



BERBERICH TRAHAN & CO., P.A.

*Certified Public Accountants*

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

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BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2013

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Topeka Public Schools  
Unified School District No. 501:

### **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 Topeka Public Schools, Unified School District No. 501 (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District'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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States, and applicable provisions of the Kansas Municipal Audit and Accounting Guide. 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 District as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 4 to 13, budgetary comparison information on page 54 to 59, and schedule of funding progress on page 60 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 District's basic financial statements. The accompanying supplementary information including combining and individual nonmajor fund financial statements and single audit compliance schedules, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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 information is fairly stated, in all material respects, in relation to the basic 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 January 15, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*Berberich Trahan & Co., P.A.*

January 15, 2014  
Topeka, Kansas

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MD&A) section of the Topeka Public Schools, Unified School District No. 501 (the District) financial report presents our discussion and analysis of the District's financial performance during the year. The MD&A is intended to assist the reader in gaining a better understanding of how the various statements relate to each other and provide an objective and easily readable analysis of the District's financial activities, based on currently known facts, decisions and conditions.

### **USING THIS GASB 34 BASED REPORT**

The District's financial statement package for the fiscal year ended June 30, 2013 is made up of the Independent Auditors' Report, this Management's Discussion and Analysis (MD&A) (Unaudited), the Basic Financial Statements (Audited), and required supplementary information. These financial statements include all the accounts for which the District is considered to be financially responsible. The MD&A is intended to serve as an introduction to the District's basic financial statements.

### **THE BASIC FINANCIAL STATEMENTS CONSIST OF THE FOLLOWING:**

- District Wide Financial Statements
- Fund Financial Statements
- Agency Financial Statements

### **DISTRICT WIDE FINANCIAL STATEMENTS:**

The District-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. These statements take a much larger view of the District's finances than do the fund-level statements.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two 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.

The Statement of Activities presents information showing how the District's net position changed during the last fiscal year.

The District-wide financial statements are presented using the economic resources measurement focus, which emphasizes the determination of net income and expense on the accrual basis of accounting, as are the accompanying proprietary fund statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



Proprietary funds or business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of inter-fund activity has been eliminated from the District-wide financial statements. Exceptions to this rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Below is a summarized comparison of the District's Statement of Net Position and Statement of Activities:

**TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
<b>Current assets</b>						
Cash and investments	\$ 43,940,022	\$ 43,911,056	\$ 5,521,444	\$ 4,980,510	\$ 49,461,466	\$ 48,891,566
Other	8,024,480	7,337,132	536,320	751,283	8,560,800	8,088,415
<b>Total current assets</b>	<b>51,964,502</b>	<b>51,248,188</b>	<b>6,057,764</b>	<b>5,731,793</b>	<b>58,022,266</b>	<b>56,979,981</b>
<b>Noncurrent assets</b>						
Capital assets, net	98,039,496	98,117,051	1,417,080	1,231,722	99,456,576	99,348,773
Other noncurrent assets	-	134,178	-	-	-	134,178
<b>Total noncurrent assets</b>	<b>98,039,496</b>	<b>98,251,229</b>	<b>1,417,080</b>	<b>1,231,722</b>	<b>99,456,576</b>	<b>99,482,951</b>
<b>Total assets</b>	<b>150,003,998</b>	<b>149,499,417</b>	<b>7,474,844</b>	<b>6,963,515</b>	<b>157,478,842</b>	<b>156,462,932</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	8,859,601	8,949,928	560,318	996,607	9,419,919	9,946,535
Accrued interest payable	457,354	570,230	-	-	457,354	570,230
General obligation bonds payable, current portion	6,110,000	5,605,000	-	-	6,110,000	5,605,000
Other current liabilities	8,555,754	6,806,452	50,000	89,900	8,605,754	6,896,352
<b>Total current liabilities</b>	<b>23,982,709</b>	<b>21,931,610</b>	<b>610,318</b>	<b>1,086,507</b>	<b>24,593,027</b>	<b>23,018,117</b>
<b>Noncurrent liabilities</b>						
General obligation bonds payable, net	16,406,457	22,639,181	-	-	16,406,457	22,639,181
Accrued compensated absences	1,542,695	1,846,481	-	-	1,542,695	1,846,481
Post employment benefits payable	14,808,248	12,526,049	-	-	14,808,248	12,526,049
<b>Total noncurrent liabilities</b>	<b>32,757,400</b>	<b>37,011,711</b>	<b>-</b>	<b>-</b>	<b>32,757,400</b>	<b>37,011,711</b>
<b>Total liabilities</b>	<b>56,740,109</b>	<b>58,943,321</b>	<b>610,318</b>	<b>1,086,507</b>	<b>57,350,427</b>	<b>60,029,828</b>
<b>Net position</b>						
Net investment in capital assets	75,523,039	69,872,870	1,417,080	1,231,722	76,940,119	71,104,592
Restricted	6,929,415	6,563,639	-	-	6,929,415	6,563,639
Unrestricted	10,811,435	14,119,587	5,447,446	4,645,286	16,258,881	18,764,873
<b>Total net position</b>	<b>\$ 93,263,889</b>	<b>\$ 90,556,096</b>	<b>\$ 6,864,526</b>	<b>\$ 5,877,008</b>	<b>\$ 100,128,415</b>	<b>\$ 96,433,104</b>

**TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,542,123	\$ 1,555,436	\$ 2,377,531	\$ 2,424,808	\$ 3,919,654	\$ 3,980,244
Federal grants	22,791,344	22,267,102	6,421,046	6,121,144	29,212,390	28,388,246
Other grants and contributions	9,449,772	9,896,297	145	250	9,449,917	9,896,547
General revenues:						
Property taxes	33,630,271	35,031,648	-	-	33,630,271	35,031,648
State aid	97,215,481	95,166,712	84,782	74,915	97,300,263	95,241,627
Other revenue from local sources	936,757	862,395	-	50	936,757	862,445
Interest and investment earnings	21,510	31,093	930	1,392	22,440	32,485
Gain on sales of capital assets	-	-	23,740	-	23,740	-
Miscellaneous	-	918,495	-	-	-	918,495
Total revenues	<u>165,587,258</u>	<u>165,729,178</u>	<u>8,908,174</u>	<u>8,622,559</u>	<u>174,495,432</u>	<u>174,351,737</u>
Expenses:						
Instruction	100,833,362	100,271,261	-	-	100,833,362	100,271,261
Instructional support	3,847,028	3,606,203	-	-	3,847,028	3,606,203
Student support	15,855,134	15,811,285	-	-	15,855,134	15,811,285
General administration	2,506,198	2,097,036	-	-	2,506,198	2,097,036
School administration	8,137,861	7,657,041	-	-	8,137,861	7,657,041
Business support	1,764,183	2,179,087	-	-	1,764,183	2,179,087
Plant and maintenance	16,571,866	14,564,112	-	-	16,571,866	14,564,112
Transportation	4,622,751	3,900,737	-	-	4,622,751	3,900,737
Central support services	4,612,169	4,609,356	-	-	4,612,169	4,609,356
Other support	101,254	148,319	-	-	101,254	148,319
Student activities	1,035,150	1,057,041	-	-	1,035,150	1,057,041
Risk management	-	-	-	-	-	-
Interest on long-term debt	1,195,234	1,385,069	-	-	1,195,234	1,385,069
Vocational School	-	-	1,031,148	2,017,639	1,031,148	2,017,639
Food Service	-	-	7,676,811	7,381,205	7,676,811	7,381,205
Other business-type activities	-	-	1,009,972	743,643	1,009,972	743,643
Total expenses	<u>161,082,190</u>	<u>157,286,547</u>	<u>9,717,931</u>	<u>10,142,487</u>	<u>170,800,121</u>	<u>167,429,034</u>
Increase (decrease) in net position before transfers	4,505,068	8,442,631	(809,757)	(1,519,928)	3,695,311	6,922,703
Transfers	(1,797,275)	(1,977,599)	1,797,275	1,977,599	-	-
Change in net position	2,707,793	6,465,032	987,518	457,671	3,695,311	6,922,703
Net position, beginning	90,556,096	84,091,064	5,877,008	5,419,337	96,433,104	89,510,401
Net position, ending	<u>\$ 93,263,889</u>	<u>\$ 90,556,096</u>	<u>\$ 6,864,526</u>	<u>\$ 5,877,008</u>	<u>\$ 100,128,415</u>	<u>\$ 96,433,104</u>

**FUND FINANCIAL STATEMENTS**

Governmental fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is an accounting device and considered to be a separate accounting entity, and is used to keep track of specific sources of funding and spending for a particular purpose. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Funds are used to ensure and demonstrate compliance with financial related legal requirements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in assets and fund balance as a measure of available spendable resources. This means only current liabilities are generally included on their balance sheets. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

**District’s Major Governmental Funds:**

1. General Fund – Used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.
2. K-12 At-Risk Fund – Used to account for revenues and expenditures related to the education and services for at-risk children within the District.
3. Special Education Fund – Used to account for the revenues and expenditures related to the education and services for District’s special needs programs.
4. Capital Outlay – Used to account for revenues that are primarily utilized for the acquisition, construction, repair, and remodeling of the District’s buildings and facilities.
5. USDE Pass Through Fund – Used to account for the revenues and expenditures related to federal grant programs funded by the United States Department of Education.

**District’s Major Proprietary Funds—Business Type Activities:**

1. Textbook/Study Material Revolving—Receives money collected from the District’s students for the rental of class textbooks. This rental income is used to purchase replacement textbooks and new textbooks whenever new textbook adoptions are implemented. Some textbook rental fees are waived based on the student’s financial status. When this occurs the Board of education transfers funds from its General Fund to cover the cost of the waived fee, so that the integrity of the rental program is not affected.
2. Food Service – Established pursuant to state law to account for all monies received and expenses attributable to the District’s breakfast and lunch programs.

**SUPPLEMENTAL FINANCIAL SCHEDULES:**

Kansas statutes require that each year the District must provide overseeing state agencies with an audited set of financial statements. Thus, the data presented in the District-wide and Fund financial statements is converted to the budget basis of accounting and provided as supplemental schedules.

Each individual school maintains its activity funds to handle funds raised and expended by its various student groups. These funds are held and controlled by the District for the purpose for which they were raised. Separate supplemental financial statements covering these funds are included in the packet of financial statements.

A separate schedule on federal grants received by the District is also included to assist those outside the District in monitoring the proper handling of grants awarded to the District.

## **FINANCIAL STATEMENTS ANALYSIS:**

As noted earlier, net position may serve over time as a useful indicator of a governmental organization's financial position. In the case of the District, governmental activities' assets exceeded liabilities by \$93,263,889 at the close of the most recent fiscal year; business type activities' assets exceeded liabilities by \$6,864,526 at the close of the most recent fiscal year. For both types of activities combined, the District's net position increased by \$3,695,311 or roughly 3.8% increase.

The noncurrent portion of the District's total assets, net of depreciation, (63.2%, down 0.6% from fiscal year 2012) reflects its past investment in capital assets (e.g., land, buildings and equipment), minus any related debt used to acquire those assets that is still outstanding and accumulated depreciation. The change reflects the continued retiring of bonded debt while normal depreciation reduced the District's net value of its depreciable assets and the large investment in long-term assets. The most notable investment was the enlarging of two elementary schools during the year. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

1. The District's total assets (net of depreciation) increased by \$1,015,910 (0.65%) during fiscal year 2013. This increase in assets comes on the heels of a slight decrease last year. The \$1,015,910 reflects the construction of 2 elementary school expansions that were funded with the Capital Outlay mill levy, instead the issuance of debt. Current assets increased by \$1,042,285 as current assets on hand began its recovery as construction costs associated with expanding and equipping the two schools began to decrease. This year's change reflects the actions taken by the District in dealing with and preparing for reduced and unstable/reliable funding in the future. The District's cash and investments increased \$569,900 as a result of this year's activity. The large increase in cash and investments reflects the District's efforts to provide funding for construction projects without increasing the load on taxpayers through a mill levy increase. The two projects costing in the neighborhood of \$16,000,000 were completed and paid out of the District's reserves were completed shortly after the beginning of the fiscal year.
2. The District's non-current liabilities decreased \$4,254,311 during the year ended June 30, 2013. This reflects the maturing of outstanding bonded debt. The year-end balance of \$22,516,457 in long-term bonded debt was only 3.7% of the District's assessed valuation. Kansas Statutes set a debt limit for school districts at 14% of the district's assessed valuation. To issue bonds for more than the 14% limit requires approval from the State Board of Education. Thus, USD 501 had over \$65,573,614 of long-term debt authority available and unused as of year-end June 30, 2013. Please refer to the notes to financial statements for additional information on long-term debt.

3. Total liabilities decreased by \$2,679,401 (4.5%). This reflects the aggressive scheduled retirement of general obligation bonds. However, the District's Post Retirement Benefits liability increased \$2,282,199. That increase partially mitigated the effect of the bonded debt reduction. The increase in the Post Retirement Benefits Liability reflects the District's continued early retirement program design to address on-going budget cuts.
4. Combined current and non-current accrued compensated absences decreased from \$2,845,095 in 2012 to \$2,608,497 at year ended June 30, 2013. This reflects the continued downsizing/early retirement initiatives undertaken in FY-2011 and an increased reliance on temporary employment services.
5. The District's Total-Debt-to-Total-Assets ratio for 2013 is 36.4% (down 5.0%), which means the District's debt represents about 36.4% of its total assets. This would indicate that the District has financed a large portion of their asset acquisitions from current operations rather than via debt.
6. The District's Bonded-Debt-To-Capital Assets ratio on June 30, 2013 was 22.6%. Thus, the District's Capital assets-net of depreciation was 4.4 times the bonded debt of the District. The District's adopted aggressive bond/long-term debt repayment scheme continues to reduce the outstanding debt at a rate well in excess of the rate of depreciation applied to the District's capital assets. The retirement of \$5,727,724 in bonded debt during the year resulted in the Bonded-Debt-To-Capital Assets Ratio dropping 5.8% from 28.4% on June 30, 2013.
7. The Statement of Activities provides some detail into the \$3,695,311 increase in net position the District saw in 2013. The District saw its revenues increase \$143,695. This increase resulted from decreased property tax collections of \$1,401,377, and a decrease in gains on the sale of capital assets of \$894,755. These two substantial decreases were mostly offset by an increase in State aid of \$2,058,636. The \$143,695 increase in revenue coupled with a \$3,371,087 increase in expenses caused the District's growth in net position to be \$3,227,392 less than in the prior year, but still a positive \$3,695,311 for fiscal year 2013.
8. Revenue from property taxes decreased 4.0% and yielded \$1,401,377 less tax revenue than in 2012. The decrease cannot be attributed to the District reducing its mill levy as it actual increase by 0.016 mills. The District's assessed valuation did drop \$7,773,821, due mainly to statutory changes that exempted business equipment and machinery from taxation.
9. The District's Current Ratio fell slightly from 2.48 in 2012 to 2.36 in 2013. Since the current ratio is a measure of an entity's ability to meet its current obligations on time and to have funds readily available for current operations, the current ratio of 2.36 is very good.
10. Another ratio similar to the current ratio is the "quick ratio". This ratio is similar to the current ratio but focuses more on cash and cash equivalents for the satisfaction of maturing debt. The District's quick ratio decreased from 2.13 in 2012 to 2.11 in 2013. The ratio indicates the District has cash or cash equivalents (not inventory) in excess of the amount needed to pay its currently maturing liabilities (2.11 times the amount). The slight decrease reflects the District's decision use its short-term investments to fund this year's capital improvements.

## Fund Financial Statement Analysis

1. General: Budget Authority granted the General Fund is based only on a district's "full time equivalent" (F.T.E.) student count. For FY-2013 the District's F.T.E. count was 23,614.6. Initially Kansas school districts saw a 1.35% funding increase as the legislature increased the Base State Aid Per Pupil amount increasing from \$4,374 per F.T.E. to \$4,433 per F.T.E.-- from FY-2008 to FY-2009. However, as the national financial crisis hit Kansas during the 2009 legislative session the BSAPP amount was reduced to \$4,400. This still resulted in an increase in budget authority for the District of \$565,029. For FY-2010 budgets were initially prepared and the school year started with the Base State Aid Per Pupil set at \$4,218. In December the State's economy forced the rate to fall \$206 per FTE to \$4,012. The net result was that the District had to conduct its operations with \$206 less per FTE than it planned and started the year with, for a total General Fund budget authority reduction of \$5,565,926. The District based its FY-2012 budget on a base state aid per pupil of \$3,780. In FY-2013, the Base State Aid Per Pupil was set at \$3,880. This further drop was offset in the District by an increase in At-Risk weighting.

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for FY-2011. This adoption resulted in the Supplemental General Fund, Inservice Education Fund, Summer School Fund, Pepsi Exclusivity Fund, Internal Service Reserve Fund, Sports Part Operations Fund, Payroll Liability Clearing Fund, Self-Insurance Reserve Fund, Risk Management Fund, and the Contingency Reserve Fund being combined with the General Fund on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. General Fund combining schedules are provided at the end of the financial statements.

Supplemental General Fund: The Kansas Legislature in 2006 increased the maximum level of budget authority in school districts' Supplemental General Funds from 27% of the General Fund to 31% of the General Fund. This District's Supplemental General Fund remained at the same 30% rate for FY-2013 that it utilized in FY-2008. Being 1% below the maximum allowed acts as a reserve for the District and would enable it to expand its budgets by over a total of \$900,000 if the need would ever arise. With the reduction in the Base State Aid Per Pupil in the General Fund, a flow through reduction to the Supplemental General Fund was avoided when the legislature allowed districts to base their Supplemental General Fund budget authority on a calculated General Fund amount calculated using the original \$4,433 Base State Aid Per Pupil.

2. K-12 AT-RISK Fund: During Fiscal Year 2011 the interpretation of what the proper utilization was for funds in the K-12 At-Risk fund was clarified in such a way that the District was required to transfer employee compensation expenses for its counselor from the K-12 At-Risk fund back to the General Fund. Since the K-12 At-Risk fund allows for the carrying over of unused funds from one fiscal year to another, the unused budget authority was allowed to remain in the fund for use in future years. This action is reflected in the \$1,935,076 fund balance at the end of fiscal year 2013. This amount of carryover was down \$515,922 from the fiscal year 2012 carryover balance.
3. USDE Pass Through Fund: This fund was created to account for federal grants from USDE. This fund normally has zero fund balance at the end of the fiscal year as grant revenue equals grant expenditures.

4. Special Education Fund: The State of Kansas increased funding for Special Education services for Fiscal Year 2011. Even with the increase the District is still required to transfer an additional \$3,304,304 from its Supplemental General Fund to the Special Education Fund to cover the costs associated with providing the required services.
  
5. Capital Outlay Fund: The District's mill levy to support the operations of the Capital Outlay Fund was increased from 5.403 mills to 5.492 mills in Fiscal Year 2013. The fund's revenue stream was enhanced as a result of a legislature in 2008 creating a state aid program to assist Kansas school districts in addressing their maintenance and repair needs. This District received \$1,243,197 in this type of assistance from the State. The Capital Improvement State Aid was repealed in 2009 and was not be available for the FY-2013 budget year. Thus, the need for an increase in the mill levy. Because of the severe economic conditions facing the District's taxpayers, the Board of Education decided to tighten its belt even more and voted to reduce the capital outlay mill levy in FY-2011. In FY-2012, the Board of Education voted to restore part of the capital outlay funding lost by the legislative action by increasing its capital outlay mill levy by 0.65 mills in FY-2012 and another 0.089 mills in FY-2013. The 10 largest capital outlay projects during FY-2013 are as follows:

Eisenhower Remodel	\$1,174,651.85
Lowman Hill Window Replacement	\$ 217,772.10
Hummer Sports Park Resurface Track	\$ 207,334.00
Landon Boiler Replacement	\$ 177,381.00
Milkbarn (Westar) Roof Replacement	\$ 129,300.00
Topeka High School Tuckpointing	\$ 123,479.00
Bishop Chiller Replacement	\$ 119,880.00
Topeka West 1 <sup>st</sup> Phase Steampipe Replacement	\$ 119,150.00
Highland Park High Wood Shop Remodel	\$ 116,700.00
Jardine RTU Replacement	\$ 88,244.00

6. Textbook Revolving Fund: On June 30<sup>th</sup> 2010 the Fund's balance reached \$3,434,188. On June 30, 2011, it dropped to \$1,363,934. This large decrease in the fund balance is a normal part of this fund's management. Textbooks are purchased on a 7 year adoption cycle. In some years the scheduled adoption costs only a few hundred thousand dollars. However, the massive literature adoption ran more than \$3,000,000 –six years ago. Thus, the need to accumulate at least that amount in anticipation of that adoption's return. Due to a large unexpected year-end transfer, the Fund's ending balance sat at \$3,359,681 at the end of FY-2013.
  
7. Food Service Fund: The District's Food Service operation finished the year with net gain of \$153,417. Over 76% of the Fund's student customers are eligible for free or reduced cost meals. The United States Department of Agriculture reimbursed the District \$2.9925 for every free meal provided. The State of Kansas also reimburses the food service fund \$.04 for all meals served. As long as the District's food service staff can keep the cost per meal below \$3.0325 the District should be able to show an annual gain from its food service operation.



### Budgetary Highlights

1. The District in FY-2013 saw its total state budgeted amount for all funds decrease from \$251,574,257 in FY-2012 to \$236,198,666 in FY-2013 for a \$15,375,591 decrease. The preponderance of that decrease was in the District's Capital Outlay Fund (\$10,850,447). The other large decrease came on the District's Special Reserve Fund (\$1,909,270) which reflects a one-time receipt of \$2,096,061 in fiscal year 2012. The Contingency Reserve Fund also decreased \$1,432,807 as funds were transferred to the Capital Outlay Fund to pay for additions at 2 elementary schools.
2. The Capital Outlay Fund's \$10,490,447 decrease in expenditures reflects the wrapping up of construction of two major elementary schools additions, and razing of the building at the Kanza Education and Science Park plus the remodeling of the Southard building for the Meals on Wheels program.

### Capital Assets and Debt Administration

1. The District decreased its long-term bonded debt load by \$5,605,000 during FY-2013. \$22,410,000 of bonded debt remains.

As noted above, the District expended money on several capital projects during the year. Please refer to the notes to the financial statements for information on capital assets.

This financial report is designed to provide a general overview of U.S.D. 501's finances for all those with an interest in District finances. Questions concerning any of the information provided in this report to requests for information should be addressed to the General Director of Fiscal Services, 624 SW 24<sup>th</sup> Street, Topeka, Kansas 66611-1294.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 43,940,022	\$ 5,521,444	\$ 49,461,466
Due from other governmental units	597,510	-	597,510
Accrued interest receivable	205	-	205
State aid receivables	7,194,485	-	7,194,485
Advances due from other funds	50,000	-	50,000
Internal balances	19,673	(19,673)	-
Inventory of materials and supplies	162,607	555,993	718,600
<b>Total current assets</b>	<b>51,964,502</b>	<b>6,057,764</b>	<b>58,022,266</b>
<b>Noncurrent assets:</b>			
Capital assets not being depreciated	6,581,088	-	6,581,088
Capital assets, net of accumulated depreciation	91,458,408	1,417,080	92,875,488
<b>Total noncurrent assets</b>	<b>98,039,496</b>	<b>1,417,080</b>	<b>99,456,576</b>
<b>Total assets</b>	<b>150,003,998</b>	<b>7,474,844</b>	<b>157,478,842</b>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	8,859,601	560,318	9,419,919
Advances due to other funds	-	50,000	50,000
Accrued interest payable	457,354	-	457,354
Estimated insurance claims	739,862	-	739,862
Payroll liabilities	6,544,673	-	6,544,673
Unearned revenue	205,417	-	205,417
General obligation bonds payable, current portion	6,110,000	-	6,110,000
Accrued compensated absences	1,065,802	-	1,065,802
<b>Total current liabilities</b>	<b>23,982,709</b>	<b>610,318</b>	<b>24,593,027</b>
<b>Noncurrent liabilities:</b>			
General obligation bonds payable, net	16,406,457	-	16,406,457
Accrued compensated absences	1,542,695	-	1,542,695
Postemployment benefits payable	14,808,248	-	14,808,248
<b>Total noncurrent liabilities</b>	<b>32,757,400</b>	<b>-</b>	<b>32,757,400</b>
<b>Total liabilities</b>	<b>56,740,109</b>	<b>610,318</b>	<b>57,350,427</b>
<b>Net position:</b>			
Net investment in capital assets	75,523,039	1,417,080	76,940,119
<b>Restricted for:</b>			
Debt service	2,952,663	-	2,952,663
Other	3,976,752	-	3,976,752
Unrestricted	10,811,435	5,447,446	16,258,881
<b>Total net position</b>	<b>\$ 93,263,889</b>	<b>\$ 6,864,526</b>	<b>\$ 100,128,415</b>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants		Governmental Activities	Business-type Activities	Total
			Federal Grants	Other Grants and Contributions			
Governmental activities:							
Instruction	\$ 100,833,362	\$ 1,542,123	\$ 22,791,344	\$ 9,449,772	\$ (67,050,123)		\$ (67,050,123)
Instructional support	3,847,028	-	-	-	(3,847,028)		(3,847,028)
Student support	15,855,134	-	-	-	(15,855,134)		(15,855,134)
General administration	2,506,198	-	-	-	(2,506,198)		(2,506,198)
School administration	8,137,861	-	-	-	(8,137,861)		(8,137,861)
Business support	1,764,183	-	-	-	(1,764,183)		(1,764,183)
Plant and maintenance	16,571,866	-	-	-	(16,571,866)		(16,571,866)
Transportation	4,622,751	-	-	-	(4,622,751)		(4,622,751)
Central support services	4,612,169	-	-	-	(4,612,169)		(4,612,169)
Other support	101,254	-	-	-	(101,254)		(101,254)
Student activities	1,035,150	-	-	-	(1,035,150)		(1,035,150)
Interest on long-term debt	1,195,234	-	-	-	(1,195,234)		(1,195,234)
<b>Total governmental activities</b>	<b>161,082,190</b>	<b>1,542,123</b>	<b>22,791,344</b>	<b>9,449,772</b>	<b>(127,298,951)</b>		<b>(127,298,951)</b>
Business-type activities:							
Textbook/study material	1,031,148	520,506	-	-		\$ (510,642)	(510,642)
Food service	7,676,811	991,821	6,421,046	-		(263,944)	(263,944)
Other business-type activities	1,009,972	865,204	-	145		(144,623)	(144,623)
<b>Total business-type activities</b>	<b>9,717,931</b>	<b>2,377,531</b>	<b>6,421,046</b>	<b>145</b>		<b>(919,209)</b>	<b>(919,209)</b>
<b>Total district (forward)</b>	<b>\$ 170,800,121</b>	<b>\$ 3,919,654</b>	<b>\$ 29,212,390</b>	<b>\$ 9,449,917</b>	<b>\$ (127,298,951)</b>	<b>\$ (919,209)</b>	<b>\$ (128,218,160)</b>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF ACTIVITIES  
(Continued)

Year Ended June 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Net (expense) revenue and changes in net position brought forward	\$ (127,298,951)	\$ (919,209)	\$ (128,218,160)
General revenues:			
Property taxes	33,630,271	-	33,630,271
State aid	97,215,481	84,782	97,300,263
Other revenue from local sources	936,757	-	936,757
Interest and investment earnings	21,510	930	22,440
Gain on sale of capital assets	-	23,740	23,740
Transfers, net	(1,797,275)	1,797,275	-
Total general revenues and transfers	130,006,744	1,906,727	131,913,471
Change in net position	2,707,793	987,518	3,695,311
Net position, beginning of year	90,556,096	5,877,008	96,433,104
Net position, end of year	\$ 93,263,889	\$ 6,864,526	\$ 100,128,415

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

	General*
<u>ASSETS</u>	
Cash and investments	\$ 11,624,356
Due from other governmental units	-
Accrued interest receivable	-
State aid receivables	7,194,485
Inventory of materials and supplies	162,607
Due from other funds	50,000
Total assets	\$ 19,031,448
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,614,498
Payroll liabilities	6,544,673
Deferred revenue	-
Total liabilities	9,159,171
Fund balances:	
Nonspendable:	
Inventories	162,607
Restricted	-
Assigned	4,866,755
Unassigned	4,842,915
Total fund balances	9,872,277
Total liabilities and fund balances	\$ 19,031,448

\* See the General Fund Combining Balance Sheet on pages 79-80.

See accompanying notes to financial statements.

<u>K-12 At-Risk</u>	<u>Special Education</u>	<u>Capital Outlay</u>	<u>USDE Pass Through</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,303,821	\$ 4,231,769	\$ 11,456,605	\$ 1,250,919	\$ 9,544,687	\$ 41,412,157
-	-	-	402,383	195,127	597,510
-	-	205	-	-	205
-	-	-	-	-	7,194,485
-	-	-	-	-	162,607
-	-	-	-	-	50,000
<u>\$ 3,303,821</u>	<u>\$ 4,231,769</u>	<u>\$ 11,456,810</u>	<u>\$ 1,653,302</u>	<u>\$ 9,739,814</u>	<u>\$ 49,416,964</u>
\$ 1,368,745	\$ 1,258,827	\$ 1,622,054	\$ 1,537,294	\$ 458,183	\$ 8,859,601
-	-	-	-	-	6,544,673
-	-	-	116,008	89,409	205,417
<u>1,368,745</u>	<u>1,258,827</u>	<u>1,622,054</u>	<u>1,653,302</u>	<u>547,592</u>	<u>15,609,691</u>
-	-	-	-	-	162,607
1,000,782	-	-	-	6,385,987	7,386,769
934,294	2,972,942	9,834,756	-	2,806,235	21,414,982
-	-	-	-	-	4,842,915
<u>1,935,076</u>	<u>2,972,942</u>	<u>9,834,756</u>	<u>-</u>	<u>9,192,222</u>	<u>33,807,273</u>
<u>\$ 3,303,821</u>	<u>\$ 4,231,769</u>	<u>\$ 11,456,810</u>	<u>\$ 1,653,302</u>	<u>\$ 9,739,814</u>	<u>\$ 49,416,964</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2013

Total fund balances - governmental funds		\$ 33,807,273
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 \$ 204,337,630 and the accumulated depreciation is \$ (106,298,134).		
		98,039,496
Internal service funds are used by the District to charge the costs of dental insurance, worker's compensation and prescription drugs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		1,807,676
Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2013 are:		
General obligation bonds payable	\$ (22,410,000)	
Deferred charge on refunding	211,593	
Unamortized bond premium	(318,050)	
Accrued interest payable	(457,354)	
Accrued compensated absences (sick pay and vacation)	(2,608,497)	
Post employment benefits	(14,808,248)	(40,390,556)
Total net position - governmental activities		\$ 93,263,889

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2013

	General*
Revenues:	
Property taxes	\$ 25,297,403
Local sources	63,937
Charges for services	301,248
State aid	58,820,736
Federal aid	119,923
Interest	3,915
On behalf payments:	
KPERs	-
Miscellaneous	548,224
	85,155,386
Total revenues	85,155,386
Expenditures:	
Instruction	30,691,893
Student support	4,452,445
Instructional support	2,852,589
General administration	2,084,944
School administration	7,024,326
Business support	1,830,025
Plant and maintenance	10,881,509
Transportation	1,979,151
Central support services	5,012,687
Other support	101,254
Student activities	8,114
On behalf expenditures:	
KPERs	-
Debt service:	
Principal	-
Interest	-
Facilities acquisition and construction	23,066
	66,942,003
Total expenditures	66,942,003
Excess (deficiency) of revenues over expenditures	18,213,383
Other financing sources (uses):	
Transfers in	-
Transfers out	(19,933,872)
Sale of capital assets	-
Insurance reimbursements	482,049
	(1,238,440)
Net change in fund balances	(1,238,440)
Fund balance, beginning of year	11,110,717
Fund balance, end of year	\$ 9,872,277

\* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on pages 81-82.

See accompanying notes to financial statements.



At-Risk K-12	Special Education	Capital Outlay	USDE Pass Through	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,538,962	\$ -	\$ 4,793,906	\$ 33,630,271
-	-	-	-	872,820	936,757
-	420	145,095	-	1,014,630	1,461,393
17,531,799	14,924,964	-	-	5,937,982	97,215,481
-	5,236,603	-	13,374,393	3,621,395	22,352,314
-	-	12,142	-	848	16,905
-	-	-	-	8,863,533	8,863,533
-	9,771	-	-	14,191	572,186
<u>17,531,799</u>	<u>20,171,758</u>	<u>3,696,199</u>	<u>13,374,393</u>	<u>25,119,305</u>	<u>165,048,840</u>
17,946,250	19,653,312	592,980	9,603,787	7,773,953	86,262,175
3,007	6,574,285	-	3,726,117	1,008,957	15,764,811
-	726,590	-	-	219,336	3,798,515
-	-	-	-	413,387	2,498,331
98,485	723,430	-	-	46,269	7,892,510
(21)	7,140	(284,860)	-	196,433	1,748,717
-	372,706	2,003,922	-	320,427	13,578,564
-	1,928,068	-	-	710,685	4,617,904
-	-	1,458,143	-	252,154	6,722,984
-	-	-	-	-	101,254
-	-	-	-	1,027,036	1,035,150
-	-	-	-	8,863,533	8,863,533
-	-	-	-	5,605,000	5,605,000
-	-	-	-	1,296,656	1,296,656
-	-	4,712,473	44,489	-	4,780,028
<u>18,047,721</u>	<u>29,985,531</u>	<u>8,482,658</u>	<u>13,374,393</u>	<u>27,733,826</u>	<u>164,566,132</u>
(515,922)	(9,813,773)	(4,786,459)	-	(2,614,521)	482,708
-	7,923,368	5,400,000	-	5,124,326	18,447,694
-	-	-	-	(13,822)	(19,947,694)
-	-	14,054	-	-	14,054
-	-	50,428	-	-	532,477
<u>(515,922)</u>	<u>(1,890,405)</u>	<u>678,023</u>	<u>-</u>	<u>2,495,983</u>	<u>(470,761)</u>
<u>2,450,998</u>	<u>4,863,347</u>	<u>9,156,733</u>	<u>-</u>	<u>6,696,239</u>	<u>34,278,034</u>
<u>\$ 1,935,076</u>	<u>\$ 2,972,942</u>	<u>\$ 9,834,756</u>	<u>\$ -</u>	<u>\$ 9,192,222</u>	<u>\$ 33,807,273</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

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

Year Ended June 30, 2013

Net change in fund balances - governmental funds	\$ (470,761)
The change in net position reported for governmental activities in the statement of activities is different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$ 4,627,747) is less than capital outlays (\$ 4,977,423).	349,676
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(427,231)
Bond proceeds and premiums are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments:	
General obligation bonds	5,605,000
Governmental funds report the effect of issue costs, premiums, discounts and similar items when debt is issued. These amounts are deferred and amortized in the statement of activities.	(11,454)
Internal service funds are used by the District to charge the costs of prescription drug plans, dental insurance and worker's compensation insurance to individual funds.	(404,712)
Due to the difference between accrual and modified accrual basis of accounting some expenses recorded in the statement of activities are recorded in different periods in the governmental funds. These expenses include compensated absences, other post employment benefits, and accrued interest payable.	<u>(1,932,725)</u>
Change in net position of governmental activities	<u>\$ 2,707,793</u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2013

	<u>Textbook/Study Material Revolving</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 3,459,405
Inventory of supplies and materials, at cost	383,585
Total current assets	3,842,990
Noncurrent assets:	
Furniture, fixtures and equipment	-
Less accumulated depreciation	-
Total assets	\$ 3,842,990
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 483,309
Due to other funds	-
Estimated insurance claims	-
Total liabilities	483,309
Net position:	
Investment in capital assets	-
Unrestricted	3,359,681
Total net position	3,359,681
Total liabilities and net position	\$ 3,842,990

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 2,119,787	\$ (57,748)	\$ 5,521,444	\$ 2,527,865
172,408	-	555,993	-
2,292,195	(57,748)	6,077,437	2,527,865
3,460,530	24,729	3,485,259	-
(2,054,374)	(13,805)	(2,068,179)	-
<u>\$ 3,698,351</u>	<u>\$ (46,824)</u>	<u>\$ 7,494,517</u>	<u>\$ 2,527,865</u>
\$ 77,009	\$ -	\$ 560,318	\$ -
-	50,000	50,000	-
-	-	-	739,862
<u>77,009</u>	<u>50,000</u>	<u>610,318</u>	<u>739,862</u>
1,406,156	10,924	1,417,080	-
2,215,186	(107,748)	5,467,119	1,788,003
3,621,342	(96,824)	6,884,199	1,788,003
<u>\$ 3,698,351</u>	<u>\$ (46,824)</u>		<u>\$ 2,527,865</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(19,673)	
Net position of business-type activities		<u>\$ 6,864,526</u>	

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

Year Ended June 30, 2013

	Textbook/Study Material Revolving
Operating revenues:	
Charges for services	\$ 520,506
Other	-
Total operating revenues	520,506
Operating expenses:	
Instruction	1,035,034
Student support services	-
Instructional support	-
School administration	-
Business support	(3,952)
Central support services	-
Plant and maintenance	-
Depreciation	-
Transportation	-
Architecture/engineering	-
Food service support	-
Other	66
Total operating expenses	1,031,148
Operating income (loss)	(510,642)
Nonoperating revenues (expenses):	
Gain on disposal of capital assets	-
Interest	930
State grants	-
Federal grants	-
Total nonoperating revenues (expenses)	930
Income (loss) before transfers	(509,712)
Capital contributions	-
Transfers in	1,500,000
Change in net position	990,288
Net position, beginning of year	2,369,393
Net position, end of year	\$ 3,359,681

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 991,821	\$ 865,204	\$ 2,377,531	\$ 4,358,293
-	145	145	80,730
<u>991,821</u>	<u>865,349</u>	<u>2,377,676</u>	<u>4,439,023</u>
-	(67,257)	967,777	-
3,617	36,740	40,357	-
-	5,158	5,158	-
-	16,084	16,084	-
195,562	-	191,610	160,062
-	-	-	5,147,861
102,030	46,639	148,669	-
132,913	528	133,441	-
12,191	-	12,191	-
25,372	-	25,372	-
7,158,041	741,244	7,899,285	14,751
11,781	230,836	242,683	-
<u>7,641,507</u>	<u>1,009,972</u>	<u>9,682,627</u>	<u>5,322,674</u>
<u>(6,649,686)</u>	<u>(144,623)</u>	<u>(7,304,951)</u>	<u>(883,651)</u>
-	23,740	23,740	-
-	-	930	4,605
84,782	-	84,782	296,653
6,421,046	-	6,421,046	142,377
<u>6,505,828</u>	<u>23,740</u>	<u>6,530,498</u>	<u>443,635</u>
<u>(143,858)</u>	<u>(120,883)</u>	<u>(774,453)</u>	<u>(440,016)</u>
297,275	-	297,275	-
-	-	1,500,000	-
153,417	(120,883)	1,022,822	(440,016)
<u>3,467,925</u>	<u>24,059</u>		<u>2,228,019</u>
<u>\$ 3,621,342</u>	<u>\$ (96,824)</u>		<u>\$ 1,788,003</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(35,304)	
Change in net position of business-type activities		<u>\$ 987,518</u>	

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended June 30, 2013

	Textbook/Study Material Revolving
Cash flows from operating activities:	
Received from user charges	\$ 520,506
Received from other sources	-
Payments to employees for services	-
Payments to suppliers for goods and services	(1,416,103)
Net cash used in operating activities	(895,597)
Cash flows from noncapital financing activities:	
Nonoperating grants received	-
Advances from other funds	-
Transfers from other funds	1,500,000
Net cash provided by (used in) noncapital financing activities	1,500,000
Cash flows from capital and related financing activities:	
Sales of capital assets	-
Purchase of capital assets	-
Net cash provided by (used in) noncapital financing activities	-
Cash flows from investing activities:	
Interest received	930
Net increase (decrease) in cash and cash equivalents	605,333
Cash and cash equivalents, beginning	2,854,072
Cash and cash equivalents, ending	\$ 3,459,405
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	\$ (510,642)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Inventory of supplies	128,095
Accounts payable	(513,050)
Estimated insurance claims	-
Net cash used in operating activities	\$ (895,597)

Capital contributions of capital assets of \$ 297,275 were received by the Food Service Fund from governmental activities.

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 991,821	\$ 865,204	\$ 2,377,531	\$ 4,358,293
-	145	145	80,730
(2,864,707)	(246,364)	(3,111,071)	(4,358,162)
(4,515,562)	(763,080)	(6,694,745)	(849,603)
(6,388,448)	(144,095)	(7,428,140)	(768,742)
6,505,828	-	6,505,828	439,030
-	(39,900)	(39,900)	-
-	-	1,500,000	-
6,505,828	(39,900)	7,965,928	439,030
-	23,740	23,740	-
(10,072)	(11,452)	(21,524)	-
(10,072)	12,288	2,216	-
-	-	930	4,605
107,308	(171,707)	540,934	(325,107)
2,012,479	113,959	4,980,510	2,852,972
\$ 2,119,787	\$ (57,748)	\$ 5,521,444	\$ 2,527,865
\$ (6,649,686)	\$ (144,623)	\$ (7,304,951)	\$ (883,651)
132,913	528	133,441	-
51,564	-	179,659	-
76,761	-	(436,289)	-
-	-	-	114,909
\$ (6,388,448)	\$ (144,095)	\$ (7,428,140)	\$ (768,742)



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	<u>Agency</u>
Assets:	
Cash	<u>\$ 463,115</u>
Liabilities:	
Due to student organizations	<u>\$ 463,115</u>

See accompanying notes to financial statements.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1 - Summary of Significant Accounting Policies

The financial statements of Topeka Public Schools, Unified School District No. 501 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the District are described below.

Reporting Entity

Topeka Public Schools, Unified School District No. 501 is a municipal corporation governed by an elected seven-member board. In evaluating the District's financial reporting entity, management has considered all potential component units and has determined there are no component units over which the District is financially accountable. Financial accountability is based primarily on nonoperational or financial relationships with the District (as distinct from legal relationships). These financial statements include all the accounts for which the District is considered to be financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and agency funds even though the latter are excluded from the government-wide financial statements. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the reporting period. Expenditures are recorded when the related fund liability is incurred, except for debt service payments, claims and judgments, and compensated absences, which are recognized as expenditures only when a payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources and uses.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

The District reports the following major governmental funds:

*General Fund* which is used to account for the general operations of the District and all unrestricted revenues and expenditures not required to be accounted for in other funds.

*K-12 At-Risk Fund* which is used to account for revenues and expenditures related to the education and services for at-risk children within the District.

*Special Education Fund* which is used to account for the revenues and expenditures related to the education and services for special education within the District.

*Capital Outlay Fund* which is used to account for revenues that are primarily utilized for the acquisition, construction, repair and remodeling of the District's buildings.

*USDE Pass Through Fund* which is used to account for the revenues and expenditures related to federal grants received from the United States Department of Education.

The District reports the following major enterprise funds:

*Textbook/Study Material Revolving* which is established pursuant to state law to account for all monies received and expended attributable to the District's textbook and study material programs.

*Food Service* which is established pursuant to state law to account for all monies received and expended attributable to the District's breakfast and lunch programs.

Additionally, the District reports the following fund types:

*Internal Service Funds.* These funds account for prescription drug plans, dental insurance and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

*Agency Funds.* These funds account for monies held for student organizations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to students for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted first, and then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Statement of Cash Flows

For the purposes of the statement of cash flows for the proprietary funds, cash and investments with an original maturity of three months or less are considered to be cash equivalents.

Inventory

Inventory is valued at the lower of cost, using the first-in, first-out (FIFO) method, or market. The cost is recorded as an expenditure at the time individual inventory items are purchased rather than when consumed.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets which include land, buildings, furniture, vehicles, fixtures, equipment and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. The District does not capitalize interest on the construction of capital assets.

The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are:

Buildings	50 years
Vehicles	15 years
Furniture	10 years
Equipment	10 years
Computers	6 years
Video and television equipment	6 years

Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

Under terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum of one and one-half years' vacation.

Employees are only compensated for unused sick leave upon death or retirement. The maximum amount of sick leave for which an employee may be compensated depends upon the individual's length of service but cannot exceed sixty days.

In the government-wide and proprietary financial statements, vacation leave is accrued when incurred and sick leave is accrued upon attaining eligibility for retirement. Liabilities for these amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

The District's net position is classified as follows:

Net investment in capital assets – This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net position – This includes resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted net position – This includes resources derived from charges for services, property taxes, state appropriations and interest. The resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the Board of Education to meet current expenses in accordance with approved budgets.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balance* – includes amounts that can only be used for specific purposes determined by a formal action (resolution) of the District’s highest level of decision-making authority, the District’s Board. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

*Assigned fund balance* – comprised of amounts intended to be used by the District for specific purposes that are neither restricted or committed. Intent is expressed by (1) the District’s Board or (2) a body or official to which the District’s Board has delegated the authority to assign amounts to be used for specific purposes (General Director of Fiscal Services).

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At June 30, 2013, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the District. The statements that might impact the District are as follows:

GASB Statements No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term “deferred” in financial statement presentations. In addition, debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. Accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements, if practical, for all periods presented.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued in June 2012. The objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and to enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement enhances decision-usefulness and accountability through new note disclosures and required supplementary information. This statement also improves the consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions. Additionally, this statement improves the comparability of reported pension information through changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for periods beginning after June 15, 2014.

2 - Budgetary Basis of Accounting

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Budgetary Basis of Accounting (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District had no budget amendments for the fiscal year ended June 30, 2013.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are usually evidenced by a purchase order or written contract.

The following governmental and proprietary funds have annual budgets that are legally adopted:

General	Vocational Education	Inservice Education
Supplemental General	Capital Outlay	Debt Service
Special Education	Special Liability	Parent Education
Food Service	KPERS Special Retirement	At-Risk (K-12)
Federal Grants	Contribution	At-Risk (4 year old)
Bilingual Education	Gifts and Grants	Summer School
Adult Basic Education	Special Assessments	Virtual Education

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Budgetary Basis of Accounting (Continued)

The following governmental and proprietary funds do not require a legally adopted annual budget:

Self-Insurance Reserve	Capital Projects	Prescription Drug Self-
Contingency Reserve	Risk Management	Insurance
Workers' Compensation	Textbook/Study Material	Payroll Liability Clearing
Dental Self-Insurance	Revolving	Internal Service Clearing
All District Activity Funds		

3 - Cash and Investments

*Credit risk.* Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool (MIP) and U.S. treasury bills and notes. The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is shown as cash and investments. In addition, certain cash and investments are separately held by some of the District's funds. At June 30, 2013 and throughout the year ended June 30, 2013, the District's cash and investments included certificates of deposit and the MIP. The MIP is overseen by the State of Kansas. The fair value of the District's position in the MIP is the same as the value of the pool shares. The credit rating for the pool at June 30, 2013 is AAf/S1+ (Standard & Poors). Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion.

*Custodial credit risk – deposits and investments.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. For an investment, custodial credit risk 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. Statutes require that collateral pledged must have a fair market value equal to 100% of the deposits (less insured amounts) and investments must be assigned for the benefit of the District. At June 30, 2013, the District's deposits were not exposed to custodial credit risk.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Cash and Investments (Continued)

*Interest rate risk.* Interest rate risk is the risk that changes in the interest rates may adversely affect the investment's fair value. The District does not have a policy to address interest rate risk.

As of June 30, 2013, maturities of the District's investments are as follows:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Municipal Investment Pool	\$ 38,522,944	\$ 38,522,944	\$ -	\$ -	\$ -

*Concentration of credit risk.* The District's investment policy does not place any limitations on the percentage of the District's total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds.

4 - Tax Revenue and Taxes Receivable

In accordance with Kansas statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. The district's property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the District. Property taxes are due in total by December 20 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

Assessed values are established by the Shawnee County appraiser's office. The assessed valuation at January 1, 2012 of the tangible, taxable property for purposes of local taxation was \$ 528,470,120 for the general fund and \$ 604,097,132 in total.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Tax Revenue and Taxes Receivable (Continued)

The tax levy per \$ 1,000 of the November 1, 2012 levy of tangible, taxable property levied for district taxation was as follows by fund:

General	\$	20.000
Supplemental general		23.178
Capital outlay		5.492
Debt service		6.952
Adult education		0.201
Special liability		0.496
		0.496
	\$	56.319

5 - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities					
	Balance July 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,484,319	\$ -	\$ -	\$ -	\$ 5,484,319
Construction in progress	11,556,819	3,153,772	-	(13,613,822)	1,096,769
	17,041,138	3,153,772	-	(13,613,822)	6,581,088
<u>Capital assets, being depreciated:</u>					
Buildings	163,173,486	1,389,465	(945,050)	13,316,547	176,934,448
Furniture, fixtures and equipment	20,132,101	731,461	(41,468)	-	20,822,094
	183,305,587	2,120,926	(986,518)	13,316,547	197,756,542
Total capital assets, being depreciated	183,305,587	2,120,926	(986,518)	13,316,547	197,756,542
Less accumulated depreciation	(102,229,674)	(4,627,747)	559,287	-	(106,298,134)
	81,075,913	(2,506,821)	(427,231)	13,316,547	91,458,408
Total capital assets, being depreciated, net	81,075,913	(2,506,821)	(427,231)	13,316,547	91,458,408
	\$ 98,117,051	\$ 646,951	\$ (427,231)	\$ (297,275)	\$ 98,039,496

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

	Business-Type Activities				Balance June 30, 2013
	Balance July 1, 2012	Additions	Retirements	Transfers	
<u>Capital assets, not being depreciated:</u>					
Construction in progress	\$ 123,266	\$ -	\$ -	\$ (123,266)	\$ -
<u>Capital assets, being depreciated:</u>					
Furniture, fixtures and equipment	3,043,194	21,524	-	420,541	3,485,259
Less accumulated depreciation	(1,934,738)	(133,441)	-	-	(2,068,179)
Total capital assets, being depreciated net	1,108,456	(111,917)	-	420,541	1,417,080
	<u>\$ 1,231,722</u>	<u>\$ (111,917)</u>	<u>\$ -</u>	<u>\$ 297,275</u>	<u>\$ 1,417,080</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 3,277,216
Instructional support	18,310
School administration	190,885
Plant and maintenance	762,759
Central support services	378,577
	<u>378,577</u>

Total depreciation expense - governmental activities \$ 4,627,747

Business-type activities:

Food service	\$ 132,913
Other proprietary funds	528
	<u>528</u>

\$ 133,441

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
General obligation bonds paid with ad valorem taxes	\$ 28,015,000	\$ -	\$ 5,605,000	\$ 22,410,000	\$ 6,110,000
Add unamortized premium on bonds				318,050	
Less unamortized deferred refunding difference				(211,593)	
				<u>\$ 22,516,457</u>	
Post employment benefits	\$ 12,526,049	\$ 6,501,238	\$ 4,219,039	\$ 14,808,248	\$ -
Compensated absences	\$ 2,845,095	\$ 829,204	\$ 1,065,802	\$ 2,608,497	\$ 1,065,802

For governmental activities, the general fund is typically used to liquidate post employment benefits and compensated absences.

General Obligation Bonds

General obligation bonds consisted of the following at June 30, 2013:

Series	Date Issued	Final Scheduled Maturity	Original Principal Amount	Principal Amount Outstanding June 30, 2013	Interest Ranges
2005	4/1/2005	8/1/2015	\$ 19,850,000	\$ 8,960,000	4.0% to 5.0%
2007	3/1/2007	2/1/2016	16,020,000	13,450,000	4.0% to 5.0%
			<u>\$ 35,870,000</u>	<u>\$ 22,410,000</u>	



TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Liabilities (Continued)

General Obligation Bonds (Continued)

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

Year	Principal	Interest	Total
2014	\$ 6,110,000	\$ 1,025,906	\$ 7,135,906
2015	8,350,000	724,828	9,074,828
2016	7,950,000	347,500	8,297,500
Total	<u>\$ 22,410,000</u>	<u>\$ 2,098,234</u>	<u>\$ 24,508,234</u>

Bonded Indebtedness Limitation

Kansas statutes restrict the level of the authorized and outstanding bonded indebtedness of the District to not more than 14% of the assessed value of tangible, taxable property within the District.

At June 30, 2013, based on the assessed valuation of \$ 604,097,132, the general obligation limit of \$ 84,573,598 exceeds the District's bonded indebtedness by \$ 65,573,614, after consideration of \$ 3,410,016 available for debt service in the Debt Service Fund.

7 - State Aid

The District expended monies in excess of available cash in the General Fund. This was a result of the State of Kansas failing to make its final state aid payments before June 30, 2013. The District was instructed by the State Department of Education to expend the authorized budget for the year ended June 30, 2013 in accordance with Senate Bill 4. The balance of monies due the District from the State was received in July 2013.

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Retirement Benefits

KPERS

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired prior to June 30, 2009. KSA 74-49,210 establishes the KPERS member-employee contribution rate of 6% of covered salary for all employees hired after June 30, 2009. Member-employees' contributions are withheld by the District and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State of Kansas currently contributes 10.37% of covered payroll for July 1, 2012 to March 31, 2013 and 9.37% of covered payroll for April 1, 2013 to June 30, 2013. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2013, 2012 and 2011 were \$ 323,067,803, \$ 298,635,383 and \$ 253,834,044, respectively, equal to the statutorily required contributions for each year. During the year ended June 30, 2013, payments made by the State to KPERS on behalf of the District totaled \$ 8,863,533.

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Benefits

*Plan Description.* The District offers postemployment benefits to retired employees. The benefits are provided through a single employer defined benefit postemployment plan administered by the District. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The District's employee benefit plan provides the same medical, pharmacy and dental benefits to eligible retirees and their dependents as it does to active employees, until age 66 for administrators and age 65 for all other retirees. In addition, the District provides an early retirement incentive to eligible employees who retire before age 65 and a life insurance benefit through age 67 for administrators. The District pays the equivalent of the Base Plan premiums on behalf of retirees, and the retirees who have chosen the Buy-up plan pay the additional cost of the plan. Spouses pay 100% of the premiums. Full-time employees are eligible to retire at age 60 with at least 10 years of service with the District. Part-time employees are eligible to retire at age 60 with at least 15 years of service. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at 65. The plan does not issue a stand-alone financial report.

As of June 30, 2013, the District has approximately 250 employees who are eligible to receive early retirement benefits. The benefits vary based on the employee classification. Classified employees receive \$ 250 in cash and \$ 359 in health insurance or cash in lieu of health insurance monthly until their sixty-fifth birthday. Certified employees receive one-third of the certified base salary monthly and \$ 365 in health insurance monthly until their sixty-fifth birthday. Administrators receive \$ 1,200 a month in cash and \$ 359 in health insurance plus \$ 19 in life insurance on a monthly basis. General directors and above receive up to an additional \$ 768 per month. The District's contributions are financed on a pay-as-you-go basis. During the year ended June 30, 2013, payments to early retirees along with insurance benefits totaled approximately \$ 3,517,000. These amounts are reflected in general fund instruction and support services expenditures.

*Funding Policy.* The District provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs.

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Benefits (Continued)

The District appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In fiscal year 2013, the District contributed \$ 4,219,039 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB (other post employment benefit) 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 any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the District's annual OPEB cost for the year, the amount contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 6,799,037
Interest on amortized liability	250,521
Adjustment to the ARC	(548,320)
	6,501,238
Annual OPEB cost (expense)	6,501,238
Contributions made	(4,219,039)
	2,282,199
Increase in net OPEB obligation	2,282,199
Net OPEB obligation, July 1, 2012	12,526,049
	14,808,248
Net OPEB obligation, June 30, 2013	\$ 14,808,248

The premium rates for retirees are based on the blended experience of both younger active employees and older retirees. The difference between age-appropriate rates for the retirees and the group's rates comprises the District's implicit subsidy for post-employment benefits. The age-appropriate rates are derived by applying aging factors to the expected claims for the retirees. In future years, the District intends to continue subsidizing the premiums paid for retirees.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2012, 2011, 2010, 2009 and 2008 are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year Net OPEB Obligation</u>
2013	\$ 6,501,238	\$ 4,219,039	64.90%	\$ 14,808,248
2012	\$ 6,532,355	\$ 5,223,487	79.96%	\$ 12,526,049
2011	\$ 6,941,605	\$ 5,484,765	79.01%	\$ 11,217,181

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 59,665,538. The District's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 59,665,538. The covered payroll (annual payroll of active employees covered by the plan) was \$ 92,629,011, and the ratio of the UAAL to the covered payroll was 64.4 percent.

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. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress will present in time, multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing 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 plan members) and include the types of benefits provided at the time of 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 actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Benefits (Continued)

In the June 30, 2012 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 2 percent investment rate of return (net of administrative expenses), which is the expected rate of investment return on the District's assets, and an annual health care cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. The UAAL is being amortized using the level dollar of projected payroll method over a period of 30 years with the remaining amortization period of 30 years. The amortization period used is open.

10 - Interfund Transactions

A summary of transfers for the year is as follows:

Transfers to	Transfers from		Total
	General Fund	Other Nonmajor Governmental Funds	
Governmental funds:			
Special education	\$ 7,923,368	\$ -	\$ 7,923,368
Capital outlay	5,400,000	-	5,400,000
Other nonmajor funds	5,110,504	13,822	5,124,326
	18,433,872	13,822	18,447,694
Proprietary funds:			
Textbook/Study material	1,500,000	-	1,500,000
	<u>\$ 19,933,872</u>	<u>\$ 13,822</u>	<u>\$ 19,947,694</u>

Transfers are used to move unrestricted monies to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grants and to close out finished capital project funds.

At June 30, 2013, \$ 50,000 is due from other nonmajor proprietary funds to the general fund for advances made during the prior year.

TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Commitments and Contingencies

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omission; injuries to employees and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than those relating to workers' compensation, dental, and prescription drugs. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

Self-Insurance Funds

The District has established internal service funds for self insured worker's compensation, dental insurance, and prescription drugs. The worker's compensation program began in July 1993, the dental insurance program began in September 2005, and the prescription drug plan began in 2007 for District employees.

Funds are accumulated for payment of claims and insurance premiums through charges to the District's funds. Currently, the District is funding the Worker's Compensation Reserve Fund with annual contributions of approximately \$ 1,000,000. The dental and prescription self-insured funds are funded with contributions made during each payroll period from the employer and the employees. All plans are administered by a third party, which accumulates claims. During 2013, the District's maximum responsibility for payment of worker's compensation benefits was \$ 500,000 per occurrence (\$ 1,000,000 in aggregate). The District's maximum responsibility for payment of dental insurance benefits was \$ 1,500 per year. There is no maximum for prescription benefits. The District purchases commercial insurance for claims in excess of the maximum and for all other risks of loss. The claims liability at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Commitments and Contingencies (Continued)

Self-Insurance Funds (Continued)

The claims liability of \$ 739,862 is included in the governmental funds column of the statement of net position as estimated insurance claims. Changes in the claims liability for the years ended June 30, 2013 and 2012 were:

	Beginning of Year Liability	Change in Estimate	Claims and Premium Payments	End of Year Liability
2013	\$ 624,953	\$ 702,168	\$ 587,259	\$ 739,862
2012	\$ 483,477	\$ 660,425	\$ 518,949	\$ 624,953

No amounts have been reflected in the financial statements for dental insurance claims liability and prescription drug claims liability as of June 30, 2013.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenditures, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to not be material to the financial statements.

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.



TOPEKA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Commitments and Contingencies (Continued)

Encumbrances

The District uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At June 30, 2013, the District's recorded encumbrances in governmental funds were as follows:

General	\$ 1,050,664
At-risk K-12	2,410
Capital outlay	2,680,887
Special education	98,484
Other nonmajor governmental funds	<u>201,016</u>
	<u><u>\$ 4,033,461</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
FUNDS INCLUDED IN THE COMBINED GENERAL FUND (BUDGET BASIS)

Year Ended June 30, 2013

	General			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 67,625	\$ 67,625	\$ 200,136	\$ 132,511
Current	9,491,894	9,491,894	9,649,862	157,968
Delinquent	268,620	268,620	282,932	14,312
Intergovernmental:				
State and local	81,739,249	81,739,249	78,788,275	(2,950,974)
Reimbursed expenses	-	-	459,172	459,172
Total revenues	<u>91,567,388</u>	<u>91,567,388</u>	<u>89,380,377</u>	<u>(2,187,011)</u>
Expenditures:				
Current:				
Instruction	34,534,919	34,534,919	28,730,214	(5,804,705)
Support services	31,516,691	31,516,691	30,249,821	(1,266,870)
Budget adjustment to comply with legal max	-	(1,751,280)	-	1,751,280
Total expenditures subject to budget	<u>66,051,610</u>	<u>64,300,330</u>	<u>58,980,035</u>	<u>(5,320,295)</u>
Expenditures not subject to budget:				
Reimbursed expenses	-	-	459,172	459,172
Total expenditures	<u>66,051,610</u>	<u>64,300,330</u>	<u>59,439,207</u>	<u>(4,861,123)</u>
Excess of revenues over expenditures	25,515,778	27,267,058	29,941,170	2,674,112
Other financing sources and uses:				
Transfers in	1,600,000	1,600,000	1,600,000	-
Transfers out	(27,115,778)	(27,115,778)	(32,436,073)	5,320,295
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	1,751,280	(894,903)	<u>\$ (2,646,183)</u>
Fund balances, beginning of year, budget basis	-	-	(5,510,883)	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ 1,751,280</u>	<u>(6,405,786)</u>	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2013			6,405,786	
Plus inventories at June 30, 2013			162,607	
Plus encumbrances outstanding at June 30, 2013			784,120	
Fund balance on the basis of GAAP - General Fund only			<u>946,727</u>	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Supplemental General			1,336,245	
Inservice Education			546,012	
Summer School			17,021	
Pepsi Exclusivity - included in gifts and grants			169,384	
Sports Park Operations - included in gifts and grants			712,010	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Internal Service Reserve			-	
Payroll Liability Clearing			-	
Self-insurance Reserve			1,331,929	
Risk Management Reserve			1,242,059	
Contingency Reserve			3,570,890	
			<u>\$ 9,872,277</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
FUNDS INCLUDED IN THE COMBINED GENERAL FUND (BUDGET BASIS)

Year Ended June 30, 2013

	Supplemental General			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 180,836	\$ 180,836	\$ 319,664	\$ 138,828
Current	13,629,578	13,629,578	14,437,310	807,732
Delinquent	386,684	386,684	407,497	20,813
Other	-	-	23,560	23,560
Intergovernmental:				
State and local	14,553,369	14,553,369	14,178,527	(374,842)
Total revenues	<u>28,750,467</u>	<u>28,750,467</u>	<u>29,366,558</u>	<u>616,091</u>
Expenditures:				
Current:				
Instruction	6,101,693	6,101,693	1,960,335	(4,141,358)
Support services	3,159,593	3,159,593	4,187,879	1,028,286
Adjustment to comply with legal max	-	(561,773)	-	561,773
Total expenditures	<u>9,261,286</u>	<u>8,699,513</u>	<u>6,148,214</u>	<u>(2,551,299)</u>
Excess of revenues over expenditures	19,489,181	20,050,954	23,218,344	3,167,390
Other financing uses:				
Transfers out	(21,740,267)	(21,740,267)	(24,291,566)	2,551,299
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(2,251,086)	(1,689,313)	(1,073,222)	<u>\$ 616,091</u>
Fund balances, beginning of year, budget basis	<u>2,251,086</u>	<u>2,251,086</u>	<u>1,394,891</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ 561,773</u>	321,669	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2013			788,699	
Plus encumbrances outstanding at June 30, 2013			<u>225,877</u>	
Fund balance on the basis of GAAP			<u>\$ 1,336,245</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
FUNDS INCLUDED IN THE COMBINED GENERAL FUND (BUDGET BASIS)

Year Ended June 30, 2013

	Summer School			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Tuition	\$ 30,000	\$ 30,000	\$ 32,614	\$ 2,614
Intergovernmental:				
Federal	70,000	70,000	-	(70,000)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>32,614</u>	<u>(67,386)</u>
Expenditures:				
Current:				
Instruction	207,018	207,018	122,140	(84,878)
Support services	8,773	8,773	9,771	998
Total expenditures	<u>215,791</u>	<u>215,791</u>	<u>131,911</u>	<u>(83,880)</u>
Excess (deficiency) of revenues over (under) expenditures	(115,791)	(115,791)	(99,297)	<u>\$ 16,494</u>
Fund balances, beginning of year, budget basis	<u>115,791</u>	<u>115,791</u>	<u>115,791</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	16,494	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2013			<u>527</u>	
Fund balance on the basis of GAAP			<u>\$ 17,021</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
FUNDS INCLUDED IN THE COMBINED GENERAL FUND (BUDGET BASIS)

Year Ended June 30, 2013

	Inservice Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 50,000	\$ 50,000	\$ 119,923	\$ 69,923
Interest	253	253	136	(117)
Total revenues	50,253	50,253	120,059	69,806
Expenditures:				
Current:				
Support services	400,000	400,000	241,761	(158,239)
Excess (deficiency) of revenues over (under) expenditures	(349,747)	(349,747)	(121,702)	228,045
Other financing sources:				
Transfers in	-	-	300,000	(300,000)
Excess (deficiency) of revenues over (under) expenditures and other financing sources	(349,747)	(349,747)	178,298	<u>\$ 528,045</u>
Fund balances, beginning of year, budget basis	349,747	349,747	349,748	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	528,046	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			17,966	
Fund balance on the basis of GAAP			<u>\$ 546,012</u>	

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL MAJOR BUDGETED  
SPECIAL REVENUE FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Special Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 4,332,000	\$ 4,332,000	\$ 5,236,603	\$ 904,603
State and local	12,000	12,000	15,102	3,102
Other	-	-	10,190	10,190
Total revenues	4,344,000	4,344,000	5,261,895	917,895
Expenditures:				
Current:				
Instruction	23,480,970	23,480,970	19,655,960	(3,825,010)
Support services	8,519,030	8,519,030	10,399,076	1,880,046
Total expenditures	32,000,000	32,000,000	30,055,036	(1,944,964)
Excess (deficiency) of revenues over (under) expenditures	(27,656,000)	(27,656,000)	(24,793,141)	2,862,859
Other financing sources:				
Transfers in	22,821,632	22,821,632	22,833,231	11,599
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(4,834,368)	(4,834,368)	(1,959,910)	<u>\$ 2,874,458</u>
Fund balances, beginning of year, budget basis	4,834,368	4,834,368	4,834,368	
Fund balances, end of year, budget basis	\$ -	\$ -	2,874,458	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			98,484	
Fund balance on the basis of GAAP			<u>\$ 2,972,942</u>	

(Continued)

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL MAJOR BUDGETED  
SPECIAL REVENUE FUNDS (BUDGET BASIS)

	At-Risk K - 12			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 19,876,685	\$ 19,876,685	\$ 17,942,015	\$ (1,934,670)
Support services	99,465	99,465	101,471	2,006
Total expenditures	19,976,150	19,976,150	18,043,486	(1,932,664)
Other financing sources:				
Transfers in	17,531,799	17,531,799	17,531,799	-
Excess (deficiency) of other financing sources over (under) expenditures	(2,444,351)	(2,444,351)	(511,687)	<u>\$ 1,932,664</u>
Fund balances, beginning of year, budget basis	2,444,351	2,444,351	2,444,353	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	1,932,666	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			2,410	
Fund balance on the basis of GAAP			<u>\$ 1,935,076</u>	



TOPEKA PUBLIC SCHOOLS  
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Schedule of Funding Progress

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2012	\$ -	\$ 59,665,538	\$ 59,665,538	0.0%	\$ 92,629,011	64.4%
6/30/2010	\$ -	\$ 60,546,932	\$ 60,546,932	0.0%	\$ 96,219,194	63.0%
6/30/2008	\$ -	\$ 55,824,514	\$ 55,824,514	0.0%	\$ 95,116,898	58.7%

**SUPPLEMENTARY INFORMATION**

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL MAJOR BUDGETED  
CAPITAL PROJECTS FUNDS (BUDGET BASIS)

	Capital Outlay			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 38,619	\$ 38,619	\$ 68,267	\$ 29,648
Current	3,314,130	3,314,130	3,366,456	52,326
Delinquent	82,579	82,579	104,240	21,661
Interest	-	-	12,502	12,502
Other	-	-	145,095	145,095
Total revenues	<u>3,435,328</u>	<u>3,435,328</u>	<u>3,696,560</u>	<u>261,232</u>
Expenditures:				
Current:				
Instruction	1,641,664	1,641,664	421,915	(1,219,749)
Support services	1,064,794	1,064,794	3,685,879	2,621,085
Facilities acquisition and construction	8,095,062	8,095,062	3,665,777	(4,429,285)
Total expenditures	<u>10,801,520</u>	<u>10,801,520</u>	<u>7,773,571</u>	<u>(3,027,949)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,366,192)</u>	<u>(7,366,192)</u>	<u>(4,077,011)</u>	<u>3,289,181</u>
Other financing sources:				
Transfers in	1,600,000	1,600,000	5,400,000	3,800,000
Sales of capital assets	-	-	14,054	14,054
Insurance reimbursements	-	-	50,428	50,428
Total other financing sources	<u>1,600,000</u>	<u>1,600,000</u>	<u>5,464,482</u>	<u>3,864,482</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(5,766,192)</u>	<u>(5,766,192)</u>	<u>1,387,471</u>	<u>\$ 7,153,663</u>
Fund balances, beginning of year, budget basis	<u>5,766,192</u>	<u>5,766,192</u>	<u>5,766,193</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>7,153,664</u>	
Reconciliation to GAAP				
Plus receivables at June 30, 2013			205	
Plus encumbrances outstanding at June 30, 2013			<u>2,680,887</u>	
Fund balance on the basis of GAAP			<u>\$ 9,834,756</u>	

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL BUDGETED PROPRIETARY FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Food Service			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 5,499,032	\$ 5,499,032	\$ 6,421,046	\$ 922,014
State and local	67,242	67,242	84,782	17,540
Other	1,296,654	1,296,654	991,821	(304,833)
Total revenues	<u>6,862,928</u>	<u>6,862,928</u>	<u>7,497,649</u>	<u>634,721</u>
Expenditures:				
Current:				
Support services	278,210	278,210	312,257	34,047
Noninstructional services	8,555,458	8,555,458	7,124,994	(1,430,464)
Total expenditures	<u>8,833,668</u>	<u>8,833,668</u>	<u>7,437,251</u>	<u>(1,396,417)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,970,740)	(1,970,740)	60,398	<u>\$ 2,031,138</u>
Fund balances, beginning of year, budget basis	<u>1,970,740</u>	<u>1,970,740</u>	<u>1,970,989</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	2,031,387	
<u>Reconciliation to GAAP</u>				
Plus inventories at June 30, 2013			172,408	
Net adjustment for capitalization of assets			1,406,156	
Plus encumbrances outstanding at June 30, 2013			<u>11,391</u>	
Fund balance on the basis of GAAP			<u>\$ 3,621,342</u>	

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL BUDGETED DEBT SERVICE FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Debt Service			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 34,881	\$ 34,881	\$ 61,658	\$ 26,777
Current	4,109,878	4,109,878	4,178,940	69,062
Delinquent	74,586	74,586	98,272	23,686
Intergovernmental:				
State and local	2,830,499	2,830,499	2,829,679	(820)
Interest and other	-	-	850	850
Total revenues	<u>7,049,844</u>	<u>7,049,844</u>	<u>7,169,399</u>	<u>119,555</u>
Expenditures:				
Debt Service:				
Principal	5,605,000	5,605,000	5,605,000	-
Interest	1,298,656	1,298,656	1,296,656	(2,000)
Total expenditures	<u>6,903,656</u>	<u>6,903,656</u>	<u>6,901,656</u>	<u>(2,000)</u>
Excess (deficiency) of revenues over (under) expenditures	146,188	146,188	267,743	<u>\$ 121,555</u>
Fund balances, beginning of year, budget basis	<u>3,142,273</u>	<u>3,142,273</u>	<u>3,142,273</u>	
Fund balances, end of year, budget basis	<u>\$ 3,288,461</u>	<u>\$ 3,288,461</u>	<u>\$ 3,410,016</u>	

TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Special Liability			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 3,738	\$ 3,738	\$ 6,608	\$ 2,870
Current	299,528	299,528	304,400	4,872
Delinquent	7,993	7,993	6,466	(1,527)
Interest	100	100	70	(30)
Total revenues	311,359	311,359	317,544	6,185
Expenditures:				
Current:				
Support services	390,000	390,000	263,685	(126,315)
Excess (deficiency) of revenues over (under) expenditures	(78,641)	(78,641)	53,859	<u>\$ 132,500</u>
Fund balances, beginning of year, budget basis	165,020	165,020	165,022	
Fund balances, end of year, budget basis	<u>\$ 86,379</u>	<u>\$ 86,379</u>	218,881	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			<u>23,163</u>	
Fund balance on the basis of GAAP			<u>\$ 242,044</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Adult Basic Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 1,436	\$ 1,436	\$ 2,540	\$ 1,104
Current	127,221	127,221	129,540	2,319
Delinquent	3,072	3,072	5,478	2,406
Intergovernmental:				
Federal	110,000	110,000	96,956	(13,044)
State and local	53,569	53,569	59,425	5,856
Interest	30	30	38	8
Other	40,000	40,000	28,226	(11,774)
Total revenues	<u>335,328</u>	<u>335,328</u>	<u>322,203</u>	<u>(13,125)</u>
Expenditures:				
Current:				
Instruction	383,432	383,432	252,254	(131,178)
Support services	21,479	21,479	11,232	(10,247)
Total expenditures	<u>404,911</u>	<u>404,911</u>	<u>263,486</u>	<u>(141,425)</u>
Excess (deficiency) of revenues over (under) expenditures	(69,583)	(69,583)	58,717	<u>\$ 128,300</u>
Fund balances, beginning of year, budget basis	<u>69,583</u>	<u>69,583</u>	<u>69,583</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	128,300	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2013			<u>20,305</u>	
Fund balance on the basis of GAAP			<u>\$ 148,605</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Vocational Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 13,650	\$ 13,650	\$ 25,375	\$ 11,725
Other	-	-	8,000	8,000
Total revenues	13,650	13,650	33,375	19,725
Expenditures:				
Current:				
Instruction	1,634,870	1,634,870	951,669	(683,201)
Support services	311,424	311,424	168,960	(142,464)
Total expenditures	1,946,294	1,946,294	1,120,629	(825,665)
Excess (deficiency) of revenues over (under) expenditures	(1,932,644)	(1,932,644)	(1,087,254)	845,390
Other financing sources:				
Transfers in	1,586,350	1,586,350	991,850	(594,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(346,294)	(346,294)	(95,404)	<u>\$ 250,890</u>
Fund balances, beginning of year, budget basis	346,294	346,294	346,294	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	250,890	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			7,518	
Fund balance on the basis of GAAP			<u>\$ 258,408</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Special Assessments			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Delinquent	\$ -	\$ -	\$ 4	\$ 4
Expenditures:				
Current:				
Special assessments	22	22	-	(22)
Excess (deficiency) of revenues over (under) expenditures	(22)	(22)	4	<u>\$ 26</u>
Fund balances, beginning of year, budget basis	22	22	23	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>	

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TOPEKA PUBLIC SCHOOLS  
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TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Bilingual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 2,632,709	\$ 2,632,709	\$ 2,528,721	\$ (103,988)
Support services	905,391	905,391	765,218	(140,173)
Total expenditures	3,538,100	3,538,100	3,293,939	(244,161)
Other financing sources:				
Transfers in	3,304,304	3,304,304	3,304,304	-
Excess (deficiency) of other sources over (under) expenditures	(233,796)	(233,796)	10,365	<u>\$ 244,161</u>
Fund balances, beginning of year, budget basis	233,796	233,796	233,796	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	244,161	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			<u>71,080</u>	
Fund balance on the basis of GAAP			<u>\$ 315,241</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Parent Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 471,154	\$ 471,154	\$ 491,693	\$ 20,539
Other	240,000	240,000	209,465	(30,535)
Total revenues	711,154	711,154	701,158	(9,996)
Expenditures:				
Current:				
Support services	1,039,493	1,039,493	689,098	(350,395)
Excess (deficiency) of revenues over (under) expenditures	(328,339)	(328,339)	12,060	340,399
Other financing sources and uses:				
Transfers in	168,420	168,420	168,420	-
Transfers out	-	-	(6,375)	(6,375)
Total other financing sources and uses	168,420	168,420	162,045	(6,375)
Excess (deficiency) of revenues and other sources over (under) expenditures	(159,919)	(159,919)	174,105	<u>\$ 334,024</u>
Fund balances, beginning of year, budget basis	159,919	159,919	159,919	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	334,024	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2013			8,836	
Fund balance on the basis of GAAP			<u>\$ 342,860</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	At-Risk 4 Year Old			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 1,087,316	\$ 1,087,316	\$ 960,516	\$ (126,800)
Support services	51,639	51,639	48,995	(2,644)
Total expenditures	<u>1,138,955</u>	<u>1,138,955</u>	<u>1,009,511</u>	<u>(129,444)</u>
Other financing sources and uses:				
Transfers in	993,540	993,540	993,540	-
Transfers out	-	-	(7,447)	(7,447)
Total other financing sources and uses	<u>993,540</u>	<u>993,540</u>	<u>986,093</u>	<u>(7,447)</u>
Excess (deficiency) of other sources and uses over (under) expenditures	(145,415)	(145,415)	(23,418)	<u>\$ 121,997</u>
Fund balances, beginning of year, budget basis	<u>145,415</u>	<u>145,415</u>	<u>145,415</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	121,997	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2013			<u>115</u>	
Fund balance on the basis of GAAP			<u>\$ 122,112</u>	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	KPERs Special Retirement Contribution			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 9,384,490	\$ 9,384,490	\$ 8,863,533	\$ (520,957)
Expenditures:				
Current:				
Instruction	6,298,311	6,298,311	-	(6,298,311)
Support services	2,859,548	2,859,548	8,863,533	6,003,985
Noninstructional services	226,631	226,631	-	(226,631)
Total expenditures	9,384,490	9,384,490	8,863,533	(520,957)
Excess of revenues over expenditures	-	-	-	\$ -
Fund balances, beginning of year, budget basis	-	-	-	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ -	

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TOPEKA PUBLIC SCHOOLS  
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SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Gifts and Grants			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Local	\$ 117,500	\$ 117,500	\$ 829,834	\$ 712,334
Federal aid	-	-	3,021	3,021
Interest	-	-	2,700	2,700
Charges for services	-	-	1,059,784	1,059,784
Miscellaneous	1,713,135	1,713,135	89,378	(1,623,757)
Total revenues	1,830,635	1,830,635	1,984,717	154,082
Expenditures:				
Current:				
Instruction	331,698	331,698	493,009	161,311
Instructional support staff	244,509	244,509	1,055	(243,454)
General administration	41,690	41,690	28,080	(13,610)
School administration	210,935	210,935	103	(210,832)
Student support services	204,576	204,576	297,339	92,763
Supplemental services central	-	-	47,148	47,148
Support services business	-	-	54,997	54,997
Operations and maintenance	64,805	64,805	50,709	(14,096)
Transportation	-	-	965	965
Enterprise operations	1,603,742	1,603,742	899,696	(704,046)
Principal	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	2,701,955	2,701,955	1,873,101	(828,854)
Excess (deficiency) of revenues over (under) expenditures	(871,320)	(871,320)	111,616	982,936
Other financing sources:				
Transfers in	-	-	48,022	48,022
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(871,320)	(871,320)	159,638	<u>\$ 1,030,958</u>
Fund balances, beginning of year, budget basis	871,320	871,320	867,680	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,027,318</u>	

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TOPEKA PUBLIC SCHOOLS  
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 TOPEKA, KANSAS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - ALL NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Virtual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 850,000	\$ 850,000	\$ 650,924	\$ (199,076)
Other financing sources:				
Transfers in	850,000	850,000	2,150,000	1,300,000
Excess (deficiency) of other sources over (under) expenditures	-	-	1,499,076	\$ 1,499,076
Fund balances, beginning of year, budget basis	-	-	-	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 1,499,076	

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - FEDERAL GRANT FUNDS (BUDGET BASIS)

Year Ended June 30, 2013

	Federal Grants			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 13,805,317	\$ 13,805,317	\$ 15,539,449	\$ 1,734,132
State and local	-	-	64,890	64,890
	<u>13,805,317</u>	<u>13,805,317</u>	<u>15,604,339</u>	<u>1,799,022</u>
Expenditures				
Current:				
Instruction	8,832,480	8,832,480	11,602,074	2,769,594
Support services	2,982,606	2,982,606	2,625,107	(357,499)
Noninstructional services	2,887,918	2,887,918	1,487,026	(1,400,892)
Fund transfers	-	-	44,489	44,489
Total expenditures	<u>14,703,004</u>	<u>14,703,004</u>	<u>15,758,696</u>	<u>1,055,692</u>
Excess (deficiency) revenues over (under) expenditures	(897,687)	(897,687)	(154,357)	<u>\$ 743,330</u>
Fund balances, beginning of year, budget basis	<u>897,687</u>	<u>897,687</u>	<u>(355,739)</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (510,096)</u>	



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
ALL AGENCY FUNDS

Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Senior High Schools</u>				
Athletic Support Groups:				
Highland Park	\$ 3,810	\$ 18,127	\$ 16,296	\$ 5,641
Topeka High	13,911	35,996	31,154	18,753
Topeka West	17,406	42,163	42,336	17,233
	<u>35,127</u>	<u>96,286</u>	<u>89,786</u>	<u>41,627</u>
Graduating Classes:				
Highland Park	2,361	3,562	1,723	4,200
Topeka High	10,930	5,313	8,375	7,868
Topeka West	21,922	12,138	10,486	23,574
	<u>35,213</u>	<u>21,013</u>	<u>20,584</u>	<u>35,642</u>
Clubs and Organizations:				
Highland Park	6,504	24,514	28,172	2,846
Topeka High	50,785	111,367	111,761	50,391
Topeka West	28,014	41,626	33,228	36,412
	<u>85,303</u>	<u>177,507</u>	<u>173,161</u>	<u>89,649</u>
Miscellaneous Fund Raisers:				
Highland Park	1,032	412	1,137	307
Topeka High	18,250	29,616	11,656	36,210
Topeka West	6,991	4,940	5,571	6,360
	<u>26,273</u>	<u>34,968</u>	<u>18,364</u>	<u>42,877</u>
Performing Arts:				
Highland Park	2,765	7,260	8,838	1,187
Topeka High	26,830	55,286	53,780	28,336
Topeka West	18,083	50,067	44,634	23,516
	<u>47,678</u>	<u>112,613</u>	<u>107,252</u>	<u>53,039</u>
Scholarships and Memorials:				
Highland Park	15,864	6,006	17,333	4,537
Topeka High	19,548	18,307	8,803	29,052
Topeka West	29,636	8,153	10,370	27,419
	<u>65,048</u>	<u>32,466</u>	<u>36,506</u>	<u>61,008</u>
Total Senior High Schools	<u>\$ 294,642</u>	<u>\$ 474,853</u>	<u>\$ 445,653</u>	<u>\$ 323,842</u>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
ALL AGENCY FUNDS

Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Middle Schools</u>				
Clubs and Organizations:				
Eisenhower	\$ 91	\$ 775	\$ 339	\$ 527
French	6,912	6,492	6,617	6,787
Jardine	2,868	3,568	3,075	3,361
Landon	534	8,470	8,423	581
Robinson	2,991	1,320	1,136	3,175
	<u>13,396</u>	<u>20,625</u>	<u>19,590</u>	<u>14,431</u>
Graduating Classes:				
Eisenhower	96	135	190	41
French	-	3,666	3,666	-
Jardine	558	-	-	558
Landon	263	-	-	263
	<u>917</u>	<u>3,801</u>	<u>3,856</u>	<u>862</u>
Miscellaneous Fund Raisers:				
Chase	5,536	5,362	4,847	6,051
Eisenhower	34	555	527	62
Jardine	9,032	2,756	3,549	8,239
Landon	5,164	16,767	15,942	5,989
Robinson	389	150	66	473
	<u>20,155</u>	<u>25,590</u>	<u>24,931</u>	<u>20,814</u>
Performing Arts:				
Chase	328	724	353	699
Eisenhower	239	159	339	59
French	3,377	2,134	1,493	4,018
Jardine	2,266	4,061	1,846	4,481
Landon	330	191	29	492
Robinson	1,698	3,699	3,003	2,394
	<u>8,238</u>	<u>10,968</u>	<u>7,063</u>	<u>12,143</u>
Total Middle Schools	<u>\$ 42,706</u>	<u>\$ 60,984</u>	<u>\$ 55,440</u>	<u>\$ 48,250</u>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
ALL AGENCY FUNDS

Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Elementary Schools</u>				
Clubs and Organizations:				
Avondale West	\$ 311	\$ -	\$ -	\$ 311
Bishop	398	705	383	720
Lowman Hill	82	1,058	887	253
Scott	-	61	-	61
Whitson	609	-	-	609
	<u>1,400</u>	<u>1,824</u>	<u>1,270</u>	<u>1,954</u>
Miscellaneous Fund Raisers:				
Avondale East	(41)	41	-	-
Bishop	4,842	2,413	3,181	4,074
Highland Park Central	3,724	2,405	2,466	3,663
Lowman Hill	2,517	2,169	3,560	1,126
McCarter	13,046	1,559	82	14,523
McClure	-	1,008	-	1,008
McEachron	7,801	5,901	2,927	10,775
Meadows	653	179	-	832
Quincy	1,131	1,037	-	2,168
Randolph	8,331	3,565	303	11,593
Ross	6,476	921	3,320	4,077
Scott	3,490	4,153	5,017	2,626
Shaner	841	25	41	825
State Street	2,536	-	1,294	1,242
Stout	582	701	922	361
Whitson	2,672	1,095	185	3,582
Williams	2,340	2,275	3,210	1,405
	<u>60,941</u>	<u>29,447</u>	<u>26,508</u>	<u>63,880</u>
Graduating Class:				
Avondale West	87	1,336	1,267	156
McCarter	453	-	453	-
Meadows	527	427	440	514
Ross	236	-	68	168
Scott	5,370	4,390	4,304	5,456
Shaner	146	-	-	146
Whitson	1,043	1,518	1,224	1,337
Williams	839	2,578	2,265	1,152
	<u>8,701</u>	<u>10,249</u>	<u>10,021</u>	<u>8,929</u>
Subtotals forward	<u>\$ 71,042</u>	<u>\$ 41,520</u>	<u>\$ 37,799</u>	<u>\$ 74,763</u>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-  
ALL AGENCY FUNDS

Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Subtotals forward	\$ 71,042	\$ 41,520	\$ 37,799	\$ 74,763
Scholarships and Memorials:				
Avondale West	86	-	-	86
Quincy	48	200	-	248
Ross	300	-	-	300
State Street	2,103	-	250	1,853
Stout	-	250	-	250
Whitson	630	50	570	110
	<u>3,167</u>	<u>500</u>	<u>820</u>	<u>2,847</u>
Total Elementary Schools	<u>\$ 74,209</u>	<u>\$ 42,020</u>	<u>\$ 38,619</u>	<u>\$ 77,610</u>
<u>Other Locations</u>				
Clubs and Organizations:				
Capital City	\$ 219	\$ 4,421	\$ 4,587	\$ 53
Parkdale Preschool	238	-	-	238
Topeka Education Center	1,538	1,460	1,333	1,665
	<u>1,995</u>	<u>5,881</u>	<u>5,920</u>	<u>1,956</u>
Miscellaneous Fund Raisers:				
Capital City	1,002	841	692	1,151
Parkdale Preschool	1,050	170	-	1,220
Sheldon Head Start	4,121	1,072	1,439	3,754
Topeka Education Center	920	709	1,463	166
	<u>7,093</u>	<u>2,792</u>	<u>3,594</u>	<u>6,291</u>
Scholarships and Memorials:				
Capital City	62	6,388	6,106	344
Sheldon Head Start	4,171	1,600	2,859	2,912
Topeka Education Center	2,512	-	602	1,910
	<u>6,745</u>	<u>7,988</u>	<u>9,567</u>	<u>5,166</u>
Total Other Locations	<u>\$ 15,833</u>	<u>\$ 16,661</u>	<u>\$ 19,081</u>	<u>\$ 13,413</u>
Total - all schools:				
Assets:				
Cash	<u>\$ 427,390</u>	<u>\$ 594,518</u>	<u>\$ 558,793</u>	<u>\$ 463,115</u>
Liabilities:				
Due to Student Organizations	<u>\$ 427,390</u>	<u>\$ 594,518</u>	<u>\$ 558,793</u>	<u>\$ 463,115</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING BALANCE SHEET  
GENERAL FUND

June 30, 2013

	General	Supplemental General	Inservice Education	Summer School	Pepsi Exclusivity
<u>ASSETS</u>					
Cash and investments	\$ (3,007,273)	\$ 547,546	\$ 546,117	\$ 17,021	\$ 119,384
State aid receivables	6,405,786	788,699	-	-	-
Due from other funds	-	-	-	-	50,000
Inventory of materials and supplies	162,607	-	-	-	-
Total assets	<u>\$ 3,561,120</u>	<u>\$ 1,336,245</u>	<u>\$ 546,117</u>	<u>\$ 17,021</u>	<u>\$ 169,384</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,614,393	\$ -	\$ 105	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Total liabilities	<u>2,614,393</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Inventories	162,607	-	-	-	-
Assigned	784,120	225,877	546,012	17,021	7,727
Unassigned	-	1,110,368	-	-	161,657
Total fund balances	<u>946,727</u>	<u>1,336,245</u>	<u>546,012</u>	<u>17,021</u>	<u>169,384</u>
Total liabilities and fund balances	<u>\$ 3,561,120</u>	<u>\$ 1,336,245</u>	<u>\$ 546,117</u>	<u>\$ 17,021</u>	<u>\$ 169,384</u>

(Continued)

Schedule 10

<u>Internal Service Reserve</u>	<u>Sports Park Operations</u>	<u>Payroll Liability Clearing</u>	<u>Self-insurance Reserve</u>	<u>Risk Management</u>	<u>Contingency Reserve</u>	<u>Total General Fund</u>
\$ 19,196	\$ 712,010	\$ 6,525,477	\$ 1,331,929	\$ 1,242,059	\$ 3,570,890	\$ 11,624,356
-	-	-	-	-	-	7,194,485
-	-	-	-	-	-	50,000
-	-	-	-	-	-	162,607
<u>\$ 19,196</u>	<u>\$ 712,010</u>	<u>\$ 6,525,477</u>	<u>\$ 1,331,929</u>	<u>\$ 1,242,059</u>	<u>\$ 3,570,890</u>	<u>\$ 19,031,448</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,614,498
19,196	-	6,525,477	-	-	-	6,544,673
<u>19,196</u>	<u>-</u>	<u>6,525,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,159,171</u>
-	-	-	-	-	-	162,607
-	712,010	-	1,331,929	1,242,059	-	4,866,755
-	-	-	-	-	3,570,890	4,842,915
<u>-</u>	<u>712,010</u>	<u>-</u>	<u>1,331,929</u>	<u>1,242,059</u>	<u>3,570,890</u>	<u>9,872,277</u>
<u>\$ 19,196</u>	<u>\$ 712,010</u>	<u>\$ 6,525,477</u>	<u>\$ 1,331,929</u>	<u>\$ 1,242,059</u>	<u>\$ 3,570,890</u>	<u>\$ 19,031,448</u>

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2013

	General	Supplemental General	Inservice Education	Summer School	Pepsi Exclusivity
<b>Revenues:</b>					
Property taxes	\$ 10,132,931	\$ 15,164,472	\$ -	\$ -	\$ -
Local sources	-	-	-	-	59,912
Charges for services	-	-	-	32,614	40,413
State aid	58,096,642	724,094	-	-	-
Federal aid	-	-	119,923	-	-
Interest	-	-	136	-	2,311
Miscellaneous	459,172	23,560	-	-	9,408
<b>Total revenues</b>	<b>68,688,745</b>	<b>15,912,126</b>	<b>120,059</b>	<b>32,614</b>	<b>112,044</b>
<b>Expenditures:</b>					
Instruction	28,587,124	1,970,047	-	121,613	13,089
Student support	4,386,554	63,568	2,323	-	-
Instructional support	2,465,643	135,738	251,208	-	-
General administration	1,303,559	756,032	-	-	25,353
School administration	6,753,105	263,254	-	9,037	-
Business support	1,714,691	63,613	(3,455)	20	-
Plant and maintenance	8,005,438	1,965,508	-	-	-
Transportation	1,938,949	38,523	-	714	-
Central support services	4,237,132	775,127	28	-	-
Other support	(180)	-	-	-	-
Student activities	-	118	-	-	3,100
Facilities acquisition and construction	-	-	-	-	-
<b>Total expenditures</b>	<b>59,392,015</b>	<b>6,031,528</b>	<b>250,104</b>	<b>131,384</b>	<b>41,542</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,296,730</b>	<b>9,880,598</b>	<b>(130,045)</b>	<b>(98,770)</b>	<b>70,502</b>
<b>Other financing sources (uses):</b>					
Insurance reimbursements	-	-	-	-	-
Transfers in	1,600,000	-	300,000	-	-
Transfers out	(10,849,537)	(10,904,630)	-	-	-
<b>Net change in fund balances</b>	<b>47,193</b>	<b>(1,024,032)</b>	<b>169,955</b>	<b>(98,770)</b>	<b>70,502</b>
Fund balance, beginning of year	899,534	2,360,277	376,057	115,791	98,882
<b>Fund balance, end of year</b>	<b>\$ 946,727</b>	<b>\$ 1,336,245</b>	<b>\$ 546,012</b>	<b>\$ 17,021</b>	<b>\$ 169,384</b>

(Continued)

Internal Service Reserve	Sports Park Operations	Payroll Liability Clearing	Self-insurance Reserve	Risk Management	Contingency Reserve	Eliminations	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,297,403
-	4,025	-	-	-	-	-	63,937
-	228,221	-	-	-	-	-	301,248
-	-	-	-	-	-	-	58,820,736
-	-	-	-	-	-	-	119,923
-	293	-	596	579	-	-	3,915
-	56,084	-	-	-	-	-	548,224
-	288,623	-	596	579	-	-	85,155,386
-	-	-	-	20	-	-	30,691,893
-	-	-	-	-	-	-	4,452,445
-	-	-	-	-	-	-	2,852,589
-	-	-	-	-	-	-	2,084,944
-	(1,070)	-	-	-	-	-	7,024,326
-	53,822	-	-	1,334	-	-	1,830,025
-	15,762	-	-	894,801	-	-	10,881,509
-	965	-	-	-	-	-	1,979,151
-	-	-	-	400	-	-	5,012,687
-	101,434	-	-	-	-	-	101,254
-	4,896	-	-	-	-	-	8,114
-	14,005	-	-	9,061	-	-	23,066
-	189,814	-	-	905,616	-	-	66,942,003
-	98,809	-	596	(905,037)	-	-	18,213,383
-	-	-	-	482,049	-	-	482,049
-	-	-	-	-	1,520,295	(3,420,295)	-
-	-	-	-	-	(1,600,000)	3,420,295	(19,933,872)
-	98,809	-	596	(422,988)	(79,705)	-	(1,238,440)
-	613,201	-	1,331,333	1,665,047	3,650,595	-	11,110,717
\$ -	\$ 712,010	\$ -	\$ 1,331,929	\$ 1,242,059	\$ 3,570,890	\$ -	\$ 9,872,277



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:			
Passed through State of Kansas Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program		10.553	\$ 1,356,770
National School Lunch Program		10.555	4,450,397
Summer Food Service Program for Children		10.559	131,161
Total Child Nutrition Cluster			<u>5,938,328</u>
Child and Adult Care Food Program		10.558	272,877
Team Nutrition		10.574	1,975
Food backpacks program		10.579	8,568
Fresh Fruits and Vegetables		10.582	207,965
Total U.S. Department of Agriculture			<u>6,429,713</u>
U.S. Department of Labor:			
Passed through Heartland Works:			
Workforce Investment Act		17.259	89,951
Total U.S. Department of Labor			<u>89,951</u>
U.S. Department of Education:			
Direct programs:			
Indian Education Grants to Local Educational Agencies - FY 13	S060A120807	84.060	89,613
Total direct funding			<u>89,613</u>
Passed through State of Kansas Department of Education:			
Special Education Cluster:			
Special Education Continuous Improvement - FY 13		84.027	116,195
Special Education - FY 13		84.027	3,252,477
Special Education Preschool Grants		84.173	81,591
Total Special Education Cluster			<u>3,450,263</u>
Title I Cluster:			
Title I - FY 11		84.010	86,594
Title I - FY 12		84.010	1,042,273
Title I - FY 13		84.010	5,941,058
ARRA - Title I FY 13		84.389	25,763
Title I Part D - FY 12		84.010	115,260
Title I Part D - FY 13		84.010	226,320
Subtotal Title I Cluster			<u>\$ 7,437,268</u>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Education:			
Passed through State of Kansas Department of Education:			
Subtotal Title I Cluster			\$ 7,437,268
Title I - SIG Tier III		84.010	81,055
Title I - SIG Tier III		84.010	57,581
Title I - School Improvement 1003(a) Grant Program		84.010	376,969
Title I - School Improvement 1003(a) - FY 12		84.010	135,450
Total Title I Cluster			<u>8,088,323</u>
Education of Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth - FY 12		84.196	4,901
Education for Homeless Children and Youth - FY 13		84.196	50,020
Education for Homeless Children and Youth - FY 13		84.196	1,334
Total Education of Homeless Children and Youth Cluster			<u>56,255</u>
Educational Technology State Grants Cluster:			
Education Technology State Grants		84.318	105
Total Educational Technology State Grants Cluster			<u>105</u>
School Improvement Grants Cluster:			
School Improvement 1003(a) Grant Program		84.377	1,945,465
ARRA - School Improvement Grants		84.388	37,303
ARRA - School Improvement Grants		84.388	103,674
Total School Improvement Grants Cluster			<u>2,086,442</u>
Grants Not Clustered:			
Title I Migrant - FY13		84.011	331,603
Title I Migrant - FY12		84.011	872
Vocational Education - Secondary Program Improvement - FY 13		84.048	202,138
Vocational Education - Secondary Program Improvement - FY 12		84.048	2,157
Safe and Drug-Free Schools and Communities - FY 12		84.184	25,773
Safe and Drug-Free Schools and Communities - FY 13		84.186	10,054
21st Century Community Learning Centers - FY12		84.287	19,650
21st Century Community Learning Centers - FY12		84.287	13,507
21st Century Community Learning Centers - FY12		84.287	90,621
21st Century Community Learning Centers - FY13		84.287	66,558
21st Century Community Learning Centers - FY13		84.287	17,448
21st Century Community Learning Centers - FY13		84.287	31,988
21st Century Community Learning Centers - FY13		84.287	127,745
21st Century Community Learning Centers - FY13		84.287	85,479
21st Century Community Learning Centers - FY13		84.287	73,213
21st Century Community Learning Centers - FY13		84.287	60,215
21st Century Community Learning Centers - FY13		84.287	184,360
			<u>\$ 1,343,381</u>

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Education:			
Passed through State of Kansas Department of Education:			
Subtotal			\$ 15,024,769
21st Century Community Learning Centers - FY13		84.287	90,560
21st Century Community Learning Centers - FY13		84.287	92,874
21st Century Community Learning Centers - FY13		84.287	98,019
21st Century Community Learning Centers - FY13		84.287	95,442
21st Century Community Learning Centers - FY13		84.287	75,013
21st Century Community Learning Centers - FY13		84.287	63,673
21st Century Community Learning Centers - FY13		84.287	39,355
21st Century Community Learning Centers - FY13		84.287	28,513
21st Century Community Learning Centers - FY13		84.287	5,594
21st Century Community Learning Centers - FY13		84.287	47,124
Title III - English Language Acquisition - FY 11		84.365	22
Title III - English Language Acquisition - FY 12		84.365	6,731
Title III - English Language Acquisition - FY 13		84.365	73,452
Mathematics and Science Partnerships	S366B110017	84.366	29,814
Mathematics and Science Partnerships	S366B120017	84.366	7,663
Improving Teacher Quality - FY 11		84.367	(996)
Improving Teacher Quality - FY 12		84.367	75,193
Improving Teacher Quality - FY 13		84.367	855,646
Grants for State Assessments and Related Activities		84.369	100
Total passed through State of Kansas Department of Education			16,708,561
Passed through Kansas Board of Regents:			
Adult Basic Education Program		84.002	96,956
Total U.S. Department of Education			16,895,130
U.S. Department of Health and Human Services:			
Direct program:			
Head Start Cluster:			
Head Start - FY 12	07CH7038/11	93.600	569,738
Head Start - FY 13	07CH7038/12	93.600	1,630,383
Total Head Start Cluster			2,200,121
Total U.S. Department of Health and Human Services			2,200,121
Total federal expenditures			\$ 25,614,915

See accompanying notes to schedule of  
expenditures of federal awards.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

1 - General

The accompanying schedule of expenditures of federal awards includes the activity of all federal awards of the Topeka Public Schools, Unified School District No. 501 (the District). All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting which is described in Note 1, Measurement Focus, Basis of Accounting and Financial Statement Presentation, to the District's financial statements. Encumbrances are not included as expenditures in accordance with this basis of accounting.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

**Part I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness identified	None
Significant deficiencies identified that are not considered to be material weaknesses	Finding 2011-001
Noncompliance material to financial statements noted:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	2012-001

Identification of the District's major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
84.010 / 84.389	Title I Cluster (includes ARRA)
84.287	21 <sup>st</sup> Century Community Learning Centers
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between Type A and Type B programs	\$ 768,447
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Auditee qualified as a low risk auditee?	Yes
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TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Part II – Financial Statement Findings**

**Finding 2011-001 – Significant Deficiency (Repeated from prior year)**

*Condition* – The District is not currently recording some of its capital asset additions and disposals until they are identified during the audit.

*Criteria* – The financial statements are the responsibility of management. As such, the District’s internal control over capital assets should identify all fixed asset additions and disposals on a consistent basis so that they may be properly recorded in the financial statements.

*Cause* – Inappropriate application of generally accepted accounting principles.

*Effect* – There is the potential that the financial statements may be misstated.

*Recommendation* – We recommend that the District implement procedures to capture the information needed to track and record additions to capital assets, including additions to construction in progress, at the time of the acquisition or construction. In addition, disposals of land and buildings should be recorded as they occur.

*Management’s Response (Unaudited)* – The District had two major construction projects going simultaneously as the fiscal year ran down - Ross and State Street Elementary buildings. The last Purchase order on State Street closed on the 6th of June and the last one on Ross Elementary closed in August. Due to poor communications between Accounts Payable and the Fixed Assets Department the State Street project did not get booked until both projects were completed.

*Corrective Action Plan (Unaudited)* – All parties involved are now fully aware of the need to promptly book the additions to insure they get booked in the correct fiscal year.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Part III – Findings and Questioned Costs for Federal Awards**

**Finding 2012-001 (Repeated from prior year)**

*Federal Program* – Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, 10.559), United States Department of Agriculture, Passed through the Kansas Department of Education, Grant Award Year Ended June 30, 2012

*Condition* – During the fiscal year ending June 30, 2012, the internal auditor for the District performed a compliance audit for varying dates during fiscal year 2012, comparing the attendance records to the meals charged for that day. Of the total food service transactions in the population (1,904,042), the internal auditor limited the testing to the days when students were absent for an entire day (65,472). In this sample, the internal auditor found that there were 8,009 exceptions where a student was absent from school, but the school charged the student’s account for a free, reduced or paid lunch. The internal auditor conducted follow-up procedures during the year ended June 30, 2013. While improvement was made during the year, there were still exceptions noted by the internal auditor.

*Criteria* – Meals charged to student accounts should match the actual meals served to students.

*Cause* – Potential causes could include circumvention of controls, incorrectly kept attendance records, or incorrect student meal counts recorded in the food service system.

*Effect* – Since the District incorrectly charged meals to absent students, the District incorrectly requested reimbursement for such meals.

*Questioned Costs* – For the year ended June 30, 2012, the internal auditor for the District noted the following exceptions for all meal types: 6,796 free, 209 temporary-free, 424 reduced, 16 temporary-reduced, and 564 full paid. Internal audit performed follow-up procedures at two schools during the year ended June 30, 2013. Based on the information reviewed, internal audit noted that the issue is being addressed and is improving, however, the number of voided meals has increased. The internal auditor has not quantified questioned costs.

*Recommendation* – We understand that upon the discovery of this issue, the District was proactive in addressing and correcting this deficiency. Specifically, the District requested the internal auditor to perform follow-up procedures. We recommend that the District continue to monitor the procedures implemented to address and correct this finding.

*Management’s Response (Unaudited)* – The District is aware of the situation and continues to work with the schools to improve the recording process to insure that the risk is mitigated as much as possible.

*Corrective Action Plan (Unaudited)* – The District will continue to work through its internal auditor to develop better procedures and to monitor the performance of the school bookkeeping staff’s performance.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

**Finding 2011-001 – Significant Deficiency**

*Condition* – The District is not currently recording some of its capital asset additions and disposals until they are identified during the audit.

*Condition* – The financial statements are the responsibility of management. As such, the District's internal control over capital assets should identify all fixed asset additions and disposals on a consistent basis so that they may be properly recorded in the financial statements.

*Cause* – Inappropriate application of generally accepted accounting principles.

*Effect* – There is the potential that the financial statements may be misstated.

*Recommendation* – We realize that the District contracted with a third party to perform a physical inventory of the technology assets of the District during fiscal year ended June 30, 2012. We recommend that the District use the results of the physical inventory as the starting point for updating the asset records of the District on an on-going basis for all additions and disposals, including additions to construction in progress, at the time of acquisition or construction. In addition, disposals of land and buildings should be recorded as they occur.

*Management's Response/Corrective Action Plan (Unaudited)* – The missing assets mentioned in the concern are composed of technology equipment. To assist in solving the problem, last summer the District engaged the services of an outside inventory company to visit every location and inventory all technology equipment in the District. Their inventory was compared to the District's computerized inventory records. Items not found during the inventory were listed by building and sent to the responsible person at each site—usually the Principal. Some missing items were simply not properly checked out by the District's staff members and other pieces of equipment were located in the building by the building staff (possibly stored in a locked container during the inventory). Over \$8,000,000 of equipment still remains unaccounted for. Although an unacceptable portion of the missing items is or may be due to employee or student theft, the majority appears to simply come from the Information Technology staff not completing the required transfer or disposal paperwork to properly remove items from the inventory. This is reflected in the fact that most items on the missing list are older than the age calling for replacement under the District's technology equipment replacement policy. Of the \$8,000,000 unaccounted for equipment over \$7,000,000 of that amount is depreciated off the District's books.

There are current District policy and regulations in place directing the proper handling of the movement and disposal of equipment. These policies and regulations will be emphasized to the staff members who should routinely be involved with equipment disposal. To ensure improved performance the General Director of Information Technology and the General Director of Fiscal Services will quarterly review technology equipment inventory reporting. These actions should mitigate this issue going forward.

The Business Office will be asking the Board of Education for authority to write-off the missing items.



TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
(Continued)

**Finding 2011-001 – Significant Deficiency (Continued)**

*Follow-up* – This finding is repeated in 2013.

**Finding 2012-001**

*Federal Program* – Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, 10.559), United States Department of Agriculture, Passed through the Kansas Department of Education, Grant Award Year Ended June 30, 2012

*Condition* – During the fiscal year ending June 30, 2012, the internal auditor for the District performed a compliance audit for varying dates during fiscal year 2012, comparing the attendance records to the meals charged for that day. Of the total food service transactions in the population (1,904,042), the internal auditor limited the testing to the days when students were absent for an entire day (65,472). In this sample, the internal auditor found that there were 8,009 exceptions where a student was absent from school, but the school charged the student's account for a free, reduced or paid lunch.

*Criteria* – Meals charged to student accounts should match the actual meals served to students.

*Cause* – Potential causes could include circumvention of controls, incorrectly kept attendance records, or incorrect student meal counts recorded in the food service system.

*Effect* – Since the District incorrectly charged meals to absent students, the District incorrectly requested reimbursement for such meals.

*Questioned Costs* – The internal auditor for the District noted the following exceptions for all meal types: 6,796 free, 209 temporary-free, 424 reduced, 16 temporary-reduced, and 564 full paid. The internal auditor has not quantified questioned costs.

*Recommendation* – We understand that upon the discovery of this issue, the District was proactive in addressing and correcting this deficiency.

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
(Continued)

**Finding 2012-001 (Continued)**

*Management's Response/Corrective Action Plan (Unaudited)* – U.S.D. 501 originally discovered this issue during an internal review and has instituted corrective action in the following areas:

1. Segregation of duties
  - a. Job responsibilities for all locations are being reviewed to ensure a segregation of duties (separate employees recording student lunches and charges to student meal accounts).
  - b. A procedural plan is being developed to train a “sub” to record absences and/or lunches in the appropriate locations where the same employee is recording student absences and charges to student meal accounts.
  - c. A procedural plan is being developed when employees are absent from the process for an extended period of time.
  
2. Recording of student attendance
  - a. Training will be conducted with appropriate personnel responsible for entering attendance data.
  - b. A follow up review on the accuracy of attendance records will be conducted at the end of the first quarter. If necessary, follow up training will be conducted with individual employees.
  
3. Recording of charges to student meal accounts
  - a. Investigate the cost/feasibility of Internal Audit's recommendations which include:
    - i. Develop a computer program where TERMS (student attendance) and OneSource (student meal charges) are linked together to share data - i.e., picture of student, attendance record, etc. This would allow an employee to verify the actual student (picture) with their attendance record for the day before charging the meal to an account.
    - ii. Issue badges for all students. This would allow students to scan their badges when paying for their meal(s):
      1. High Schools & Middle Schools - use Topeka West as a model for checking in students when they receive a breakfast/lunch
      2. Elementary Schools - teachers would be responsible for distributing the badges to the students when going to breakfast/lunch and retrieving the badges after breakfast/lunch
  - b. Work with management to develop controls to ensure student meal accounts are not charged when the student is absent from school during breakfast/lunch time.
  - c. In addition, review findings with all food service employees to ensure they are aware of the issues and take necessary steps to correct.

We believe by addressing these issues, it will foster an environment which increases awareness of risk management, compliance awareness and strategies to utilize the Topeka Public Schools' assets and resources in the best manner possible.

*Follow-up* – This finding is repeated in 2013.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

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

Board of Education  
Topeka Public Schools  
Unified School District No. 501:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2011-001 that we consider to be a significant deficiency.

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## **Compliance and Other Matters**

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

### **The District's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berberich Trahan & Co., P.A.*

January 15, 2014  
Topeka, Kansas



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Topeka Public Schools  
Unified School District No. 501:

We have audited Topeka Public Schools, Unified School District No. 501's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2012-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Berberich Trahan & Co., P.A.*

January 15, 2014  
Topeka, Kansas