



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, 2012

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

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress on pages 3 through 12 and 54 through 61 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including combining and individual nonmajor fund financial statements and 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* is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

December 21, 2012

## **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, 2012 is made up of the Independent Auditor's 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 Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets 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 Assets and Statement of Activities:



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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current assets						
Cash and investments	\$ 43,911,056	\$ 50,906,986	\$ 4,980,510	\$ 5,293,403	\$ 48,891,566	\$ 56,200,389
Other	7,337,132	10,053,643	751,283	609,386	8,088,415	10,663,029
Total current assets	51,248,188	60,960,629	5,731,793	5,902,789	56,979,981	66,863,418
Noncurrent assets						
Capital assets, net	98,117,051	88,216,785	1,231,722	1,250,198	99,348,773	89,466,983
Other noncurrent assets	134,178	190,350	-	-	134,178	190,350
Total noncurrent assets	98,251,229	88,407,135	1,231,722	1,250,198	99,482,951	89,657,333
Total assets	149,499,417	149,367,764	6,963,515	7,152,987	156,462,932	156,520,751
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued liabilities	8,949,928	10,485,904	996,607	1,733,650	9,946,535	12,219,554
Accrued interest payable	570,230	681,395	-	-	570,230	681,395
General obligation bonds payable, current portion	5,605,000	5,085,000	-	-	5,605,000	5,085,000
Other current liabilities	6,806,452	6,859,523	89,900	-	6,896,352	6,859,523
Total current liabilities	21,931,610	23,111,822	1,086,507	1,733,650	23,018,117	24,845,472
Noncurrent liabilities						
General obligation bonds payable, net	22,639,181	28,385,989	-	-	22,639,181	28,385,989
Accrued compensated absences	1,846,481	1,562,764	-	-	1,846,481	1,562,764
Land note payable	-	998,944	-	-	-	998,944
Post employment benefits payable	12,526,049	11,217,181	-	-	12,526,049	11,217,181
Total noncurrent liabilities	37,011,711	42,164,878	-	-	37,011,711	42,164,878
Total liabilities	58,943,321	65,276,700	1,086,507	1,733,650	60,029,828	67,010,350
<b>Net assets</b>						
Invested in capital assets, net of related debt	69,872,870	53,535,907	1,231,722	1,250,198	71,104,592	54,786,105
Restricted	6,563,639	5,956,126	-	-	6,563,639	5,956,126
Unrestricted	14,119,587	24,599,031	4,645,286	4,169,139	18,764,873	28,768,170
Total net assets	\$ 90,556,096	\$ 84,091,064	\$ 5,877,008	\$ 5,419,337	\$ 96,433,104	\$ 89,510,401

**TOPEKA PUBLIC SCHOOLS, UNIFIED SCHOOL DISTRICT NO. 501 CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,555,436	\$ 1,518,813	\$ 2,424,808	\$ 2,042,319	\$ 3,980,244	\$ 3,561,132
Federal grants	22,267,102	25,189,227	6,121,144	5,784,432	28,388,246	30,973,659
Other grants and contributions	9,896,297	9,936,478	250	553,090	9,896,547	10,489,568
General revenues:						
Property taxes	35,031,648	33,255,112	-	-	35,031,648	33,255,112
State aid	95,166,712	92,807,938	74,915	73,199	95,241,627	92,881,137
Other revenue from local sources	862,395	1,046,897	50	182	862,445	1,047,079
Interest and investment earnings	31,093	71,604	1,392	5,331	32,485	76,935
Miscellaneous	918,495	51,404	-	-	918,495	51,404
Total revenues	<u>165,729,178</u>	<u>163,877,473</u>	<u>8,622,559</u>	<u>8,458,553</u>	<u>174,351,737</u>	<u>172,336,026</u>
Expenses:						
Instruction	100,271,261	98,627,251	-	-	100,271,261	98,627,251
Instructional support	3,606,203	3,137,353	-	-	3,606,203	3,137,353
Student support	15,811,285	13,127,814	-	-	15,811,285	13,127,814
General administration	2,097,036	2,176,986	-	-	2,097,036	2,176,986
School administration	7,657,041	8,562,664	-	-	7,657,041	8,562,664
Business support	2,179,087	1,771,383	-	-	2,179,087	1,771,383
Plant and maintenance	14,564,112	15,195,755	-	-	14,564,112	15,195,755
Transportation	3,900,737	3,493,506	-	-	3,900,737	3,493,506
Central support services	4,609,356	5,214,403	-	-	4,609,356	5,214,403
Other support	148,319	164,392	-	-	148,319	164,392
Student activities	1,057,041	986,770	-	-	1,057,041	986,770
Risk management	-	-	-	-	-	-
Interest on long-term debt	1,385,069	1,603,224	-	-	1,385,069	1,603,224
Vocational School	-	-	2,017,639	2,566,050	2,017,639	2,566,050
Food Service	-	-	7,381,205	6,950,288	7,381,205	6,950,288
Other business-type activities	-	-	743,643	379,088	743,643	379,088
Total expenses	<u>157,286,547</u>	<u>154,061,501</u>	<u>10,142,487</u>	<u>9,895,426</u>	<u>167,429,034</u>	<u>163,956,927</u>
Increase (decrease) in net assets before transfers	8,442,631	9,815,972	(1,519,928)	(1,436,873)	6,922,703	8,379,099
Transfers	<u>(1,977,599)</u>	<u>(65,008)</u>	<u>1,977,599</u>	<u>65,008</u>	<u>-</u>	<u>-</u>
Change in net assets	6,465,032	9,750,964	457,671	(1,371,865)	6,922,703	8,379,099
Net assets, beginning as previously stated	84,091,064	72,568,458	5,419,337	6,791,202	89,510,401	79,359,660
Prior period adjustment	-	1,771,642	-	-	-	1,771,642
Net assets, beginning as restated	<u>84,091,064</u>	<u>74,340,100</u>	<u>5,419,337</u>	<u>6,791,202</u>	<u>89,510,401</u>	<u>81,131,302</u>
Net assets, ending	<u>\$ 90,556,096</u>	<u>\$ 84,091,064</u>	<u>\$ 5,877,008</u>	<u>\$ 5,419,337</u>	<u>\$ 96,433,104</u>	<u>\$ 89,510,401</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 net current 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's 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 assets 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 \$90,556,096 at the close of the most recent fiscal year; business type activities' assets exceeded liabilities by \$5,877,008 at the close of the most recent fiscal year. For both types of activities combined, the District's net assets increased by \$6,922,703.

The noncurrent portion of the District's total assets, net of depreciation, (65.7%, up 6.5% from fiscal year 2011) reflects its investment in capital assets (e.g., land, buildings and equipment), minus any related debt used to acquire those assets that are 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) decreased very slightly by \$57,819 (0.04%) during 2012. This decrease in assets comes on the heels of a \$7,232,586 increase last year. Current assets decreased by \$9,883,437 as current assets on hand were used to cover the costs associated with expanding and equipping the two schools. 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 decreased \$7,308,823 as a result of this year's activity. The large decrease 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 close of the fiscal year.
2. The District's non-current liabilities decreased \$5,153,167 during the year ended June 30, 2012. This reflects the maturing of some outstanding bonded debt. The year-end balance of \$28,015,000 in long-term bonded debt was 4.6% 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 \$59,520,000 of long-term debt authority available and unused as of year-end June 30, 2012. Please refer to the notes to financial statements for additional information on long-term debt.

3. Total liabilities decreased by \$7,070,422 (10.6%). This reflects the aggressive scheduled retirement of general obligation bonds. However, the District's Post Retirement Benefits Liability increased \$1,308,868. 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 increased from \$2,532,071 in 2011 to \$2,845,095 at year ended June 30, 2012. This reflects the continued downsizing/early retirement initiatives undertaken in FY-2010.
5. The District's Total-Debt-to-Total-Assets ratio for 2012 is 38.3% (down 4.5%), which means the District's debt represents about 38% 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, 2012 was 28.4%. Thus, the District's Capital assets-net of depreciation was 3.5 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 \$5,085,000 in bonded debt during the year resulted in the Bonded-Debt-To-Capital Assets Ratio dropping 8.5%., from 36.9% on June 30, 2011.
7. The Statement of Activities provides some detail into the \$6,922,703 increase in net assets the District saw in 2012. The District saw its revenues increase \$2,015,711. This increase was due to increased funding in the form of State aid of \$2,360,490, an increase in property tax collections of \$1,776,536, and a \$867,091 increase in revenue from the sale of capital assets. These increases were partially offset by a decrease in federal grants of \$2,585,413. As the nation's interest rates and other returns on investments continued to fall last year, so did the District's revenue from interest on investments, it decreased by \$44,450 or 57.7% to \$32,485. The District was able to sustain a positive increase in net assets by holding the increase in its expenses to 2.1% from \$163,956,927 in FY-2011 to 167,429,034 in FY-2012.
8. Revenue from property taxes increased 5.3% and yielded \$1,776,536 more tax revenue than in 2011. The increase can be attributed to the District raising its mill levy by 2.006 mills, while experiencing a slight increase in assessed valuation.
9. The District's Current Ratio fell slightly from 2.69 in 2011 to 2.48 in 2012. 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 2.48 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 2.26 in 2011 to 2.13 in 2012. The ratio indicates the District has cash or cash equivalents (not inventory) in excess of the amount needed to pay its currently maturing liabilities (2.13 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-2012 the District's F.T.E. count was 24,012.2. Initially Kansas school districts saw a 1.35% funding increase as the legislature increased the Base State Aid Per Pupil (BSAPP) 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 F.T.E. to \$4,012. The net result was that the District had to conduct its operations with \$206 less per F.T.E. 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-2011 budget on a base state aid per pupil of \$4,012. In the middle of the budget year, the Governor directed that school district budget authority be reduced by \$75 to a base state aid per pupil of \$3,937. This resulted in a reduction in General Fund budget authority of \$1,704,143. In FY-2012, 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 Park, 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-2012 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 were 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 \$2,450,998 fund balance at year's end, an increase of nearly \$600,000.

3. USDE Pass Through Fund: This fund was created to account for federal grants from USDE. This fund normally has a zero balance at the end of the fiscal year.
4. Special Education Fund: The State of Kansas increased funding for Special Education services for Fiscal Year 2011. Even with the increase the District was still required to transfer an additional \$3,011,657 from its Supplemental General Fund to the Special Education Fund to cover the costs associated with providing the required services. In late FY-2012, the District transferred an additional \$1,294,794 from the Supplemental General Fund to the Special Education Fund in an effort to re-establish the needed carryover balance.
5. Capital Outlay Fund: The District's mill levy to support the operations of the Capital Outlay Fund was increased from 4.753 mills to 5.403 mills in Fiscal Year 2012. 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-2012 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. The 10 largest capital outlay projects during FY-2012 are as follows:

Ross Elementary room additions	\$7,352,037
State Street Elementary room additions	\$5,308,339
Southard Building remodel for meals on wheels	\$1,181,543
Former State Hospital land debt payoff	\$908,944
Kanza Wind Turbine	\$529,885
West Hall Building razed	\$161,005
Quinton Heights Building remodel	\$123,188
Topeka West High School intercom upgrade	\$61,557
Topeka High School asphalt overlay	\$56,925
Hope Street Academy boiler replacement	\$56,380

6. Textbook Revolving Fund: The year-end balance in the Textbook Rental/Study Material Revolving Fund continued to fall. On June 30, 2010 the Fund's balance reached \$3,434,188. On June 30, 2011, it dropped to \$1,363,934. This large 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 \$2,369,393 at the end of FY-2012.

7. Food Service Fund: The District's Food Service operation finished the year with net loss of \$37,629. 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-2012 saw its total state budgeted amount for all funds increase from \$224,744,247 in FY-2011 to \$251,574,257 in FY-2012 for a \$26,829,960 increase. The preponderance of that increase was in the District's Capital Outlay Fund (\$9,780,613). The Federal School Improvement Grant at Highland Park High School was the main force behind federal grants increasing by \$2,537,326. The special assessment for the widening of MacVicar street that runs along the east side of the District's Sports Park drove the special assessment Fund up \$1,306,664. In June, the State of Kansas delayed the last scheduled FY-2011 KPERS transfer until after year-end causing that fund to show a \$4,033,580 increase. The District's Special Reserve Fund was hit with an increase of \$1,839,850 as a result of repairing extensive roof damage from the massive April hail storm.
2. The Capital Outlay Fund's \$9,780,613 increase in expenditures reflects the 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. The nearly \$10,000,000 increase in expenditures was financed by \$3,032,807 that originated in the Contingency Reserve fund, the sale of unneeded assets and an additional transfer of \$7,182,367 of unused funds from the General Fund.

#### Capital Assets and Debt Administration

1. The District decreased its long-term bonded debt load by \$5,085,000 during FY-2012. \$28,015,000 of bonded debt remains.
2. During FY-2012 the District paid off its debt to the State of Kansas for the purchase of the State Hospital Grounds. The \$1,912,310 needed to extinguish the debt came out of the District's capital outlay fund.

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 ASSETS

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 43,911,056	\$ 4,980,510	\$ 48,891,566
Due from other governmental units	752,859	-	752,859
Accrued interest receivable	566	-	566
State aid receivables	6,367,079	-	6,367,079
Advances due from other funds	89,900	-	89,900
Internal balances	(15,631)	15,631	-
Inventory of materials and supplies	142,359	735,652	878,011
Total current assets	51,248,188	5,731,793	56,979,981
Noncurrent assets:			
Capital assets not being depreciated	17,041,138	123,266	17,164,404
Capital assets, net of accumulated depreciation	81,075,913	1,108,456	82,184,369
Other noncurrent assets, net	134,178	-	134,178
Total noncurrent assets	98,251,229	1,231,722	99,482,951
Total assets	149,499,417	6,963,515	156,462,932
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	8,949,928	996,607	9,946,535
Advances due to other funds	-	89,900	89,900
Accrued interest payable	570,230	-	570,230
Estimated insurance claims	624,953	-	624,953
Payroll liabilities	4,957,768	-	4,957,768
Unearned revenue	225,117	-	225,117
General obligation bonds payable, current portion	5,605,000	-	5,605,000
Accrued compensated absences	998,614	-	998,614
Total current liabilities	21,931,610	1,086,507	23,018,117
Noncurrent liabilities:			
General obligation bonds payable, net	22,639,181	-	22,639,181
Accrued compensated absences	1,846,481	-	1,846,481
Postemployment benefits payable	12,526,049	-	12,526,049
Total noncurrent liabilities	37,011,711	-	37,011,711
Total liabilities	58,943,321	1,086,507	60,029,828
<b>Net assets:</b>			
Invested in capital assets, net of related debt	69,872,870	1,231,722	71,104,592
Restricted for:			
Debt service	2,572,043	-	2,572,043
Other	3,991,596	-	3,991,596
Unrestricted	14,119,587	4,645,286	18,764,873
Total net assets	\$ 90,556,096	\$ 5,877,008	\$ 96,433,104

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants		Governmental Activities	Business-type Activities	Total
			Federal Grants	Other Grants and Contributions			
Governmental activities:							
Instruction	\$ 100,271,261	\$ 1,555,436	\$ 22,267,102	\$ 9,896,297	\$ (66,552,426)		\$ (66,552,426)
Instructional support	3,606,203	-	-	-	(3,606,203)		(3,606,203)
Student support	15,811,285	-	-	-	(15,811,285)		(15,811,285)
General administration	2,097,036	-	-	-	(2,097,036)		(2,097,036)
School administration	7,657,041	-	-	-	(7,657,041)		(7,657,041)
Business support	2,179,087	-	-	-	(2,179,087)		(2,179,087)
Plant and maintenance	14,564,112	-	-	-	(14,564,112)		(14,564,112)
Transportation	3,900,737	-	-	-	(3,900,737)		(3,900,737)
Central support services	4,609,356	-	-	-	(4,609,356)		(4,609,356)
Other support	148,319	-	-	-	(148,319)		(148,319)
Student activities	1,057,041	-	-	-	(1,057,041)		(1,057,041)
Interest on long-term debt	1,385,069	-	-	-	(1,385,069)		(1,385,069)
Total governmental activities	157,286,547	1,555,436	22,267,102	9,896,297	(123,567,712)		(123,567,712)
Business-type activities:							
Textbook/study material	2,017,639	525,486	-	-		\$ (1,492,153)	(1,492,153)
Food service	7,381,205	1,131,870	6,121,144	-		(128,191)	(128,191)
Other business-type activities	743,643	767,452	-	250		24,059	24,059
Total business-type activities	10,142,487	2,424,808	6,121,144	250		(1,596,285)	(1,596,285)
Total district (forward)	\$ 167,429,034	\$ 3,980,244	\$ 28,388,246	\$ 9,896,547	\$ (123,567,712)	\$ (1,596,285)	\$ (125,163,997)

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

STATEMENT OF ACTIVITIES  
(Continued)

Year Ended June 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Net (expense) revenue and changes in net assets brought forward	\$ (123,567,712)	\$ (1,596,285)	\$ (125,163,997)
General revenues:			
Property taxes	35,031,648	-	35,031,648
State aid	95,166,712	74,915	95,241,627
Other revenue from local sources	862,395	50	862,445
Interest and investment earnings	31,093	1,392	32,485
Gain on sale of capital assets	918,495	-	918,495
Transfers, net	(1,977,599)	1,977,599	-
Total general revenues and transfers	130,032,744	2,053,956	132,086,700
Change in net assets	6,465,032	457,671	6,922,703
Net assets, beginning of year	84,091,064	5,419,337	89,510,401
Net assets, end of year	\$ 90,556,096	\$ 5,877,008	\$ 96,433,104

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

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2012

	<u>General*</u>
<u>ASSETS</u>	
Cash and investments	\$ 12,378,949
Due from other governmental units	-
Accrued interest receivable	-
State aid receivables	6,367,079
Advances due from other funds	89,900
Inventory of materials and supplies	142,359
Total assets	<u>\$ 18,978,287</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,909,802
Payroll liabilities	4,957,768
Deferred revenue	-
Total liabilities	<u>7,867,570</u>
Fund balances:	
Nonspendable:	
Inventories	142,359
Restricted	-
Assigned	4,973,323
Unassigned	5,995,035
Total fund balances	<u>11,110,717</u>
Total liabilities and fund balances	<u>\$ 18,978,287</u>

\* See the General Fund Combining Balance Sheet on pages 81-82.

See accompanying notes to financial statements.

K-12 At-Risk	Special Education	Capital Outlay	USDE Pass Through	Other Governmental Funds	Total Governmental Funds
\$ 3,798,794	\$ 6,094,281	\$ 10,694,656	\$ 1,032,338	\$ 7,059,066	\$ 41,058,084
-	-	-	622,045	130,814	752,859
-	-	566	-	-	566
-	-	-	-	-	6,367,079
-	-	-	-	-	89,900
-	-	-	-	-	142,359
<u>\$ 3,798,794</u>	<u>\$ 6,094,281</u>	<u>\$ 10,695,222</u>	<u>\$ 1,654,383</u>	<u>\$ 7,189,880</u>	<u>\$ 48,410,847</u>
\$ 1,347,796	\$ 1,230,934	\$ 1,538,489	\$ 1,554,314	\$ 368,593	\$ 8,949,928
-	-	-	-	-	4,957,768
-	-	-	100,069	125,048	225,117
<u>1,347,796</u>	<u>1,230,934</u>	<u>1,538,489</u>	<u>1,654,383</u>	<u>493,641</u>	<u>14,132,813</u>
-	-	-	-	-	142,359
1,516,704	-	-	-	5,617,165	7,133,869
934,294	4,863,347	9,156,733	-	1,079,074	21,006,771
-	-	-	-	-	5,995,035
<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>\$ 3,798,794</u>	<u>\$ 6,094,281</u>	<u>\$ 10,695,222</u>	<u>\$ 1,654,383</u>	<u>\$ 7,189,880</u>	<u>\$ 48,410,847</u>

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

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

June 30, 2012

Total fund balances - governmental funds	\$ 34,278,034
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Amounts reported for governmental activities in the statement of net assets 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 \$ 200,346,725 and the accumulated depreciation is \$ (102,229,674).	98,117,051
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Unamortized bond issue costs, net of accumulated amortization, are not financial resources and therefore are not reported as assets in governmental funds.	134,178
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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 assets.	2,212,388
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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 assets. Balances at June 30, 2012 are:

General obligation bonds payable	\$ (28,015,000)	
Deferred charge on refunding	317,390	
Unamortized bond premium	(546,571)	
Accrued interest payable	(570,230)	
Accrued compensated absences (sick pay and vacation)	(2,845,095)	
Post employment benefits	(12,526,049)	(44,185,555)
	<hr/>	<hr/>

Total net assets - governmental activities	<u>\$ 90,556,096</u>
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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, 2012

	General*
Revenues:	
Property taxes	\$ 27,459,125
Local sources	87,826
Charges for services	312,075
State aid	56,843,202
Federal aid	208,231
Interest	5,520
On behalf payments:	
KPERs	-
Miscellaneous	529,976
Total revenues	<u>85,445,955</u>
Expenditures:	
Instruction	31,750,928
Student support	4,435,883
Instructional support	2,864,723
General administration	1,850,043
School administration	7,059,413
Business support	1,933,186
Plant and maintenance	9,801,833
Transportation	1,546,682
Central support services	4,699,671
Other support	148,319
Student activities	160
On behalf expenditures:	
KPERs	-
Debt service:	
Principal	300,945
Interest	31,722
Facilities acquisition and construction	939,744
Total expenditures	<u>67,363,252</u>
Excess (deficiency) of revenues over expenditures	18,082,703
Other financing sources (uses):	
Transfers in	-
Transfers out	(21,791,055)
Sale of capital assets	-
Insurance reimbursements	1,545,496
Net change in fund balances	<u>(2,162,856)</u>
Fund balance, beginning of year	<u>13,273,573</u>
Fund balance, end of year	<u><u>\$ 11,110,717</u></u>

\* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on pages 83-84.

See accompanying notes to financial statements.

At-Risk K-12	Special Education	Capital Outlay	USDE Pass Through	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,719,748	\$ -	\$ 3,852,775	\$ 35,031,648
-	-	-	(1,006)	775,575	862,395
-	882	48,223	-	1,120,885	1,482,065
18,336,200	14,672,650	-	-	5,314,659	95,166,711
-	4,230,074	-	14,512,009	3,199,624	22,149,938
-	-	20,855	-	1,426	27,801
-	-	-	-	8,160,426	8,160,426
-	-	41,325	-	1,134,902	1,706,203
18,336,200	18,903,606	3,830,151	14,511,003	23,560,272	164,587,187
17,649,512	19,621,746	35,849	10,027,151	8,497,918	87,583,104
-	5,901,022	-	4,483,852	949,068	15,769,825
-	620,701	-	-	120,520	3,605,944
-	-	8,400	-	394,899	2,253,342
96,935	826,893	-	-	42,860	8,026,101
-	10,398	22,445	-	205,498	2,171,527
-	331,254	1,686,606	-	213,571	12,033,264
-	1,735,800	-	-	616,877	3,899,359
-	-	1,130,131	-	250,223	6,080,025
-	-	-	-	-	148,319
-	-	-	-	1,056,881	1,057,041
-	-	-	-	8,160,426	8,160,426
-	-	908,944	-	5,085,000	6,294,889
-	-	3,366	-	1,546,781	1,581,869
-	6,980	13,735,756	-	-	14,682,480
17,746,447	29,054,794	17,531,497	14,511,003	27,140,522	173,347,515
589,753	(10,151,188)	(13,701,346)	-	(3,580,250)	(8,760,328)
-	5,389,217	10,251,415	-	3,875,235	19,515,867
-	-	-	-	(2,411)	(21,793,466)
-	-	1,129,863	-	-	1,129,863
-	-	1,964	-	-	1,547,460
589,753	(4,761,971)	(2,318,104)	-	292,574	(8,360,604)
1,861,245	9,625,318	11,474,837	-	6,403,665	42,638,638
\$ 2,450,998	\$ 4,863,347	\$ 9,156,733	\$ -	\$ 6,696,239	\$ 34,278,034



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, 2012

Net change in fund balances - governmental funds	\$ (8,360,604)
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The change in net assets 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 (\$ 4,510,542) is greater than capital outlays (\$ 14,592,508).

10,081,966

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

(181,700)

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 assets, 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 assets.

Repayments:

General obligation bonds

\$ 5,085,000

Land note payable

1,209,889

6,294,889

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.

85,635

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.

55,571

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.

(1,510,725)

Change in net assets of governmental activities

\$ 6,465,032

See accompanying notes to financial statements.

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2012

	<u>Textbook/Study Material Revolving</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 2,854,072
Inventory of supplies and materials, at cost	<u>511,680</u>
Total current assets	3,365,752
Noncurrent assets:	
Capital assets not being depreciated	-
Furniture, fixtures and equipment	-
Less accumulated depreciation	<u>-</u>
Total assets	<u><u>\$ 3,365,752</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 996,359
Advances due to other funds	-
Estimated insurance claims	<u>-</u>
Total liabilities	<u>996,359</u>
Net assets:	
Invested in capital assets	-
Unrestricted	<u>2,369,393</u>
Total net assets	<u>2,369,393</u>
Total liabilities and net assets	<u><u>\$ 3,365,752</u></u>

See accompanying notes to financial statements.

Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 2,012,479	\$ 113,959	\$ 4,980,510	\$ 2,852,972
223,972	-	735,652	-
2,236,451	113,959	5,716,162	2,852,972
123,266	-	123,266	-
3,029,917	13,277	3,043,194	-
(1,921,461)	(13,277)	(1,934,738)	-
\$ 3,468,173	\$ 113,959	\$ 6,947,884	\$ 2,852,972
\$ 248	\$ -	\$ 996,607	\$ -
-	89,900	89,900	-
-	-	-	624,953
248	89,900	1,086,507	624,953
1,231,722	-	1,231,722	-
2,236,203	24,059	4,629,655	2,228,019
3,467,925	24,059	5,861,377	2,228,019
\$ 3,468,173	\$ 113,959		\$ 2,852,972
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		15,631	
Net assets of business-type activities		\$ 5,877,008	

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

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

Year Ended June 30, 2012

	Textbook/Study Material Revolving
Operating revenues:	
Charges for services	\$ 525,486
Other	-
Total operating revenues	<u>525,486</u>
Operating expenses:	
Instruction	2,035,702
Student support services	-
Instructional support	-
Business support	(18,349)
Central support services	-
Plant and maintenance	-
Depreciation	-
Food service support	-
Other	286
Total operating expenses	<u>2,017,639</u>
Operating income (loss)	<u>(1,492,153)</u>
Nonoperating revenues (expenses):	
Loss on disposal of capital assets	-
Interest	1,392
State grants	-
Federal grants	-
Total nonoperating revenues (expenses)	<u>1,392</u>
Income (loss) before transfers	(1,490,761)
Transfers in	2,013,840
Transfers out	-
Change in net assets	<u>523,079</u>
Net assets, beginning of year	<u>1,846,314</u>
Net assets, end of year	<u><u>\$ 2,369,393</u></u>

See accompanying notes to financial statements.

Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 1,131,870	\$ 767,452	\$ 2,424,808	\$ 4,776,102
50	250	300	73,371
1,131,920	767,702	2,425,108	4,849,473
-	(212,734)	1,822,968	-
4,353	100,236	104,589	7,120
-	9,282	9,282	-
189,852	-	171,503	149,090
-	-	-	5,047,058
84,972	33,217	118,189	-
141,623	-	141,623	-
6,944,689	-	6,944,689	26,686
-	813,642	813,928	-
7,365,489	743,643	10,126,771	5,229,954
(6,233,569)	24,059	(7,701,663)	(380,481)
(119)	-	(119)	-
-	-	1,392	3,292
74,915	-	74,915	-
6,121,144	-	6,121,144	117,164
6,195,940	-	6,197,332	120,456
(37,629)	24,059	(1,504,331)	(260,025)
-	-	2,013,840	300,000
-	(36,241)	(36,241)	-
(37,629)	(12,182)	473,268	39,975
3,505,554	36,241		2,188,044
\$ 3,467,925	\$ 24,059		\$ 2,228,019
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(15,597)	
Change in net assets of business-type activities		\$ 457,671	

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended June 30, 2012

	<u>Textbook/Study Material Revolving</u>
Cash flows from operating activities:	
Received from user charges	\$ 525,486
Received from other sources	-
Payments to employees for services	-
Payments to suppliers for goods and services	<u>(2,774,097)</u>
Net cash used in operating activities	<u>(2,248,611)</u>
Cash flows from noncapital financing activities:	
Nonoperating grants received	-
Advances from other funds	-
Transfers to other funds	-
Transfers from other funds	<u>2,013,840</u>
Net cash provided by noncapital financing activities	<u>2,013,840</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>-</u>
Cash flows from investing activities:	
Interest received	<u>1,392</u>
Net increase (decrease) in cash and cash equivalents	<u>(233,379)</u>
Cash and cash equivalents, beginning	<u>3,087,451</u>
Cash and cash equivalents, ending	<u>\$ 2,854,072</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (1,492,153)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Inventory of supplies	(144,508)
Accounts payable	(611,950)
Estimated insurance claims	<u>-</u>
Net cash used in operating activities	<u>\$ (2,248,611)</u>

See accompanying notes to financial statements.

Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 1,131,870	\$ 767,452	\$ 2,424,808	\$ 4,776,102
50	250	300	73,371
(2,680,756)	(233,291)	(2,914,047)	(4,302,885)
(4,569,987)	(621,554)	(7,965,638)	(785,593)
(6,118,823)	(87,143)	(8,454,577)	(239,005)
6,196,059	-	6,196,059	117,164
-	89,900	89,900	-
-	(36,241)	(36,241)	-
-	-	2,013,840	300,000
6,196,059	53,659	8,263,558	417,164
(123,266)	-	(123,266)	-
-	-	1,392	3,292
(46,030)	(33,484)	(312,893)	181,451
2,058,509	147,443	5,293,403	2,671,521
\$ 2,012,479	\$ 113,959	\$ 4,980,510	\$ 2,852,972
\$ (6,233,569)	\$ 24,059	\$ (7,701,663)	\$ (380,481)
141,623	-	141,623	-
(12,986)	-	(157,494)	-
(13,891)	(111,202)	(737,043)	-
-	-	-	141,476
\$ (6,118,823)	\$ (87,143)	\$ (8,454,577)	\$ (239,005)

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

June 30, 2012

	<u>Agency</u>
Assets:	
Cash	<u>\$        427,390</u>
Liabilities:	
Due to student organizations	<u>\$        427,390</u>

See accompanying notes to financial statements.



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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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 assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. 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. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets. 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.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds continue to follow Financial Accounting Standards Board (FASB) standards issued on or before December 1, 1989. However, from that date forward, proprietary funds have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards for proprietary funds.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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.

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 Assets

The District's net assets are classified as follows:

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Unrestricted net assets – 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.

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, 2012, 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, 2012, the Governmental Accounting Standards Board (GASB) had issued the following statements not yet implemented by the District:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued in November 2010. The objective of this statement is to improve financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria and guidance for reporting component units as if they were part of the primary government (that is, blending). Additionally, this statement requires a primary government to report its equity interest in a component unit as an asset. The provisions of this statement are effective for periods beginning after June 15, 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued in June 2011. The objective of this statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement are effective for periods beginning after December 15, 2011.



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. 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 this Statement should be applied retroactively by restating financial statements, if practical, for all periods presented.

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, 2012.

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	Adult Basic Education	Special Assessments
Supplemental General	Vocational Education	Inservice Education
Special Education	Adult Supplemental Education	Debt Service
Food Service	Capital Outlay	Parent Education
Vocational School	Special Liability	At-Risk (K-12)
Federal Grants	KPERS Special Retirement	At-Risk (4 year old)
No-Fund Warrants	Contribution	Summer School
Bilingual Education	Gifts and Grants	

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		

The no-fund warrants fund had transfers in excess of budget of \$ 2,411 resulting from a transfer of remaining cash. The special assessments fund had expenditures in excess of budget of \$ 1,115,662 resulting from an unexpected payment of special assessments on District-owned property sold in the current year.

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, 2012 and throughout the year ended June 30, 2012, 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, 2012 is AAAs/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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Cash and Investments (Continued)

*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, 2012, the District's deposits were not exposed to custodial credit risk.

*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, 2012, 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	\$ 38,634,930	\$ 38,634,930	\$ -	\$ -	\$ -

*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).

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Tax Revenue and Taxes Receivable (Continued)

Assessed values are established by the Shawnee County appraiser's office. The assessed valuation at January 1, 2011 of the tangible, taxable property for purposes of local taxation was \$ 536,142,672 for the general fund and \$ 610,222,316 in total.

The tax levy per \$ 1,000 of the November 1, 2011 levy of tangible, taxable property levied for district taxation was as follows by fund:

General	\$ 20.000
Supplemental general	25.300
Capital outlay	5.403
Debt service	4.880
Adult education	0.201
Special liability	0.523
	<hr/>
	\$ 56.307
	<hr/>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets

A summary of changes in capital assets follows:

Governmental Activities					
	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,551,463	\$ -	\$ (67,144)	\$ -	\$ 5,484,319
Construction in progress	1,989,102	12,601,337	-	(3,033,620)	11,556,819
Total capital assets, not being depreciated	7,540,565	12,601,337	(67,144)	(3,033,620)	17,041,138
<u>Capital assets, being depreciated:</u>					
Buildings	159,681,305	895,667	(437,106)	3,033,620	163,173,486
Furniture, fixtures and equipment	20,719,456	1,095,504	(1,682,859)	-	20,132,101
Total capital assets, being depreciated	180,400,761	1,991,171	(2,119,965)	3,033,620	183,305,587
Less accumulated depreciation	(99,724,541)	(4,510,542)	2,005,409	-	(102,229,674)
Total capital assets, being depreciated, net	80,676,220	(2,519,371)	(114,556)	3,033,620	81,075,913
	<u>\$ 88,216,785</u>	<u>\$ 10,081,966</u>	<u>\$ (181,700)</u>	<u>\$ -</u>	<u>\$ 98,117,051</u>
Business-Type Activities					
	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
<u>Capital assets, not being depreciated:</u>					
Construction in progress	\$ -	\$ 123,266	\$ -	\$ -	\$ 123,266
<u>Capital assets, being depreciated:</u>					
Furniture, fixtures and equipment	\$ 3,128,807	\$ -	\$ (85,613)	\$ -	\$ 3,043,194
Less accumulated depreciation	(1,878,609)	(141,623)	85,494	-	(1,934,738)
Total capital assets, being depreciated net	1,250,198	(141,623)	(119)	-	1,108,456
	<u>\$ 1,250,198</u>	<u>\$ (18,357)</u>	<u>\$ (119)</u>	<u>\$ -</u>	<u>\$ 1,231,722</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

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

Governmental activities:

Instruction	\$ 3,373,851
Instructional support	16,064
School administration	161,023
Plant and maintenance	749,975
Central support services	<u>209,629</u>

Total depreciation expense - governmental activities	<u><u>\$ 4,510,542</u></u>
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Business-type activities:

Food service	<u><u>\$ 141,623</u></u>
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Project authorizations compared with estimated completed costs from inception for significant projects open at year-end are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
Projects in process:		
State Street/Chase classroom and gym	\$ 4,968,767	\$ 4,105,365
Ross/Eisenhower classroom	<u>6,896,760</u>	<u>5,856,886</u>
	<u><u>\$ 11,865,527</u></u>	<u><u>\$ 9,962,251</u></u>

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, 2012:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
General obligation bonds paid with ad valorem taxes	\$ 33,100,000	\$ -	\$ 5,085,000	\$ 28,015,000	\$ 5,605,000
Add unamortized premium on bonds				546,571	
Less unamortized deferred refunding difference				(317,390)	
				<u>\$ 28,244,181</u>	
Post employment benefits	\$ 11,217,181	\$ 6,532,355	\$ 5,223,487	\$ 12,526,049	\$ -
Compensated absences	\$ 2,532,071	\$ 1,311,638	\$ 998,614	\$ 2,845,095	\$ 998,614
Mortgage note payable	\$ 1,209,889	\$ -	\$ 1,209,889	\$ -	\$ -

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, 2012:

Series	Date Issued	Final Scheduled Maturity	Original Principal Amount	Principal Amount Outstanding June 30, 2012	Interest Ranges
2002	4/1/2002	2/1/2013	\$ 24,500,000	\$ 1,800,000	4.5% to 5.0%
2005	4/1/2005	8/1/2015	19,850,000	12,140,000	4.0% to 5.0%
2007	3/1/2007	2/1/2016	16,020,000	14,075,000	4.0% to 5.0%
			<u>\$ 60,370,000</u>	<u>\$ 28,015,000</u>	



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

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
2013	\$ 5,605,000	\$ 1,296,656	\$ 6,901,656
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>\$ 28,015,000</u>	<u>\$ 3,394,890</u>	<u>\$ 31,409,890</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, 2012, based on the assessed valuation of \$ 610,222,316, the general obligation limit of \$ 85,431,124 exceeds the District's bonded indebtedness by \$ 60,558,397, after consideration of \$ 3,142,273 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, 2012. The District was instructed by the State Department of Education to expend the authorized budget for the year ended June 30, 2012 in accordance with Senate Bill 4. The balance of monies due the District from the State was received in July 2012.

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

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 9.77% of covered payroll for July 1, 2011 to March 31, 2012 and 8.77% of covered payroll from April 1, 2012 to June 30, 2012. 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, 2012, 2011 and 2010 were \$ 298,635,383, \$ 253,834,044 and \$ 248,468,186, respectively, equal to the statutorily required contributions for each year. During the year ended June 30, 2012, payments made by the State to KPERS on behalf of the District totaled \$ 8,160,426.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Healthcare Benefits

Plan Description. The District offers postemployment benefits to retired employees. The benefits are provided through a single employee 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, 2012, the District has approximately 240 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, 2012, payments to early retirees along with insurance benefits totaled approximately \$ 3,595,000. 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  
UNIFIED SCHOOL DISTRICT NO. 501  
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NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Healthcare 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 2012, the District contributed \$ 5,223,487 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	224,344
Adjustment to the ARC	<u>(491,026)</u>
Annual OPEB cost (expense)	6,532,355
Contributions made	<u>(5,223,487)</u>
Increase in net OPEB obligation	1,308,868
Net OPEB obligation, July 1, 2011	<u>11,217,181</u>
Net OPEB obligation, June 30, 2012	<u><u>\$ 12,526,049</u></u>

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 Healthcare 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 2012, 2011, 2010, 2009 and 2008 are as follows:

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year Net OPEB Obligation
2012	\$ 6,532,355	\$ 5,223,487	79.96%	\$ 12,526,049
2011	\$ 6,941,605	\$ 5,484,765	79.01%	\$ 11,217,181
2010	\$ 7,010,877	\$ 4,097,127	58.44%	\$ 9,760,341
2009	\$ 6,561,447	\$ 3,321,935	50.63%	\$ 6,846,591
2008	\$ 6,647,203	\$ 3,040,124	45.74%	\$ 3,607,079

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  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Other Postemployment Healthcare 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	Other Nonmajor Proprietary Funds	
Governmental funds:				
Special education	\$ 5,389,217	\$ -	\$ -	\$ 5,389,217
Capital outlay	10,215,174	-	36,241	10,251,415
Other nonmajor funds	3,875,235	-	-	3,875,235
	19,479,626	-	36,241	19,515,867
Proprietary funds:				
Internal service funds	300,000	-	-	300,000
Textbook/Study material	2,011,429	2,411	-	2,013,840
	<u>\$ 21,791,055</u>	<u>\$ 2,411</u>	<u>\$ 36,241</u>	<u>\$ 21,829,707</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, 2012, \$ 89,900 is due from other nonmajor proprietary funds to the general fund for advances made during the year.

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

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 2012, 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, 2012 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 \$ 624,953 is included in the governmental funds column of the statement of net assets as estimated insurance claims. Changes in the claims liability for the years ended June 30, 2012 and 2011 were:

	Beginning of Year Liability	Change in Estimate	Claims and Premium Payments	End of Year Liability
2012	\$ 483,477	\$ 660,425	\$ 518,949	\$ 624,953
2011	\$ 327,480	\$ 824,841	\$ 668,844	\$ 483,477

No amounts have been reflected in the financial statements for dental insurance claims liability and prescription drug claims liability as of June 30, 2012.

There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage for each of the past three fiscal years.

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  
UNIFIED SCHOOL DISTRICT NO. 501  
TOPEKA, KANSAS

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, 2012, the District's recorded encumbrances in governmental funds were as follows:

General	\$ 1,750,170
At-risk K-12	6,645
Capital outlay	3,389,974
Special education	28,979
Other nonmajor governmental funds	<u>155,143</u>
	<u>\$ 5,330,911</u>

## REQUIRED SUPPLEMENTARY INFORMATION

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

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, 2012

	General			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 96,738	\$ 96,738	\$ 265,764	\$ 169,026
Current	9,523,723	9,523,723	9,882,177	358,454
Delinquent	294,262	294,262	615,639	321,377
Intergovernmental:				
Federal	-	-	39,554	39,554
State and local	79,461,865	79,461,865	77,620,339	(1,841,526)
Reimbursed expenses	-	-	459,085	459,085
Total revenues	89,376,588	89,376,588	88,882,558	(494,030)
Expenditures:				
Current:				
Instruction	31,013,981	31,013,981	29,470,104	(1,543,877)
Support services	30,820,507	30,820,507	29,497,142	(1,323,365)
Budget adjustment to comply with legal max	(1,561,140)	(1,561,140)		1,561,140
Total expenditures subject to budget	60,273,348	60,273,348	58,967,246	(1,306,102)
Expenditures not subject to budget:				
Reimbursed expenses			459,085	459,085
Total expenditures	60,273,348	60,273,348	59,426,331	(847,017)
Excess of revenues over expenditures	29,103,240	29,103,240	29,456,227	352,987
Other financing sources and uses:				
Transfers in	3,032,807	3,032,807	3,032,807	-
Transfers out	(30,574,907)	(30,574,907)	(31,881,009)	1,306,102
Excess (deficiency) of revenues over (under) expenditures and other financing uses	1,561,140	1,561,140	608,025	\$ (953,115)
Fund balances, beginning of year, budget basis	-	-	(6,118,908)	
Fund balances, end of year, budget basis	\$ 1,561,140	\$ 1,561,140	(5,510,883)	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2012			5,510,883	
Plus inventories at June 30, 2012			142,359	
Plus encumbrances outstanding at June 30, 2012			757,175	
Fund balance on the basis of GAAP - General Fund only			899,534	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Supplemental General			2,360,277	
Inservice Education			376,057	
Summer School			115,791	
Pepsi Exclusivity - included in gifts and grants			98,882	
Sports Park Operations - included in gifts and grants			613,201	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Internal Service Reserve			-	
Payroll Liability Clearing			-	
Self-insurance Reserve			1,331,333	
Risk Management Reserve			1,665,047	
Contingency Reserve			3,650,595	
			\$ 11,110,717	

(Continued)

Schedule 1 (Con't.)

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, 2012

	Supplemental General			Variance
	Budget			Over
	Original	Final	Actual	(Under)
Revenues:				
Taxes:				
In process	\$ 149,328	\$ 149,328	\$ 346,732	\$ 197,404
Current	14,527,922	14,527,922	15,585,210	1,057,288
Delinquent	394,917	394,917	763,603	368,686
Interest	-	-	121	121
Other	-	-	19,826	19,826
Intergovernmental:				
State and local	14,249,118	14,249,118	14,730,057	480,939
Total revenues	29,321,285	29,321,285	31,445,549	2,124,264
Expenditures:				
Current:				
Instruction	4,759,036	4,759,036	2,030,608	(2,728,428)
Support services	3,538,852	3,538,852	3,657,243	118,391
Adjustment to comply with legal max	(147,220)	(147,220)		147,220
Total expenditures	8,150,668	8,150,668	5,687,851	(2,462,817)
Excess of revenues over expenditures	21,170,617	21,170,617	25,757,698	4,587,081
Other financing uses:				
Transfers out	(22,071,141)	(22,071,141)	(24,533,958)	2,462,817
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(900,524)	(900,524)	1,223,740	\$ 2,124,264
Fund balances, beginning of year, budget basis	1,047,744	1,047,744	171,151	
Fund balances, end of year, budget basis	\$ 147,220	\$ 147,220	1,394,891	
Reconciliation to GAAP				
Plus receivables at June 30, 2012			856,196	
Plus encumbrances outstanding at June 30, 2012			109,190	
Fund balance on the basis of GAAP			\$ 2,360,277	

(Continued)

Schedule 1 (Con't.)

TOPEKA PUBLIC SCHOOLS  
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TOPEKA, KANSAS

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, 2012

	Summer School			Variance
	Budget			Over
	Original	Final	Actual	(Under)
Revenues:				
Tuition	\$ 45,007	\$ 45,007	\$ 19,809	\$ (25,198)
Other	33,770	33,770	-	(33,770)
Intergovernmental:				
Federal	-	-	92,743	92,743
Total revenues	78,777	78,777	112,552	33,775
Expenditures:				
Current:				
Instruction	208,370	208,370	126,063	(82,307)
Support services	8,438	8,438	8,730	292
Total expenditures	216,808	216,808	134,793	(82,015)
Excess (deficiency) of revenues over (under) expenditures	(138,031)	(138,031)	(22,241)	\$ 115,790
Fund balances, beginning of year, budget basis	138,031	138,031	138,032	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 115,791	

(Continued)

TOPEKA PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 501  
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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, 2012

	Inservice Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ -	\$ 75,934	\$ 75,934
Interest	1,000	1,000	279	(721)
Total revenues	1,000	1,000	76,213	75,213
Expenditures:				
Current:				
Support services	571,250	571,250	296,717	(274,533)
Excess (deficiency) of revenues over (under) expenditures	(570,250)	(570,250)	(220,504)	\$ 349,746
Fund balances, beginning of year, budget basis	570,250	570,250	570,252	
Fund balances, end of year, budget basis	\$ -	\$ -	349,748	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			26,309	
Fund balance on the basis of GAAP			\$ 376,057	

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

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

Year Ended June 30, 2012

	Special Education			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Revenues:				
Intergovernmental:				
Federal	\$ 3,956,303	\$ 3,956,303	\$ 4,230,074	\$ 273,771
State and local	20,000	20,000	11,920	(8,080)
Other	-	-	882	882
Total revenues	3,976,303	3,976,303	4,242,876	266,573
Expenditures:				
Current:				
Instruction	27,120,352	27,120,352	19,623,515	(7,496,837)
Support services	8,012,446	8,012,446	9,417,838	1,405,392
Total expenditures	35,132,798	35,132,798	29,041,353	(6,091,445)
Excess (deficiency) of revenues over (under) expenditures	(31,156,495)	(31,156,495)	(24,798,477)	6,358,018
Other financing sources:				
Transfers in	21,573,597	21,573,597	20,049,947	(1,523,650)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(9,582,898)	(9,582,898)	(4,748,530)	\$ 4,834,368
Fund balances, beginning of year, budget basis	9,582,898	9,582,898	9,582,898	
Fund balances, end of year, budget basis	\$ -	\$ -	4,834,368	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			28,979	
Fund balance on the basis of GAAP			\$ 4,863,347	

(Continued)

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

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

	Capital Outlay			Variance
	Budget		Actual	Over Under
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 30,067	\$ 30,067	\$ 69,813	\$ 39,746
Current	3,350,856	3,350,856	3,425,821	74,965
Delinquent	79,515	79,515	224,114	144,599
Interest	-	-	26,515	26,515
Other	-	-	89,548	89,548
Total revenues	3,460,438	3,460,438	3,835,811	375,373
Expenditures:				
Current:				
Instruction	1,962,603	1,962,603	314,387	(1,648,216)
Support services	1,216,163	1,216,163	2,187,201	971,038
Facilities acquisition and construction	15,637,267	15,637,267	15,762,432	125,165
Total expenditures	18,816,033	18,816,033	18,264,020	(552,013)
Excess (deficiency) of revenues over (under) expenditures	(15,355,595)	(15,355,595)	(14,428,209)	927,386
Other financing sources:				
Transfers in	6,515,174	6,515,174	10,251,415	3,736,241
Sales of capital assets	-	-	1,129,863	1,129,863
Insurance reimbursements	-	-	1,964	1,964
Total other financing sources	6,515,174	6,515,174	11,383,242	4,868,068
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(8,840,421)	(8,840,421)	(3,044,967)	\$ 5,795,454
Fund balances, beginning of year, budget basis	8,840,421	8,840,421	8,811,160	
Fund balances, end of year, budget basis	\$ -	\$ -	5,766,193	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2012			566	
Plus encumbrances outstanding at June 30, 2012			3,389,974	
Fund balance on the basis of GAAP			\$ 9,156,733	

(Continued)



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

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	\$ 20,108,860	\$ 20,108,860	\$ 17,656,148	\$ (2,452,712)
Support services	88,575	88,575	96,935	8,360
Total expenditures	20,197,435	20,197,435	17,753,083	(2,444,352)
Other financing sources:				
Transfers in	18,336,200	18,336,200	18,336,200	-
Excess (deficiency) of other financing sources over (under) expenditures	(1,861,235)	(1,861,235)	583,117	\$ 2,444,352
Fund balances, beginning of year, budget basis	1,861,235	1,861,235	1,861,236	
Fund balances, end of year, budget basis	\$ -	\$ -	2,444,353	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			6,645	
Fund balance on the basis of GAAP			\$ 2,450,998	

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

Schedule of Funding Progress

Health Insurance  
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  
TOPEKA, KANSAS

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

Year Ended June 30, 2012

	Food Service			Variance
	Budget			Over
	Original	Final	Actual	(Under)
Revenues:				
Intergovernmental:				
Federal	\$ 4,910,588	\$ 4,910,588	\$ 6,121,144	\$ 1,210,556
State and local	55,005	55,005	74,915	19,910
Other	1,561,010	1,561,010	1,131,920	(429,090)
Total revenues	6,526,603	6,526,603	7,327,979	801,376
Expenditures:				
Current:				
Support services	268,586	268,586	274,974	6,388
Noninstructional services	8,266,527	8,266,527	7,076,350	(1,190,177)
Total expenditures	8,535,113	8,535,113	7,351,324	(1,183,789)
Excess (deficiency) of revenues over (under) expenditures	(2,008,510)	(2,008,510)	(23,345)	\$ 1,985,165
Fund balances, beginning of year, budget basis	2,008,510	2,008,510	1,994,334	
Fund balances, end of year, budget basis	\$ -	\$ -	1,970,989	
<u>Reconciliation to GAAP</u>				
Plus inventories at June 30, 2012			223,972	
Net adjustment for capitalization of assets			1,231,722	
Plus encumbrances outstanding at June 30, 2012			41,242	
Fund balance on the basis of GAAP			\$ 3,467,925	

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

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

Year Ended June 30, 2012

	Vocational School			Variance
	Budget		Actual	Over Over (Under)
	Original	Final		
Revenues:				
Tuition	\$ -	\$ -	\$ -	\$ -
Expenditures not subject to budget:				
Current:				
Support services - reimbursed expenses	-	-	(70,000)	(70,000)
Excess of revenues over expenditures	-	-	70,000	\$ 70,000
Fund balances, beginning of year, budget basis	-	-	-	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 70,000	

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 BUDGETED DEBT SERVICE FUNDS (BUDGET BASIS)

Year Ended June 30, 2012

	Debt Service			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Revenues:				
Taxes:				
In process	\$ 33,022	\$ 33,022	\$ 76,673	\$ 43,651
Current	3,039,584	3,039,584	3,100,905	61,321
Delinquent	87,328	87,328	191,405	104,077
Intergovernmental:				
State and local	3,694,920	3,694,920	2,897,420	(797,500)
Interest	3,000	3,000	1,174	(1,826)
Total revenues	6,857,854	6,857,854	6,267,577	(590,277)
Expenditures:				
Debt Service:				
Principal	5,085,000	5,085,000	5,085,000	-
Interest	2,344,281	2,344,281	1,546,781	(797,500)
Total expenditures	7,429,281	7,429,281	6,631,781	(797,500)
Excess (deficiency) of revenues over (under) expenditures	(571,427)	(571,427)	(364,204)	\$ 207,223
Fund balances, beginning of year, budget basis	3,506,477	3,506,477	3,506,477	
Fund balances, end of year, budget basis	\$ 2,935,050	\$ 2,935,050	\$ 3,142,273	

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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, 2012

	No-Fund Warrants			
	Budget			Variance Over Under
	Original	Final	Actual	(Under)
Revenues:				
Taxes:				
Delinquent	\$          -	\$          -	\$        2,411	\$          2,411
Other financing uses:				
Transfer out	-	-	(2,411)	2,411
Excess of revenues over expenditures and other uses	-	-	-	\$          -
Fund balances, beginning of year, budget basis	-	-	-	
Fund balances, end of year, budget basis	\$          -	\$          -	\$          -	

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 NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2012

	Special Liability			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Revenues:				
Taxes:				
In process	\$ 2,665	\$ 2,665	\$ 6,184	\$ 3,519
Current	309,082	309,082	316,891	7,809
Delinquent	7,043	7,043	11,050	4,007
Interest	-	-	71	71
Total revenues	318,790	318,790	334,196	15,406
Expenditures:				
Current:				
Support services	390,000	390,000	248,405	(141,595)
Excess (deficiency) of revenues over (under) expenditures	(71,210)	(71,210)	85,791	\$ 157,001
Fund balances, beginning of year, budget basis	79,230	79,230	79,231	
Fund balances, end of year, budget basis	\$ 8,020	\$ 8,020	165,022	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			26,546	
Fund balance on the basis of GAAP			\$ 191,568	

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

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

Year Ended June 30, 2012

	Adult Basic Education			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Revenues:				
Taxes:				
In process	\$ 1,904	\$ 1,904	\$ 4,421	\$ 2,517
Current	130,538	130,538	131,933	1,395
Delinquent	5,036	5,036	10,887	5,851
Intergovernmental:				
Federal	99,172	99,172	103,760	4,588
State and local	61,673	61,673	64,243	2,570
Interest	-	-	34	34
Other	9,000	9,000	27,437	18,437
Total revenues	307,323	307,323	342,715	35,392
Expenditures:				
Current:				
Instruction	353,737	353,737	322,112	(31,625)
Support services	21,276	21,276	18,711	(2,565)
Total expenditures	375,013	375,013	340,823	(34,190)
Excess (deficiency) of revenues over (under) expenditures	(67,690)	(67,690)	1,892	\$ 69,582
Fund balances, beginning of year, budget basis	67,690	67,690	67,691	
Fund balances, end of year, budget basis	\$ -	\$ -	69,583	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2012			6,074	
Fund balance on the basis of GAAP			\$ 75,657	

(Continued)

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

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

Year Ended June 30, 2012

	Vocational Education			Variance
	Budget			Over
	Original	Final	Actual	(Under)
Expenditures:				
Current:				
Instruction	\$ 1,909,870	\$ 1,909,870	\$ 1,561,775	\$ (348,095)
Support services	49,498	49,498	51,299	1,801
Total expenditures	1,959,368	1,959,368	1,613,074	(346,294)
Other financing sources:				
Transfers in	1,600,000	1,600,000	1,600,000	-
Excess (deficiency) of other sources over (under) expenditures	(359,368)	(359,368)	(13,074)	\$ 346,294
Fund balances, beginning of year, budget basis	359,368	359,368	359,368	
Fund balances, end of year, budget basis	\$ -	\$ -	346,294	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			7,039	
Fund balance on the basis of GAAP			\$ 353,333	

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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 NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2012

	Special Assessments			
	Budget			Variance Over Under (Under)
	Original	Final	Actual	
Revenues:				
Taxes:				
Delinquent	\$ -	\$ -	\$ 15	\$ 15
Other	-	-	1,115,657	1,115,657
Interest	-	-	12	12
Total revenues	-	-	1,115,684	1,115,684
Expenditures:				
Current:				
Special assessments	-	-	1,306,664	1,306,664
Excess (deficiency) of revenues over (under) expenditures	-	-	(190,980)	\$ (190,980)
Fund balances, beginning of year, budget basis	-	-	191,003	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 23	

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

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

Year Ended June 30, 2012

	Bilingual Education			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Expenditures:				
Current:				
Instruction	\$ 2,256,639	\$ 2,256,639	\$ 2,152,053	\$ (104,586)
Support services	795,916	795,916	666,706	(129,210)
Total expenditures	3,052,555	3,052,555	2,818,759	(233,796)
Other financing sources:				
Transfers in	3,011,657	3,011,657	3,011,657	-
Excess (deficiency) of other sources over (under) expenditures	(40,898)	(40,898)	192,898	\$ 233,796
Fund balances, beginning of year, budget basis	40,898	40,898	40,898	
Fund balances, end of year, budget basis	\$ -	\$ -	233,796	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			42,198	
Fund balance on the basis of GAAP			\$ 275,994	

(Continued)

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, 2012

	Parent Education			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Revenues:				
Intergovernmental:				
State and local	\$ 471,154	\$ 471,154	\$ 694,489	\$ 223,335
Other	231,591	231,591	241,939	10,348
Total revenues	702,745	702,745	936,428	233,683
Expenditures:				
Current:				
Support services	950,000	950,000	800,430	(149,570)
Excess (deficiency) of revenues over (under) expenditures	(247,255)	(247,255)	135,998	383,253
Other financing sources:				
Transfers in	168,420	168,420	168,420	-
Excess (deficiency) of revenues and other sources over (under) expenditures	(78,835)	(78,835)	304,418	\$ 383,253
Fund balances, beginning of year, budget basis	78,835	78,835	(144,499)	
Fund balances, end of year, budget basis	\$ -	\$ -	159,919	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			22,602	
Fund balance on the basis of GAAP			\$ 182,521	

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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, 2012

	Adult Supplemental Education			Variance
	Budget		Actual	Over
	Original	Final		(Under)
Other financing uses:				
Transfers out	\$ 36,241	\$ 36,241	\$ 36,241	\$ -
Fund balances, beginning of year, budget basis	36,241	36,241	36,241	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ -	

(Continued)

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

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

Year Ended June 30, 2012

	At-Risk 4 Year Old			
	Budget			Variance Over (Under)
	Original	Final	Actual	
Expenditures:				
Current:				
Instruction	\$ 1,019,376	\$ 1,019,376	\$ 873,962	\$ (145,414)
Other financing sources:				
Transfers in	941,000	941,000	941,000	-
Excess (deficiency) of other sources over (under) expenditures	(78,376)	(78,376)	67,038	\$ 145,414
Fund balances, beginning of year, budget basis	78,376	78,376	78,377	
Fund balances, end of year, budget basis	\$ -	\$ -	145,415	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2012			1,134	
Fund balance on the basis of GAAP			\$ 146,549	

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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 NONMAJOR BUDGETED FUNDS (BUDGET BASIS)

Year Ended June 30, 2012

	KPERS Special Retirement Contribution		
	Budget		Variance
	Original	Final	Over (Under)
Revenues:			
Intergovernmental:			
State and local	\$ 10,999,857	\$ 10,999,857	\$ 9,979,448
			\$ (1,020,409)
Expenditures:			
Current:			
Instruction	7,479,902	7,479,902	-
Support services	3,244,959	3,244,959	8,160,426
Noninstructional services	274,996	274,996	-
			(274,996)
Total expenditures	10,999,857	10,999,857	8,160,426
			(2,839,431)
Excess of revenues over expenditures	-	-	1,819,022
			\$ 1,819,022
Fund balances, beginning of year, budget basis	-	-	(1,819,022)
Fund balances, end of year, budget basis	\$ -	\$ -	\$ -



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, 2012

	Gifts and Grants			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Local	\$ 1,112,812	\$ 1,112,812	\$ 616,416	\$ (496,396)
Interest	-	-	3,213	3,213
Charges for services	-	-	1,059,718	1,059,718
Miscellaneous	100	100	51,316	51,216
Total revenues	1,112,912	1,112,912	1,730,663	617,751
Expenditures:				
Current:				
Instruction	235,386	235,386	357,676	122,290
Instructional support staff	25	25	14,072	14,047
General administration	44,590	44,590	28,423	(16,167)
School administration	210,935	210,935	(1,930)	(212,865)
Student support services	-	-	156,910	156,910
Supplemental services central	173,840	173,840	62,564	(111,276)
Support services business	-	-	343,710	343,710
Operations and maintenance	243,000	243,000	38,053	(204,947)
Transportation	-	-	355	355
Enterprise operations	1,595,768	1,595,768	957,115	(638,653)
Principal	-	-	300,945	300,945
Interest expense	-	-	31,722	31,722
Total expenditures	2,503,544	2,503,544	2,289,615	(213,929)
Excess (deficiency) of revenues over (under) expenditures	(1,390,632)	(1,390,632)	(558,952)	831,680
Other financing sources:				
Transfers in	-	-	36,000	(36,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(1,390,632)	(1,390,632)	(522,952)	\$ 867,680
Fund balances, beginning of year, budget basis	1,390,632	1,390,632	1,390,632	
Fund balances, end of year, budget basis	\$ -	\$ -	\$ 867,680	

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

Year Ended June 30, 2012

	Federal Grants			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 14,304,391	\$ 14,304,391	\$ 16,470,035	\$ 2,165,644
State and local	-	-	79,690	79,690
	<u>14,304,391</u>	<u>14,304,391</u>	<u>16,549,725</u>	<u>2,245,334</u>
Expenditures				
Current:				
Instruction	9,577,088	9,577,088	12,061,959	2,484,871
Support services	3,831,637	3,831,637	3,291,947	(539,690)
Noninstructional services	1,581,000	1,581,000	1,414,691	(166,309)
	<u>14,989,725</u>	<u>14,989,725</u>	<u>16,768,597</u>	<u>1,778,872</u>
Total expenditures				
	<u>14,989,725</u>	<u>14,989,725</u>	<u>16,768,597</u>	<u>1,778,872</u>
Excess (deficiency) revenues over (under) expenditures	(685,334)	(685,334)	(218,872)	<u>\$ 466,462</u>
Fund balances, beginning of year, budget basis	-	-	(136,867)	
Fund balances, end of year, budget basis	\$ (685,334)	\$ (685,334)	\$ (355,739)	

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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Senior High Schools</u>				
Athletic Support Groups:				
Highland Park	\$ 1,884	\$ 7,983	\$ 6,057	\$ 3,810
Topeka High	16,321	14,653	17,063	13,911
Topeka West	11,386	44,879	38,859	17,406
	<u>29,591</u>	<u>67,515</u>	<u>61,979</u>	<u>35,127</u>
Graduating Classes:				
Highland Park	1,217	3,578	2,434	2,361
Topeka High	13,428	6,816	9,314	10,930
Topeka West	16,049	14,899	9,026	21,922
	<u>30,694</u>	<u>25,293</u>	<u>20,774</u>	<u>35,213</u>
Clubs and Organizations:				
Highland Park	5,710	24,330	23,536	6,504
Topeka High	51,829	106,619	107,663	50,785
Topeka West	23,272	58,621	53,879	28,014
	<u>80,811</u>	<u>189,570</u>	<u>185,078</u>	<u>85,303</u>
Miscellaneous Fund Raisers:				
Highland Park	329	970	267	1,032
Topeka High	14,494	16,842	13,086	18,250
Topeka West	9,314	4,517	6,840	6,991
	<u>24,137</u>	<u>22,329</u>	<u>20,193</u>	<u>26,273</u>
Performing Arts:				
Highland Park	896	9,518	7,649	2,765
Topeka High	16,402	129,644	119,216	26,830
Topeka West	20,573	36,850	39,340	18,083
	<u>37,871</u>	<u>176,012</u>	<u>166,205</u>	<u>47,678</u>
Scholarships and Memorials:				
Highland Park	16,088	6,068	6,292	15,864
Topeka High	21,223	8,039	9,714	19,548
Topeka West	41,288	9,954	21,606	29,636
	<u>78,599</u>	<u>24,061</u>	<u>37,612</u>	<u>65,048</u>
Total Senior High Schools	<u>\$ 281,703</u>	<u>\$ 504,780</u>	<u>\$ 491,841</u>	<u>\$ 294,642</u>
<u>Middle Schools</u>				
Athletic Support Groups:				
Landon	\$ 217	\$ -	\$ 217	\$ -
Subtotals forward	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ -</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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Middle Schools</u>				
Subtotals forward	\$ 217	\$ -	\$ 217	\$ -
Clubs and Organizations:				
Chase	-	-	-	-
Eisenhower	182	1,334	1,425	91
French	6,037	4,692	3,817	6,912
Jardine	2,531	3,689	3,352	2,868
Landon	625	1,073	1,164	534
Robinson	3,920	850	1,779	2,991
	<u>13,295</u>	<u>11,638</u>	<u>11,537</u>	<u>13,396</u>
Graduating Classes:				
Eisenhower	346	50	300	96
French	422	-	422	-
Jardine	558	-	-	558
Landon	863	168	768	263
	<u>2,189</u>	<u>218</u>	<u>1,490</u>	<u>917</u>
Miscellaneous Fund Raisers:				
Chase	4,399	2,640	1,503	5,536
Eisenhower	91	1,306	1,363	34
French	-	-	-	-
Jardine	9,032	-	-	9,032
Landon	8,209	16,920	19,965	5,164
Robinson	71	400	82	389
	<u>21,802</u>	<u>21,266</u>	<u>22,913</u>	<u>20,155</u>
Performing Arts:				
Chase	488	412	572	328
Eisenhower	236	695	692	239
French	2,718	1,999	1,340	3,377
Jardine	1,854	1,568	1,156	2,266
Landon	582	217	469	330
Robinson	981	4,720	4,003	1,698
	<u>6,859</u>	<u>9,611</u>	<u>8,232</u>	<u>8,238</u>
Total Middle Schools	<u>\$ 44,362</u>	<u>\$ 42,733</u>	<u>\$ 44,389</u>	<u>\$ 42,706</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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Elementary Schools</u>				
Clubs and Organizations:				
Avondale West	311	-	-	311
Bishop	418	433	453	398
Lowman Hill	1,202	187	1,307	82
Quinton Heights	4	-	4	-
Shaner	11	159	170	-
Whitson	609	-	-	609
	<u>2,555</u>	<u>779</u>	<u>1,934</u>	<u>1,400</u>
Miscellaneous Fund Raisers:				
Avondale East	1,185	309	1,535	(41)
Bishop	3,775	1,893	826	4,842
Highland Park Central	3,834	2,640	2,750	3,724
Linn	17	-	17	-
Lowman Hill	2,122	1,278	883	2,517
Lundgren	860	-	860	-
McCarter	12,371	1,341	666	13,046
McEachron	2,397	8,293	2,889	7,801
Meadows	345	308	-	653
Quincy	1,477	564	910	1,131
Randolph	6,391	3,568	1,628	8,331
Ross	7,113	813	1,450	6,476
Scott	3,843	3,596	3,949	3,490
Shaner	381	460	-	841
State Street	421	2,360	245	2,536
Stout	348	718	484	582
Whitson	2,471	1,750	1,549	2,672
Williams	2,355	2,796	2,811	2,340
	<u>51,706</u>	<u>32,687</u>	<u>23,452</u>	<u>60,941</u>
Graduating Class:				
Avondale West	87	-	-	87
McCarter	453	-	-	453
Meadows	847	-	320	527
Ross	116	120	-	236
Scott	4,214	4,479	3,323	5,370
Shaner	83	171	108	146
Whitson	597	1,130	684	1,043
Williams	-	2,791	1,952	839
	<u>6,397</u>	<u>8,691</u>	<u>6,387</u>	<u>8,701</u>
Subtotals forward	<u>\$ 60,658</u>	<u>\$ 42,157</u>	<u>\$ 31,773</u>	<u>\$ 71,042</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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Subtotals forward	\$ 60,658	\$ 42,157	\$ 31,773	\$ 71,042
Scholarships and Memorials:				
Avondale East	641	177	818	-
Avondale West	86	-	-	86
Lundgren	1,500	-	1,500	-
Quincy	154	1,331	1,437	48
Ross	300	-	-	300
State Street	-	2,103	-	2,103
Whitson	-	630	-	630
	<u>2,681</u>	<u>4,241</u>	<u>3,755</u>	<u>3,167</u>
Total Elementary Schools	<u>\$ 63,339</u>	<u>\$ 46,398</u>	<u>\$ 35,528</u>	<u>\$ 74,209</u>
Other Locations				
Clubs and Organizations:				
Capital City	\$ 442	\$ 281	\$ 504	\$ 219
Parkdale Preschool	549	-	311	238
Topeka Education Center	1,448	730	640	1,538
	<u>2,439</u>	<u>1,011</u>	<u>1,455</u>	<u>1,995</u>
Miscellaneous Fund Raisers:				
Capital City	1,040	208	246	1,002
Parkdale Preschool	1,072	235	257	1,050
Sheldon Head Start	3,079	1,391	349	4,121
Topeka Education Center	1,362	723	1,165	920
	<u>6,553</u>	<u>2,557</u>	<u>2,017</u>	<u>7,093</u>
Scholarships and Memorials:				
Capital City	611	150	699	62
Sheldon Head Start	2,524	1,840	193	4,171
Topeka Education Center	1,985	1,000	473	2,512
	<u>5,120</u>	<u>2,990</u>	<u>1,365</u>	<u>6,745</u>
Total Other Locations	<u>\$ 14,112</u>	<u>\$ 6,558</u>	<u>\$ 4,837</u>	<u>\$ 15,833</u>
Total - all schools:				
Assets:				
Cash	<u>\$ 403,516</u>	<u>\$ 600,469</u>	<u>\$ 576,595</u>	<u>\$ 427,390</u>
Liabilities:				
Due to Student Organizations	<u>\$ 403,516</u>	<u>\$ 600,469</u>	<u>\$ 576,595</u>	<u>\$ 427,390</u>

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

COMBINING BALANCE SHEET  
GENERAL FUND

June 30, 2012

	General	Supplemental General	Inservice Education	Summer School	Pepsi Exclusivity
<u>ASSETS</u>					
Cash and investments	\$ (2,158,317)	\$ 1,564,262	\$ 383,082	\$ 115,791	\$ 8,982
State aid receivables	5,510,883	856,196	-	-	-
Due from other funds	-	-	-	-	89,900
Inventory of materials and supplies	142,359	-	-	-	-
Total assets	<u>\$ 3,494,925</u>	<u>\$ 2,420,458</u>	<u>\$ 383,082</u>	<u>\$ 115,791</u>	<u>\$ 98,882</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,595,391	\$ 60,181	\$ 7,025	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Total liabilities	<u>2,595,391</u>	<u>60,181</u>	<u>7,025</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Inventories	142,359	-	-	-	-
Assigned	757,175	109,190	376,057	115,791	5,529
Unassigned	-	2,251,087	-	-	93,353
Total fund balances	<u>899,534</u>	<u>2,360,277</u>	<u>376,057</u>	<u>115,791</u>	<u>98,882</u>
Total liabilities and fund balances	<u>\$ 3,494,925</u>	<u>\$ 2,420,458</u>	<u>\$ 383,082</u>	<u>\$ 115,791</u>	<u>\$ 98,882</u>

(Continued)

Schedule 9

<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>
\$ 4,904	\$ 613,201	\$ 4,952,864	\$ 1,331,333	\$ 1,912,252	\$ 3,650,595	\$ 12,378,949
-	-	-	-	-	-	6,367,079
-	-	-	-	-	-	89,900
-	-	-	-	-	-	142,359
<u>\$ 4,904</u>	<u>\$ 613,201</u>	<u>\$ 4,952,864</u>	<u>\$ 1,331,333</u>	<u>\$ 1,912,252</u>	<u>\$ 3,650,595</u>	<u>\$ 18,978,287</u>
\$ -	\$ -	\$ -	\$ -	\$ 247,205	\$ -	\$ 2,909,802
<u>4,904</u>	<u>-</u>	<u>4,952,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,957,768</u>
<u>4,904</u>	<u>-</u>	<u>4,952,864</u>	<u>-</u>	<u>247,205</u>	<u>-</u>	<u>7,867,570</u>
-	-	-	-	-	-	142,359
-	613,201	-	1,331,333	1,665,047	-	4,973,323
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,650,595</u>	<u>5,995,035</u>
<u>-</u>	<u>613,201</u>	<u>-</u>	<u>1,331,333</u>	<u>1,665,047</u>	<u>3,650,595</u>	<u>11,110,717</u>
<u>\$ 4,904</u>	<u>\$ 613,201</u>	<u>\$ 4,952,864</u>	<u>\$ 1,331,333</u>	<u>\$ 1,912,252</u>	<u>\$ 3,650,595</u>	<u>\$ 18,978,287</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, 2012

	General	Supplemental General	Inservice Education	Summer School	Pepsi Exclusivity
Revenues:					
Property taxes	\$ 10,763,580	\$ 16,695,545	\$ -	\$ -	\$ -
Local sources	-	-	-	-	55,570
Charges for services	-	-	-	19,809	44,783
State aid	56,474,385	368,817	-	-	-
Federal aid	39,554	-	75,934	92,743	-
Interest	-	121	279	-	2,718
Miscellaneous	459,085	19,825	-	-	5,107
Total revenues	67,736,604	17,084,308	76,213	112,552	108,178
Expenditures:					
Instruction	29,616,015	1,996,289	-	126,064	12,560
Student support	4,358,335	70,562	5,486	-	-
Instructional support	2,452,456	142,112	270,155	-	-
General administration	1,284,706	536,323	-	-	27,894
School administration	6,848,870	206,811	-	8,646	-
Business support	1,521,649	65,307	(212)	83	(4,996)
Plant and maintenance	7,881,609	1,882,681	-	-	-
Transportation	1,517,178	25,793	-	-	-
Central support services	4,010,115	687,782	140	-	-
Other support	-	-	-	-	-
Student activities	-	160	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	300,945
Interest	-	-	-	-	31,722
Total expenditures	59,490,933	5,613,820	275,569	134,793	368,125
Excess (deficiency) of revenues over expenditures	8,245,671	11,470,488	(199,356)	(22,241)	(259,947)
Other financing sources (uses):					
Insurance reimbursements	-	-	-	-	-
Transfers in	3,032,807	-	-	-	-
Transfers out	(11,343,078)	(10,193,116)	-	-	-
Net change in fund balances	(64,600)	1,277,372	(199,356)	(22,241)	(259,947)
Fund balance, beginning of year	964,134	1,082,905	575,413	138,032	358,829
Fund balance, end of year	\$ 899,534	\$ 2,360,277	\$ 376,057	\$ 115,791	\$ 98,882

(Continued)

## Schedule 9, (Con't.)

Internal Service Reserve	Sports Park Operations	Payroll Liability Clearing	Self-insurance Reserve	Risk Management	Contingency Reserve	Eliminations	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,459,125
-	32,256	-	-	-	-	-	87,826
-	247,483	-	-	-	-	-	312,075
-	-	-	-	-	-	-	56,843,202
-	-	-	-	-	-	-	208,231
-	359	-	810	1,233	-	-	5,520
-	45,959	-	-	-	-	-	529,976
-	326,057	-	810	1,233	-	-	85,445,955
-	-	-	-	-	-	-	31,750,928
-	-	-	-	1,500	-	-	4,435,883
-	-	-	-	-	-	-	2,864,723
-	-	-	-	1,120	-	-	1,850,043
-	(4,914)	-	-	-	-	-	7,059,413
-	348,705	-	-	2,650	-	-	1,933,186
-	37,543	-	-	-	-	-	9,801,833
-	355	-	-	3,356	-	-	1,546,682
-	-	-	-	1,634	-	-	4,699,671
-	148,319	-	-	-	-	-	148,319
-	-	-	-	-	-	-	160
-	-	-	-	939,744	-	-	939,744
-	-	-	-	-	-	-	300,945
-	-	-	-	-	-	-	31,722
-	530,008	-	-	950,004	-	-	67,363,252
-	(203,951)	-	810	(948,771)	-	-	18,082,703
-	-	-	-	1,545,496	-	-	1,545,496
-	-	-	-	-	45,139	(3,077,946)	-
-	-	-	-	(300,000)	(3,032,807)	3,077,946	(21,791,055)
-	(203,951)	-	810	296,725	(2,987,668)	-	(2,162,856)
-	817,152	-	1,330,523	1,368,322	6,638,263	-	13,273,573
\$ -	\$ 613,201	\$ -	\$ 1,331,333	\$ 1,665,047	\$ 3,650,595	\$ -	\$ 11,110,717

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

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	\$ 1,274,796
National School Lunch Program		10.555	4,336,957
Summer Food Service Program for Children		10.559	143,320
Total Child Nutrition Cluster			5,755,073
Child and Adult Care Food Program		10.558	198,089
Federal Food Service		10.560	100
Team Nutrition		10.574	1,065
NSLP Equipment		10.579	6,695
Fresh Fruits and Vegetables		10.582	161,287
Total U.S. Department of Agriculture			6,122,309
U.S. Department of Labor:			
Passed through Heartland Works:			
Workforce Investment Act		17.259	81,664
Total U.S. Department of Labor			81,664
U.S. Department of Education:			
Direct programs:			
Indian Education Grants to Local Educational Agencies - FY 12	B060A050807	84.060	91,083
Total direct funding			91,083
Passed through State of Kansas Department of Education:			
Special Education Cluster:			
Special Education Continuous Improvement - FY 11		84.027	38,337
Special Education Continuous Improvement - FY 12		84.027	116,195
Special Education - FY 12		84.027	3,323,546
Special Education Preschool Grant - FY 12		84.173	81,849
Total Special Education Cluster			\$ 3,559,927

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Year Ended June 30, 2012

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			\$ 3,559,927
Title I Cluster:			
Title I - Carryover - FY 10		84.010	149,411
Title I - FY 11		84.010	1,966,566
Title I - FY 12		84.010	6,286,813
ARRA - Title I - Carryover - FY 10		84.389	286,631
Title I Part D - Carryover - FY 10		84.010	35,161
Title I Part D - Carryover - FY 11		84.010	88,821
Title I Part D - FY 12		84.010	160,303
Title I - SIG Tier III		84.010	218,945
Title I - SIG Tier III		84.010	342,419
Title I - School Improvement - FY 10		84.010	(4,804)
Title I - School Improvement 1003(a) - FY 10		84.010	39,475
Total Title I Cluster			9,569,741
Education of Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth - FY 11		84.196	7,107
Education for Homeless Children and Youth - FY 12		84.196	56,099
Education for Homeless Children and Youth Scholarship		84.196	119
Total Education of Homeless Children and Youth Cluster			63,325
Educational Technology State Grants Cluster:			
Education Technology State Grants - Carryover - FY 10		84.318	484
Enhancing Education Through Technology		84.318	36,192
ARRA - Education Technology State Grants - Carryover - FY 10		84.386	28,078
Total Educational Technology State Grants Cluster			64,754
Grants Not Clustered:			
Title I Migrant		84.011	338,428
Vocational Education - Secondary Program Improvement - FY 12		84.048	113,196
Safe and Drug-Free Schools and Communities - FY 12		84.186	27,361
Character Education Initiative		84.215	550
Tech-Prep Education		84.243	94,279
21st Century Community Learning Centers - FY12		84.287	413,705
21st Century Community Learning Centers - FY13		84.287	131,789
Advanced Placement - FY 10		84.330	2,855
Advanced Placement - FY 11		84.330	3,486
Advanced Placement - FY 12		84.330	24,369
Title III - English Language Acquisition - Carryover - FY 10		84.365	7
Title III - English Language Acquisition - Carryover - FY 11		84.365	6,908
Title III - English Language Acquisition - FY 12		84.365	72,681

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Year Ended June 30, 2012

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			\$ 14,487,361
Improving Teacher Quality - Carryover - FY 10		84.367	71
Improving Teacher Quality - Carryover - FY 11		84.367	251,226
Improving Teacher Quality - Carryover - FY 12		84.367	711,265
ARRA - School Improvement Grants - FY 10		84.388	678,504
ARRA - School Improvement Grants - FY 11		84.388	1,788,521
Education Jobs Fund		84.410	39,554
Total passed through State of Kansas Department of Education			<u>17,956,502</u>
Passed through Kansas Board of Regents:			
Adult Basic Education Program		84.002	103,760
Total U.S. Department of Education			<u>18,151,345</u>
U.S. Department of Health and Human Services:			
Direct program:			
Head Start Cluster:			
Head Start - FY 11	07CH7038/10	93.600	495,049
Head Start - FY 12	07CH7038/11	93.600	1,589,798
Total Head Start Cluster			<u>2,084,847</u>
Passed through Kansas State Department of Education:			
Youth Risk Behavior Survey		93.938	1,670
Total U.S. Department of Health and Human Services			<u>2,086,517</u>
Total federal expenditures			<u>\$ 26,441,835</u>

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, 2012

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, 2012

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

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified	None
Significant deficiencies identified that are not considered to be material weaknesses	Finding 2011-1
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:	Unqualified for all major programs
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	Finding 2012-1

Identification of the District's major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
84.388 (ARRA)	ARRA – School Improvement Grants
10.553, 10.555, 10.559	Child Nutrition Cluster

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Dollar threshold used to distinguish between Type A and Type B programs	\$ 793,255
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Auditee qualified as a low risk auditee?	Yes
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**Part II – Financial Statement Findings**

**Finding 2011-1 – 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.



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Finding 2011-1 – Significant Deficiency (Continued)**

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 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.

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

**Finding 2012-1**

*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 FINDINGS AND QUESTIONED COSTS  
(Continued)

**Finding 2012-1 (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.

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

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

**Finding 2011-1 – Significant Deficiency**

*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 record all capital asset additions, 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)* – This Audit Finding arose from the construction of the warm up pool and crash area at the Capitol Federal Natatorium. The Capitol Federal Foundation was given a lease of that facility (the natatorium) to allow the Foundation to totally control the construction, outside of the legal requirements placed on school districts in Kansas. At the District's Fiscal Year end, the project was only partially completed and the District's business office did not contact the Foundation for completion data and book those numbers. At the completion of the construction project, during FY-2011, the lease was terminated, ownership of the improvements transferred to the District and the completed project cost/value was booked at that time. Since 100% of the project's over site and accounting was performed by the Capitol Federal Foundation, the District's Business Office failed to see the requirement to book the improvements technically still owned by the Capitol Federal Foundation. Also, please keep in mind that the handling of the construction project was way out of the normal field of operation for a school district and was under taken to meet the zone swim meet deadlines, leadership demands, and most importantly the desires of a the donor of the funds for this wonderful \$3,000,000 + project. We will monitor capital asset activity more closely in the future.

*Follow –up* – This finding is repeated in 2012.

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

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

**Finding 2010-1 – Significant Deficiency**

*Federal Program* – Child Nutrition Cluster (CFDA No. 10.553, 10.555, 10.559), United States Department of Agriculture, Passed through the Kansas State Department of Education, Grant award for year ended June 30, 2011

*Condition* – For one of three vendors selected for testing the District did not verify that the vendor was not on the *Excluded Parties List System*.

*Criteria* – According to 2 CFR 180, procurement transactions expected to equal or exceed \$ 25,000 require that the recipient of the federal funding verify that the entity in the next lower tier that it is contracting with is not suspended or debarred.

*Cause* – The District did not follow its internal policy by verifying that all vendors whose contracts were expected to meet or exceed \$ 25,000 were not suspended or debarred.

*Effect* – The District could enter into a contract or vendor relationship with a suspended or debarred party.

*Questioned Costs* – Unknown

*Recommendation* – The District should verify all vendors awarded bids are not on the *Excluded Parties List System* and retain the documentation of this process or should include language in its bid contracts to make the vendor certify that it is not a suspended or debarred party.

*Management's Response/Corrective Action Plan (Unaudited)* – The District (Purchasing Services) has a practice of reviewing the online list of Excluded Parties List System (EPLS) to validate that our selected vendors have not been suspended or debarred from doing business with government agencies; a screen shot of our search is printed and filed. We insert language in food related bid documents that requires vendors to self report if they are currently or have been on the EPLS.

The vendor from the sampled list that did not have file verification of EPLS is Earthgrains Sara Lee Bakery. Online review of this specific vendor (as well as other food vendors with annual spend of over \$25,000) shows Sara Lee is not, nor has been on the EPLS.

It is the Purchasing Department's intent to follow our internal practice of reviewing food vendors more diligently, and making sure paper evidence of our search is filed. As a backup to the paper filing system in place we will implement storing documentation of the EPLS search(s) electronically as well.

*Follow-up* – This finding is resolved.



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 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, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2011-1, that we consider to be a significant deficiency in internal control over financial reporting. 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.

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 21, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

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

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

December 21, 2012



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, 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 2012-1.

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### Internal Control Over Compliance

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

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

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

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

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

December 21, 2012



[illegible]

[illegible]

[illegible]

all	terms	TSA RECAP 2013				S11	S12	TNC/(DEC)	
410	vendor #					12/18/12	01/03/13		
703	V0000264500	AT&T Retirement	KJ			13,445.75	14,590.75	1,145.00	New TSAs started
033	V0000011505	American Funds	KJ			412.50	412.50	0.00	
103	V0000013000	Am United Life Ins Co	KJ			800.00	800.00	0.00	
043	V0000011300	Ameriprise	KJ			2,427.50	2,427.50	0.00	
773	V0000081201	Equivest	KJ			5,810.50	5,820.50	10.00	New TSAs started
253	V0000111200	Horace Mann	JR			137.50	137.50	0.00	
343	V0000167100	MetLife Investors	JR			3,955.67	3,955.67	0.00	
753	V0000076655	MG Trust	JR			3,845.00	3,845.00	0.00	
403	V0000186200	New York Life	DT			925.00	925.00	0.00	
463	V0000207800	Primerica	DT			162.50	162.50	0.00	
553	V0000226800	Security Benefit Group (SBG)	MS			9,354.05	9,379.05	25.00	New TSAs started
613	V0000250800	Thrivent	MS			1,177.50	1,177.50	0.00	
723	V0000264002	Valic 403B-7	MS			0.00	0.00	0.00	
733	V0000267200	Waddell & Reed	MS			6,053.00	6,253.00	200.00	New TSAs started
						48,506.47	49,886.47	1,380.00	
	# of emps -->	14						14	