Significant Accounting Policies

Organization and Nature of Operations

The Police Department of Kansas City, Missouri (the Department) is regulated under the Missouri Revised Statutes. The Department operates under the direction of the Board of Police Commissioners of the City of Kansas City, Missouri (the Board). Members are appointed by the Governor of the State of Missouri. The Mayor of the City of Kansas City, Missouri (the City) is an ex-officio member of the Board. The Department is responsible for protecting and serving the citizens of the City. The Department receives the majority of its revenues from the City. The Department is considered to be and reported as a component unit of the City.

Reporting Entity

In evaluating how to define the Department for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Department's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Department and (3) the entity's fiscal dependency on the Department. Based on these criteria, there are no component units.

Accounting Method, Management Focus, Basis of Accounting and Accounting and Financial Statement Presentation

Fund Accounting

The accounts of the Department are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses.

Government-wide and Fund Financial Statements

The Department's basic financial statements consist of government-wide financial statements and governmental and fiduciary fund financial statements and notes. The government-wide financial statements report information on all the non-fiduciary activities of the Department.

The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Department's assets and liabilities, including capital assets as well as long-term liabilities, are included in the statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and receivables are recognized when measurable and available for payment of current liabilities. The Department considers revenues to be available if they are anticipated to be collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

The Department records transactions during the year on the basis of cash receipts and disbursements. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for Governmental Funds. Certain revenues are recorded when cash is received because they are generally not measurable until actually received. Interest is recorded when earned since it is measurable and available. Certain grant revenues are recorded to the extent eligible expenditures have been incurred.

Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. The types of funds maintained by the Department are as follows:

Governmental Fund Types

- *General Fund* – Used to account for all financial transactions that are a part of the Department's annual operating budget and are primarily funded through receipts received from the City.
- *Federal and State Grants* – Used to account for various grant revenues received from the federal government and the State of Missouri.
- *Special Revenue Funds* – Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes. The primary sources of revenue are the City, Jackson County, grants and charges for services.

Fiduciary Fund Types

- *Private-Purpose Trust and Agency Funds* – Used to account for assets held by the Department as trustee or agent for others. Agency Funds are custodial in nature and do not involve the measurement of results of operations. Private - Purpose Trust Funds account for monies received by the Department, which are held in trust on behalf of other third parties.

Inventory

At year-end, physical counts are made of significant inventory. Inventory valuation methods vary by element. Fleet Operations and Radio Maintenance use weighted average, Supply uses first-in first-out (FIFO).

Short-Term Investments

Investments consisting of U.S. treasury bills that have original maturities of three months or less are stated at cost, which approximates market value.

Investment income consists of interest income. Investment income is assigned to the funds with which the related investment asset is associated.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Capital Assets

The City provides real property, including land and buildings, to the Department at no cost. As a result, the Department's capital assets consist of policing equipment such as vehicles, furniture, fixtures, communication equipment, computers and software, and aircraft. Capital assets are capitalized at historical cost. Donated capital assets are valued at estimated fair value as of the date received. Major outlays for building improvements to City owned buildings, made with Department internally generated funds, are donated to the City. All capital assets over the capitalization levels are depreciated on a straight-line basis over the following useful lives. The Department's capitalization threshold is five thousand dollars.

	Useful Life/Range
Furniture and equipment	5-10 years
Automotive and light trucks	3 years
Large trucks, RVs, specialized vehicles	10 years
Communications equipment	8 years
Computer hardware	3- 5 years
Computer software	2 years
Lab equipment	10 years
Helicopters	20 years

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. On the fund financial statements, the only interfund loans are between the special services fund and various agency funds. Transfers between governmental funds have been eliminated in the government-wide statement of activities.

Compensated Absences

Employees earn sick leave in accordance with Department policy based upon the options described below. Option 2 covers employees hired on or after November 1, 1987. Employees hired prior to November 1, 1987, may choose Option 1 or 2. The policy also provides employees, working for at least one year prior to retirement or termination, payment of a portion of their accumulated sick leave.

	Option 1		Option 2	
	Law Enforcement	Civilian	Law Enforcement	Civilian
Days earned per year	30	15	18	12
Percent payable upon retirement	25.0%	50.0%	50.0%	50.0%
Percent payable upon termination	12.5%	25.0%	25.0%	25.0%

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

It is the Department's policy that employees must utilize or forfeit earned vacation days. Upon termination or retirement before the end of a vacation year (December 31), the amount of currently earned and unused vacation time becomes payable to the employee.

The accrued compensated absence liability represents only the vested portion of the earned compensation days. It is calculated using the above percentages and assumptions made by the Department as to whether employees would resign or retire. This assumption is based upon years of service. The current portion of the liability of \$7,566,170 is calculated based upon management's estimate of the amount to be paid during the year ending April 30, 2015.

The following is a summary of changes in the compensated absence liabilities of the Department for the year ending April 30, 2014:

Balance April 30, 2013	Current Year Earned and Changes in Estimates	Payments	Balance, April 30, 2014	Due Within One Year
\$ 37,573,268	\$ 11,202,061	\$ 10,794,603	\$ 37,980,726	\$ 7,566,170

Risk Management

The Department retains some risk of loss for workers' compensation, general professional, and automobile liability losses. The Missouri State Legal Expense Fund covers some of the costs of judgments resulting from lawsuits against members of the Board or law enforcement officers. These activities are accounted for in the general fund, except for long-term liabilities for obligations for claims and claims incurred but not reported.

Fund Balances/Net Position

The governmental funds report the following fund balance classifications:

Non-Spendable – Legally or contractually required to be maintained. Not in spendable form, including but not limited to prepaid supplies, inventory, and long-term receivables. Such constraint is binding until legal or contractual requirements are repealed or amounts become spendable.

Restricted – Externally imposed constraints, including but not limited to grantors, contributors, and constraints by law and regulations. Such constraints are binding unless modified or rescinded by external body, laws, or regulations.

Committed – Specific purpose imposed by a formal vote approval by the Board of Police Commissioners. Such constraint is binding unless modified or rescinded by the Board of Police Commissioners.

Assigned – Constrained by the express intent of the Board of Police Commissioners, Chief of Police, Deputy Chief of Executive Services Bureau, and/or the Major of the Fiscal Division. Includes all remaining amounts not classified in governmental funds, except the general fund.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Unassigned – All amounts not included in other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

The Department has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Net Position Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Department first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net 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.

As of April 30, 2014, the Department does not report any items that qualify as a deferred outflow or inflow of resources.

Budgetary Accounting

The Department plans disbursements and controls operations through the use of an annual operating budget, which is prepared by Department personnel and approved by the Board and the City Council prior to the beginning of each fiscal year.

The Department is required to legally adopt a budget at the appropriation unit level. However, for management control purposes, the Department follows the practice of budgeting disbursements by account code. Certain disbursements applicable to more than one bureau or division are not allocated among the various groups receiving benefits from these disbursements because they are charged to the group with responsibility for budget control.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

As permitted by Missouri law, it is the Department's practice to transfer the budgeted amounts within the general fund and special revenue funds when disbursements within a particular appropriation unit exceed the amount originally budgeted. These transfers are approved by the Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most sensitive estimates affecting the Department's financial statements are the automotive and general liability claims payable, estimated useful lives of capital assets, and the actuarial determined valuation of the workers' compensation claims liability, pension liabilities, and other post-employment benefit obligations. Actual results may differ from those estimates.

Note 2: Deposits, Investments and Investment Income

At April 30, 2014, the carrying values of cash and investment are summarized as follows:

Carrying value:	
Deposits	\$ 3,370,029
Restricted Deposits	1,620,465
Investments	11,699,615
Cash on hand	<u>122,559</u>
	<u>\$ 16,812,668</u>

Included in the following balance sheet and
and statement of net position captions:

Cash and short-term investments – Governmental Funds	\$ 12,984,809
Restricted deposits – Governmental Funds	1,620,465
Interest receivable – Governmental Funds	495
Cash and short-term investments – Agency Funds and Private Purpose Trust Funds	2,206,827
Interest receivable – Agency Funds and Private Purpose Trust Funds	<u>72</u>
	<u>\$ 16,812,668</u>

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be recoverable. The Department's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral having an aggregate value at least equal to the amount of the deposits.

At April 30, 2014, none of the Department's bank balances were exposed to custodial credit risk.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Investments

The Department is authorized to invest in legally permissible investments, as provided by Missouri Statute, which include securities and obligations issued by the United States government, repurchase agreements, collateralized time deposit accounts and certificates of deposits.

At April 30, 2014, the Department had the following investments and maturities:

	<u>Fair Value</u>
U.S. government securities with maturities of 90 days or less	<u>\$ 11,699,615</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Department's investment policy limits its investment portfolio to maturities of 90 days.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2014, the Department's investments were all in U.S. government obligations which are not subject to such risks.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Department's investments at April 30, 2014 are held by the third-party custodians in the Department's name.

Concentration of Credit Risk. The Department places no limit on the amount that may be invested in any one issuer. At April 30, 2014, the Department's investments were all in U.S. government obligations.

Restricted Deposit. Included in deposits are money market funds in the amount of \$1,620,465. These funds are intended to provide additional assurance that the Department will provide funding for excess workers' compensation, if required.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Note 3: Changes in Capital Assets

A summary of changes in the Capital Assets for the year ended April 30, 2014 follows:

	<u>Balance</u> <u>April 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>April 30, 2014</u>
Police equipment	\$ 77,548,081	\$ 8,044,131	\$ (3,191,807)	\$ 82,400,405
Accumulated depreciation	(40,149,403)	(9,215,145)	2,712,861	(46,651,687)
Net depreciable assets	<u>\$ 37,398,678</u>	<u>\$ (1,171,014)</u>	<u>\$ (478,946)</u>	<u>\$ 35,748,718</u>

Note 4: Risk Management

Officers of the Department, the Chief of Police, and/or the members of the Board, in official and individual capacity, have been named as defendants in various legal proceedings as of April 30, 2014. The Department and its legal counsel are vigorously defending these matters. It is the Department's policy to budget for estimated litigation costs. Large litigation disbursements are funded by the General Fund or through supplemental appropriations approved by the City and the Board. According to Missouri State Statute, the Department is entitled to reimbursements of settlements of certain claims up to \$1,000,000 annually based on the State of Missouri fiscal year.

The Department purchases commercial insurance for non-realty property, employee life and health coverage, and civilian employee disability. There have been no significant reductions in insurance coverage. Settlements have not exceeded insurance coverage for these items in any of the past three years.

Automobile, General Professional, and Workers' Compensation Liabilities

The Department self-retains the risk of loss for liability and comprehensive damage claims arising from its motor vehicle fleet and general professional liability. The plan is administered by the Department's Office of General Counsel. The Department budgets amounts in the General Fund. Claims paid in excess of the budgeted amounts are paid by the General Fund if sufficient resources exist; otherwise, amounts are paid by the City. Estimates for outstanding liabilities are based upon advice of the Department's Office of General Counsel.

The Department also retains the risk of loss for workers' compensation claims. The Department has purchased a specific excess insurance policy that covers workers' compensation claims for each accident in excess of \$1,000,000 up to \$500,000 per individual claim. The plan is administered by a third party administrator. The Department has recorded an estimated liability for claims based upon an actuarial study.

The Department expects to pay certain claims within the next year using expendable available resources. Accordingly, the Department recorded a liability for these claims of \$5,559,623 in the General Fund as of April 30, 2014. Remaining estimated claims of \$8,169,000 have been reported as a long-term obligation of the Department.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

The following is a summary of changes in risk management liabilities of the Department:

	<u>Automobile Liability</u>	<u>General Professional</u>	<u>Workers' Compensation</u>	<u>Total</u>
Balance, April 30, 2012	\$ 779,357	\$ 2,950,000	\$ 4,282,000	\$ 8,011,357
Claims payments	(172,503)	(1,143,830)	(2,081,048)	(3,397,381)
Claims and changes in estimates	<u>1,657,870</u>	<u>1,318,830</u>	<u>3,144,048</u>	<u>6,120,748</u>
Balance, April 30, 2013	<u>2,264,724</u>	<u>3,125,000</u>	<u>5,345,000</u>	<u>10,734,724</u>
Claims payments	(850,770)	(1,431,562)	(2,437,944)	(4,720,276)
Claims and changes in estimates	<u>545,669</u>	<u>4,306,562</u>	<u>2,861,944</u>	<u>7,714,175</u>
Balance, April 30, 2014	<u>\$ 1,959,623</u>	<u>\$ 6,000,000</u>	<u>\$ 5,769,000</u>	<u>\$ 13,728,623</u>

Note 5: Federal and State Grant Funds

Various special grant projects utilize the specialized talents of certain Department personnel. In these instances, time records are maintained and the Department is reimbursed by the federal and state grant funds for the cost of these employees' time. The amount of annual salary reimbursements received by the Department is contingent upon the numbers and types of special grants awarded to the Department each year.

The Department has received financial assistance from various federal and state agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the Department.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Note 6: Commitments

Leases

The Department rents various vehicles, copiers, software, and office facilities under cancelable operating leases. Rent expenditures for the year ended April 30, 2014 was \$1,870,699. As of April 30, 2014, minimum future rental payments required under these leases for subsequent fiscal years were:

2015	\$	1,456,339
2016		966,872
2017		396,781
2018		396,781
2019		396,781
2020 through term		1,140,745
	\$	<u>4,754,299</u>

Other Commitments

The Department has contractual and purchase order commitments relating to various commodities, contractual services, and capital outlay totaling \$4,604,676 as of April 30, 2014. These contractual and purchase order commitments will be liquidated during 2015.

Note 7: Interfund Activity

Due to/from Other Funds

A summary of interfund obligations at April 30, 2014 is shown below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
General Fund	\$ 4,000	\$ -
Fiduciary Funds		
Misdemeanor Bond	-	3,000
Dental Program	-	1,000
	<u> </u>	<u> </u>
Total	<u>\$ 4,000</u>	<u>\$ 4,000</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Interfund Transfers

Transfers are substantially for the purposes of subsidizing operating functions such as grant matches and self-insurance.

The Department had the following types of transfers among funds for the year ended April 30, 2014:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Federal and State Grants Fund	Grant Match	\$ 202,703
Federal Seizure and Forfeiture Fund	Federal and State Grants Fund	Grant Match	<u>181,227</u>
			<u>\$ 383,930</u>

Note 8: Employee Benefit Commitments

Payments Made on Behalf of the Department

During the year ended April 30, 2014, the City's contribution for the Department's FICA for law enforcement and civilian personnel was \$3,623,764 and is included as an expenditure/expense in the accompanying financial statements.

Police Retirement System

The Department's law enforcement personnel contribute to a single employer defined benefit retirement plan that was created by Missouri Statute to provide retirement, disability, and death benefits for all Department law enforcement personnel. The retirement plan is managed by a separate independent board from that of the Department. Employer contributions are made directly by the City, as Missouri Statute requires the City transfer the contribution directly to the retirement plan, but are included in the Department's budget. Thus, the Department does not exercise control over the retirement plan, nor is the plan dependent on the Department for funding.

The annual contributions by the City are based on a percentage of each participant's annual base earnings without consideration for overtime or other incentive pay amounts. The rate contributed by the City effective August 28, 2013 was 25.03% (19.70% previously). During the year ended April 30, 2014, the City's contribution was \$22,241,769.

The annual contribution by law enforcement personnel effective August 28, 2013 was 11.55% (10.55% previously) of each participant's annual base earnings without consideration for overtime or other incentive pay amounts. A Missouri Statute requires the City to contribute such amounts as necessary to meet the actuarially determined annual required contribution plus two hundred dollars per month for every member entitled to receive a supplemental benefit.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

The annual pension cost and net pension obligation as of April 30, 2014 are as follows:

Annual required contribution	\$ 35,507,348
Interest on net pension obligation	5,577,448
Adjustment to annual required contribution	<u>(4,689,885)</u>
Annual pension cost	36,394,911
Contributions made – current year	<u>(22,241,769)</u>
Change in net pension obligation	14,153,142
Net pension obligation, beginning of year	<u>74,365,975</u>
Net pension obligation, end of year	<u><u>\$ 88,519,117</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2013 actuarial valuation using the individual entry age normal method of funding. Significant actuarial assumptions used include (a) an investment rate of return of 7.50% per year compounded annually net of investment expenses; (b) projected salary increases ranging from 3.75% to 8.75% per year, depending on age group; (c) 2.5% cost of living adjustment per year; and (d) annual required employer and employee contribution rates of 27.35% and 11.55%, respectively.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll period of 30 years.

Three-Year Trend Information

Fiscal Year Ending April 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 32,344,529	51%	\$ 56,642,773
2013	34,656,896	49%	74,365,975
2014	36,394,911	61%	88,519,117

Funded Status and Funding Progress

As of April 30, 2013, the most recent actuarial valuation date, the plan was 78% funded. The actuarial accrued liability for benefits was \$964.3 million, and the actuarial value of assets was \$749.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$214.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$90.7 million, and the ratio of the UAAL to the covered payroll was 237%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Additional information and disclosures are available in the separately issued financial statements of the Police Retirement System. That report may be obtained by writing Kansas City Police Retirement System, 9701 Marion Park Drive, B, Kansas City, Missouri 64137 or by contacting them at kcpers.org.

Civilian Employees' Retirement System

The Department's civilian employees contribute to a single employer defined benefit retirement plan created by Missouri Statute to provide retirement, disability, and death benefits for substantially all Department civilian employees. The retirement plan is managed by a separate independent board from that of the Department. Employer contributions are made directly by the City, as Missouri Statute requires the City transfer the contribution directly to the retirement plan, but are included in the Department's budget. Thus, the Department does not exercise control over the retirement plan, nor is the plan dependent on the Department for funding.

The annual contributions by the City are based on a percentage of each participant's annual base earnings without consideration for overtime or other incentive pay amounts. The rate contributed by the City effective August 28, 2013 was 17.93% (13.14% previously). During the year ended April 30, 2014, the City's contribution was \$4,122,375.

The annual contribution by civilian personnel was 5% of each participant's annual base earnings without consideration for overtime or other incentive pay amounts. A Missouri Statute requires the City to contribute at the actuarial determined contributions rate of the participant's annual base earnings and participants contribute a minimum of 5% of their annual base earnings.

The annual pension cost and net pension obligation as of April 30, 2014 are as follows:

Annual required contribution	\$ 5,358,191
Interest on net pension obligation	1,189,369
Adjustment to annual required contribution	<u>(1,000,099)</u>
Annual pension cost	5,547,461
Contributions made – current year	<u>(4,122,375)</u>
Change in net pension obligation	1,425,086
Net pension obligation, beginning of year	<u>15,858,248</u>
Net pension obligation, end of year	<u>\$ 17,283,334</u>

The annual required contribution for the current year was determined as part of the April 30, 2013 actuarial valuation using the individual entry age normal method of funding. Significant actuarial assumptions used include (a) an investment rate of return of 7.5% per year compounded annually net of investment expenses; (b) projected salary increases ranging from 3.75% to 7.75% per year, depending on age group; (c) 2.5% cost of living adjustment per year; and (d) annual required employer and employee contribution rates of 17.96% and 5.00%, respectively. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll period of 30 years.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Three-Year Trend Information

Fiscal Year Ending April 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 5,114,068	62%	\$ 13,741,242
2013	5,400,464	61%	15,858,248
2014	5,547,460	74%	17,283,334

Funded Status and Funding Progress

As of April 30, 2013, the most recent actuarial valuation date, the plan was 76% funded. The actuarial accrued liability for benefits was \$148.6 million, and the actuarial value of assets was \$113.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$35.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$26.4 million, and the ratio of the UAAL to the covered payroll was 134%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information and disclosures are available in the separately issued financial statements of the Civilian Employees' Retirement System. That report may be obtained by writing Kansas City Police Retirement System, 9701 Marion Park Drive, B, Kansas City, Missouri 64137 or by contacting them at kcpers.org.

Post-Employment Benefits Other than Pensions

Plan Description

The Board sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to Department retirees and their dependents, including medical and pharmacy coverage. Participants include police and civilian members of the Department.

Retirees (including any elected coverage for spouses and dependents) are eligible for the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, when the retiree elects to participate in Medicare, or dies. Retirees have the option of utilizing the Department's healthcare plan as secondary coverage to Medicare benefits. Additionally, retirees have a one-time option, before the age of 65, to rejoin the plan should they ever terminate coverage.

Under Governmental Accounting Standards Board Statement (GASB) No. 45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired for them as a separate group is an implicit rate subsidy, which is considered an other post-employment benefits (OPEB) under the standard.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Annual OPEB Cost and Net OPEB Obligation

The Board's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

Normal Cost	\$ 3,324,397
Amortization of unfunded actuarial accrued liability	3,442,954
Annual required contribution (ARC)	6,767,351
Interest on net OPEB obligation	724,476
Adjustment to annual required contribution	(966,778)
Annual OPEB cost	6,525,049
Contributions made:	
Net employer contributions	1,237,316
Change in net OPEB obligation	5,287,733
Net OPEB obligation, April 30, 2013	16,099,466
Net OPEB obligation, April 30, 2014	\$ 21,387,199

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	\$ 6,589,811	23.75%	\$ 10,925,897
April 30, 2013	6,342,629	18.43%	16,099,466
April 30, 2014	6,525,049	18.96%	21,387,199

Funded Status and Funding Progress

GASB Statement 45 does not require funding of an OPEB liability and, at this time, the liability is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

As of April 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$55,129,304, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$55,129,304. The covered payroll (annual payroll of active employees covered by the plan) was \$108.0 million, and the ratio of UAAL to the covered payroll was 51 percent.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2014

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer 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 basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits 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 of 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 actuarially determined amounts, consistent with the long-term perspective of the calculations.

In the April 30, 2012, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate, reduced by decrements to an ultimate rate of 4.5 percent after eleven years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2012, was thirty years.

Note 9: Subsequent Events

The Department has evaluated subsequent events through June 18, 2014, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
Schedules of Funding Progress
April 30, 2014

Pension Systems

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b) - (a) Unfunded Actuarial Accrued Liability (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b)-(a)/(c) UAAL as a percentage of Covered Payroll
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Police Retirement System

April 30, 2011	\$ 715,764,084	\$ 940,609,092	\$ 224,845,008	76%	\$ 88,444,971	254%
April 30, 2012	734,375,923	972,127,874	237,751,951	76%	87,880,774	271%
April 30, 2013	749,617,334	964,302,215	214,684,881	78%	90,708,350	237%

Civilian Employees' Retirement System

April 30, 2011	\$ 102,522,611	\$ 137,040,461	\$ 34,517,850	75%	\$ 25,238,690	137%
April 30, 2012	108,018,073	142,907,530	34,889,457	76%	25,255,423	138%
April 30, 2013	113,170,844	148,662,779	35,491,935	76%	26,461,403	134%

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b) - (a) Unfunded Actuarial Accrued Liability (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b)-(a)/(c) UAAL as a percentage of Covered Payroll
April 30, 2010	\$ -	\$ 54,184,167	\$ 54,184,167	0%	\$ 100,921,000	54%
April 30, 2012	-	55,129,304	55,129,304	0%	108,002,676	51%

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 General Fund
 For the year ended April 30, 2014

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	Original	Final			
Revenues:					
Revenues received from City of Kansas City, Missouri	\$ 195,051,429	\$ 199,101,102	\$ 197,062,827	\$ 2,343,268	\$ 199,406,095
Operating grants	1,312,703	1,312,703	1,126,162	-	1,126,162
Other intergovernmental	1,148,057	1,148,057	1,651,122	(1,402,012)	249,110
Charges for services	2,094,500	2,518,500	2,450,145	-	2,450,145
interest	-	-	5,078	-	5,078
Other	595,415	603,160	336,421	-	336,421
Total revenues	<u>200,202,104</u>	<u>204,683,522</u>	<u>202,631,755</u>	<u>941,256</u>	<u>203,573,011</u>
Expenditures:					
Public safety - police:					
Current:					
Personal services	177,019,570	179,252,770	178,445,860	(1,668,991)	180,114,851
Contractual services	16,322,267	16,060,834	15,132,631	(2,542,592)	17,675,223
Commodities	8,450,265	8,454,461	8,367,982	203,131	8,164,851
Capital outlay	1,376,437	1,742,570	1,605,891	-	1,605,891
Total expenditures	<u>203,168,539</u>	<u>205,510,635</u>	<u>203,552,364</u>	<u>(4,008,452)</u>	<u>207,560,816</u>
Excess (deficiency) of revenues over expenditures	(2,966,435)	(827,113)	(920,609)	(3,067,196)	(3,987,805)
Other financing sources (uses):					
Disposal of capital assets	-	-	115,778	-	115,778
Transfers out	-	-	-	(202,703)	(202,703)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>115,778</u>	<u>(202,703)</u>	<u>(86,925)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,966,435)	(827,113)	(804,831)	(3,269,899)	(4,074,730)
Fund balance, beginning of year	8,394,285	8,743,388	8,743,388	-	8,743,388
Available prior year encumbrances	<u>2,240,386</u>	<u>2,240,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,668,236</u>	<u>\$ 10,156,661</u>	<u>\$ 7,938,557</u>	<u>\$ (3,269,899)</u>	<u>\$ 4,668,658</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 General Fund
 For the year ended April 30, 2014

Explanation of differences:

The following budgetary differences do not have an impact on the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses as the differences offset revenues, expenditures, or other financing sources equally.

Liability self-retention activities are accounted for in subsidiary accounts of the general fund. Payments of \$1,738,300 made to subsidiary accounts are treated as revenue in the subsidiary account and expenditures in the general fund for budgetary purposes. Only the amount used to pay for expenses in the subsidiary accounts is reported for GAAP purposes.	\$ -
The department budgets for compensated absences on the cash basis, rather than on the modified accrual basis. The change of \$281,155 to the amount expected to be paid from current resources is reported for GAAP purposes.	-
Cash to be used in investigations is reported when given to investigative elements for budgetary purposes, but use of \$38,730 is reported GAAP purposes.	
Recoveries in the amount of \$1,655,525 are reported as payable to the city until credited to operations for budgetary purposes, but are reported in the year received for GAAP purposes.	-
Inventory acquisitions are reported as expenditures for budgetary purposes, but only the change in inventory used of \$229,438 is reported for GAAP purposes.	-
The amount of \$202,703 for grant matches charged in from another fund is reported with personal services for budgetary purposes, but is reported as a transfer out for GAAP purposes.	-
The department uses estimates to accrue payroll and certain other items for budgetary purposes, but reports subsequent changes for GAAP purposes. Subsequent changes were \$264,800 for accrued payroll and inventory.	-
The department retained the risk of loss related to certain legal claims, and the State of Missouri provided legal representation for some of these and was responsible for claims up to \$1.0 million annually. Certain estimated claims obligations are reported for GAAP purposes but not for budget purposes until paid.	(3,269,899)
	<u>\$ (3,269,899)</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 Federal & State Grants Fund
 For the year ended April 30, 2014

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	Original	Final			
Revenues:					
Operating grants	\$ 6,400,292	\$ 6,107,488	\$ 4,451,910	\$ -	\$ 4,451,910
Capital grants	-	-	70,780	-	70,780
Total revenues	<u>6,400,292</u>	<u>6,107,488</u>	<u>4,522,690</u>	<u>-</u>	<u>4,522,690</u>
Expenditures:					
Public safety - police:					
Current:					
Personal services	4,588,232	4,441,288	3,534,082	(202,703)	3,736,785
Contractual services	1,120,115	1,099,612	691,876	-	691,876
Commodities	253,692	208,923	100,996	-	100,996
Capital outlay	604,689	670,553	376,963	-	376,963
Total expenditures	<u>6,566,728</u>	<u>6,420,376</u>	<u>4,703,917</u>	<u>(202,703)</u>	<u>4,906,620</u>
Excess (deficiency) of revenues over expenditures	(166,436)	(312,888)	(181,227)	(202,703)	(383,930)
Other financing sources (uses):					
Transfers in	<u>140,239</u>	<u>286,692</u>	<u>181,227</u>	<u>202,703</u>	<u>383,930</u>
Total other financing sources and uses	<u>140,239</u>	<u>286,692</u>	<u>181,227</u>	<u>202,703</u>	<u>383,930</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(26,197)	(26,196)	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ (26,197)</u>	<u>\$ (26,196)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of differences:

The amount of \$202,703 for grant matches charged out to another fund is reported with personal services for budgetary purposes, but is reported as a transfer in for GAAP purposes.

\$ -
<u>\$ -</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Combining Balance Sheet - Nonmajor Funds
 April 30, 2014

	Federal Seizure and Forfeiture	Public Safety Sales Tax	Police Drug Enforcement	City GO Bond	Byrne JAG Grant	Non-Major Funds Total
Assets						
Cash and short-term investments	\$ 1,153,775	\$ -	\$ 207,431	\$ -	\$ -	\$ 1,361,206
Receivables:						
Interest	37	-	-	-	-	37
Due from City of Kansas City, Missouri	-	606,989	8,423	-	-	615,412
Due from other governments	-	-	21,355	-	-	21,355
Total assets	<u>\$ 1,153,812</u>	<u>\$ 606,989</u>	<u>\$ 237,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,998,010</u>
Liabilities						
Accounts payable	\$ -	\$ 606,989	\$ -	\$ -	\$ -	\$ 606,989
Accrued payroll	-	-	77,643	-	-	77,643
Due to other governments	-	-	9,099	-	-	9,099
Total liabilities	<u>-</u>	<u>606,989</u>	<u>86,742</u>	<u>-</u>	<u>-</u>	<u>693,731</u>
Fund Balances						
Fund balances:						
Restricted	1,153,812	-	150,467	-	-	1,304,279
Total fund balance	<u>1,153,812</u>	<u>-</u>	<u>150,467</u>	<u>-</u>	<u>-</u>	<u>1,304,279</u>
Total liabilities and fund balances	<u>\$ 1,153,812</u>	<u>\$ 606,989</u>	<u>\$ 237,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,998,010</u>

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Funds
 For the Year Ended April 30, 2014

	Federal Seizure and Forfeiture	Public Safety Sales Tax	Police Drug Enforcement	City GO Bond	Byrne JAG Grant	Non-Major Funds Total
Revenues:						
Revenues received from City of Kansas City, Missouri	\$ -	\$ 5,570,737	\$ -	\$ 2,137,470	\$ -	\$ 7,708,207
Other intergovernmental	-	-	2,271,396	-	242,412	2,513,808
Charges for services	501,065	-	-	-	-	501,065
Interest	536	-	-	-	-	536
Total revenues	501,601	5,570,737	2,271,396	2,137,470	242,412	10,723,616
Expenditures:						
Public safety - police:						
Current:						
Personal services	-	-	1,995,379	-	-	1,995,379
Contractual services	952	773,730	256,969	-	149,571	1,181,222
Commodities	-	-	28,147	-	-	28,147
Capital outlay	482,593	4,797,007	-	2,137,470	92,841	7,509,911
Total expenditures	483,545	5,570,737	2,280,495	2,137,470	242,412	10,714,659
Excess (deficiency) of revenues over expenditures	18,056	-	(9,099)	-	-	8,957
Other financing sources (uses):						
Disposal of capital assets	6,009.00	-	-	-	-	6,009.00
Operating transfers out	(181,227)	-	-	-	-	(181,227)
Total other financing sources and uses	(175,218)	-	-	-	-	(175,218)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(157,162)	-	(9,099)	-	-	(166,261)
Fund balance, beginning of year	1,310,974	-	159,566	-	-	1,470,540
Fund balance, end of year	\$ 1,153,812	\$ -	\$ 150,467	\$ -	\$ -	\$ 1,304,279

The Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri
 Combining Statement of Assets and Liabilities - Agency Funds
 April 30, 2014

	<u>Depository</u>	<u>Seizure Retention</u>	<u>Misdemeanor Bond</u>	<u>Dental Program</u>	<u>Agency Funds Total</u>
Assets					
Cash and short-term investments	\$ 336,001	\$ 1,759,268	\$ 3,000	\$ 108,152	\$ 2,206,421
Receivables:					
Accounts	-	-	-	1,167	1,167
Interest	12	60	-	-	72
Total assets	<u>\$ 336,013</u>	<u>\$ 1,759,328</u>	<u>\$ 3,000</u>	<u>\$ 109,319</u>	<u>\$ 2,207,660</u>
Liabilities					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 3,000	\$ 1,000	\$ 4,000
Other accrued liabilities	336,013	1,759,328	-	108,319	2,203,660
Total liabilities	<u>\$ 336,013</u>	<u>\$ 1,759,328</u>	<u>\$ 3,000</u>	<u>\$ 109,319</u>	<u>\$ 2,207,660</u>