



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

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

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

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

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules listed in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

March 6, 2018
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) section of the Topeka Public Schools, Unified School District No. 501 (the District) financial report represents our examination of the District's financial performance during the year. The MD&A is intended to assist the reader in gaining 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 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) BASED REPORT

The District's financial statement package for the fiscal year ended June 30, 2017 is comprised of the Independent Auditor's Report, this Management's Discussion and Analysis (MD&A) (Unaudited), the Basic Financial Statements (Audited), required supplementary information and supplementary information. These financial statements include all the accounts for which the District is considered to be financially responsible. The MD&A is intended to serve as an introduction to the District's basic financial statements.

THE BASIC FINANCIAL STATEMENTS CONSIST OF THE FOLLOWING:

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

DISTRICT WIDE FINANCIAL STATEMENTS:

The District-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements take a much larger view of the District's finances than do the fund-level statements.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets						
Cash and investments	\$ 96,383,106	\$ 137,785,260	\$ 3,182,864	\$ 3,625,021	\$ 99,565,970	\$ 141,410,281
Other	9,550,215	9,784,670	683,088	652,437	10,233,303	10,437,107
Total current assets	105,933,321	147,569,930	3,865,952	4,277,458	109,799,273	151,847,388
Noncurrent assets						
Capital assets net	196,707,305	156,993,325	860,018	707,306	197,567,323	157,700,631
Other noncurrent assets	-	-	-	-	-	-
Total noncurrent assets	196,707,305	156,993,325	860,018	707,306	197,567,323	157,700,631
Total assets	302,640,626	304,563,255	4,725,970	4,984,764	307,366,596	309,548,019
Deferred outflows of resources						
Deferred outflows - pension	35,029,720	11,674,849	-	-	35,029,720	11,674,849
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	10,752,541	13,053,225	-	154,883	10,752,541	13,208,108
Accrued interest payable	2,346,164	2,126,370	-	-	2,346,164	2,126,370
General obligation bonds payable, current	1,985,000	-	-	-	1,985,000	-
Other current liabilities	9,496,533	8,814,450	90,771	139,452	9,587,304	8,953,902
Total current liabilities	24,580,238	23,994,045	90,771	294,335	24,671,009	24,288,380
Noncurrent liabilities						
General obligation bonds payable, net	151,173,301	153,236,153	-	-	151,173,301	153,236,153
Accrued compensated absences	1,320,068	1,491,136	-	-	1,320,068	1,491,136
Net pension liability	152,092,568	146,756,723	-	-	152,092,568	146,756,723
Post employment benefits payable	13,826,377	13,974,911	-	-	13,826,377	13,974,911
Total noncurrent liabilities	318,412,314	315,458,923	-	-	318,412,314	315,458,923
Total liabilities	342,992,552	339,452,968	90,771	294,335	343,083,323	339,747,303
Deferred inflows of resources						
Deferred inflows - pension	10,064,413	11,856,118	-	-	10,064,413	11,856,118
Net Position						
Net investment in capital assets	87,730,348	91,775,815	860,018	707,306	88,590,366	92,483,121
Restricted for						
Debt Service	3,843,334	2,224,038	-	-	3,843,334	2,224,038
Other	3,549,868	3,738,034	-	-	3,549,868	3,738,034
Unrestricted	(110,510,169)	(132,808,869)	3,775,181	3,983,123	(106,734,988)	(128,825,746)
Total net position	\$ (15,386,619)	\$ (35,070,982)	\$ 4,635,199	\$ 4,690,429	\$ (10,751,420)	\$ (30,380,553)

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charge for services	\$ 1,599,140	\$ 1,585,745	\$ 2,148,936	\$ 2,257,892	\$ 3,748,076	\$ 3,843,637
Federal grants	21,236,363	21,477,457	7,355,347	7,369,389	28,591,710	28,846,846
Other grants and contributions	23,173,162	776,524	-	88	23,173,162	776,612
General revenues						
Property taxes	21,116,569	21,442,324	-	-	21,116,569	21,442,324
State aid	124,619,093	122,908,732	77,473	77,101	124,696,566	122,985,833
Other revenue from local sources	842,199	1,490,748	-	-	842,199	1,490,748
Interest and investment earnings	583,658	545,068	3,435	804	587,093	545,872
Gain on sales of capital assets	431,655	-	-	-	431,655	-
Total revenues	193,601,839	170,226,598	9,585,191	9,705,274	203,187,030	179,931,872
Expenses						
Instruction	103,416,552	94,098,267	-	-	103,416,552	94,098,267
Instructional support	4,104,453	3,738,284	-	-	4,104,453	3,738,284
Student support	15,855,957	16,794,369	-	-	15,855,957	16,794,369
General administration	2,871,931	2,518,292	-	-	2,871,931	2,518,292
School administration	9,102,482	9,084,200	-	-	9,102,482	9,084,200
Business support	1,576,526	1,935,471	-	-	1,576,526	1,935,471
Plant and maintenance	17,267,774	18,290,889	-	-	17,267,774	18,290,889
Transportation	4,118,497	4,700,273	-	-	4,118,497	4,700,273
Central support services	8,681,943	6,119,351	-	-	8,681,943	6,119,351
Other support	189,204	1,027,890	-	-	189,204	1,027,890
Student activities	1,069,749	1,108,604	-	-	1,069,749	1,108,604
Interest on long term debt	5,607,755	5,104,419	-	-	5,607,755	5,104,419
Textbook/study material	-	-	653,256	502,185	653,256	502,185
Food service	-	-	8,102,572	8,117,247	8,102,572	8,117,247
Other business-type activities	-	-	939,246	1,113,799	939,246	1,113,799
Total expense	173,862,823	164,520,309	9,695,074	9,733,231	183,557,897	174,253,540
Increase (decrease) in net position						
before transfers	19,739,016	5,706,289	(109,883)	(27,957)	19,629,133	5,678,332
Transfers	(54,653)	-	54,653	-	-	-
Change in net position	19,684,363	5,706,289	(55,230)	(27,957)	19,629,133	5,678,332
Net position, beginning	(35,070,982)	(48,382,373)	4,690,429	4,718,386	(30,380,553)	(43,663,987)
Prior period adjustment	-	7,605,102	-	-	-	7,605,102
Net position, beginning of year restated	(35,070,982)	(40,777,271)	4,690,429	4,718,386	(30,380,553)	(36,058,885)
Net position, ending	\$ (15,386,619)	\$ (35,070,982)	\$ 4,635,199	\$ 4,690,429	\$ (10,751,420)	\$ (30,380,553)

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

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

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.

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. Includes K-12 At-Risk Fund previously reported separately.
2. Special Education Fund – Used to account for the revenues and expenditures related to the education and services for District's special needs programs.
3. 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.
4. 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.
5. Bond Fund – Used to account for the bond proceeds that are primarily utilized for the constructing, renovating, improving, furnishing, and equipping certain new and existing district educational facilities and storm shelter facilities, acquiring and installing new security system and lighting equipment improvements in the district's school buildings and other facilities, and acquiring and installing certain technology enhancements throughout the District and its facilities.

District's Major Proprietary Funds—Business Type Activities:

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

SUPPLEMENTAL FINANCIAL SCHEDULES:

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

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

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

FINANCIAL STATEMENTS ANALYSIS:

As noted earlier, over time net position may serve as a useful indicator of a governmental organization's financial position. At the close of the most recent fiscal year the District's governmental liabilities exceeded assets by (\$15,386,619); business type assets exceeded liabilities by \$4,635,199 during this period. For the two types of activities combined, the District's total net position was (\$10,751,420), which is an improvement over last years (\$30,380,553). The negative net position again is due to our recording of the Kansas Public Employees Retirement System (KPERS) net pension noncurrent liability of \$152,092,568. District employees are covered under the KPERS plan and the state of Kansas makes all employer pension contributions on behalf of the district.

The noncurrent portion of the District's total assets, net of depreciation, reflects its investment in capital assets (e.g., land, buildings and equipment) less any related debt used to acquire those assets that is still outstanding and accumulated depreciation (64.3% in FY-17 compared to 50.9% in FY-16). 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 slightly by (\$2,181,423) during fiscal year 2017. This small decrease in total assets is due largely to 5% higher accumulated depreciation amounts in Governmental Activities in 2017 (\$120,287,992) compared to 2016 (\$114,394,002).
2. The District's non-current liabilities increased slightly by \$2,953,391 (less than 1%) during the year ended June 30, 2017. All of the increase is attributable to the Net pension liability (district portion of state KPERS pension liability, increase of \$5,335,845 or 3.6%). General Obligation (GO) Bonds payable, accrued compensated absences, and Post-employment benefits all experienced decreases in 2017 (combined decrease of \$2,382,454).
3. Total liabilities increased by \$3,336,020 during the year ended June 30, 2017 for reasons noted in #2 above (increase in KPERS pension liability reporting).
4. Combined current and non-current accrued compensated absences decreased slightly from \$2,549,762 in 2016 to \$2,486,226 at year ended June 30, 2017. This reflects the ongoing reduction of early retirement initiatives undertaken in FY-2011 and a continued utilization of temporary employment services.
5. The District's Total-Liabilities for 2017 was approximately 1.12 times Total-Assets compared with 1.10 for FY-16 and 1.14 for FY-15. The recording of the KPERS Net pension liability remains an important factor impacting this ratio. Removing the \$152,092,568 KPERS liability brings the Total-Debt to Total-Assets ratio down to 62%.
6. The District's Bonded-Debt on June 30, 2017 was approximately 76.5% of Capital Assets (FY-2016 was 97%). The District's improved Bonded-Debt to Capital Assets ratio is reflective of building remodels and additions being completed and realized as Capital Assets. The District's 2014 General Obligation bond issuance of \$143 million dollars provides one-to-one student computing, improves school safety district-wide and expands the District's focus on advanced learning and careers initiative. The District maintained Fitch AA and Moody's Aa3 ratings for its final issuance of \$33,000,000 of General Obligation bonds in fiscal 2016.
7. The Statement of Activities provides further insight to the District's 2017 net position. The District's total revenues increased sharply by \$23,255,158 to \$203,187,030, largely due to a GASB 68 required entry of \$22,629,250 recording the District's portion of bonds sold to fund the state KPERS program. The District also saw an increase in total expenses of \$9,304,357 to \$183,557,897. The above activities resulted in Net Position before transfers of \$19,629,133, which is an improvement on the FY-2016 number of \$5,678,332.

8. The Statement of Activities also reflects a stable picture in revenue from property tax collections: \$21,116,569 for FY-2017 versus 2016 collections of \$21,442,324. The slight decline is attributable to a reduction in total mill levy rate of (.853) for FY-2017 (50.869) versus FY-2016 (51.722). The Supplemental General (LOB), Special Liability, and Bond Mill Rates were reduced for FY-2017, with the LOB Fund being the largest portion of the reduced property tax number above (FY-17 Mill 16.433 vs. FY-16 Mil 17.315).
9. The District's Current Ratio was to 4.45 in 2017 compared to 6.2 in 2016. The primary factor for the very strong Current Ratio again is attributed to the Year-end cash and investments balance of \$47,137,697 in the Bond Fund. Backing out the FY-2017 Bond Fund balance, the District's Current Ratio remains strong at 2.54 (5.4 % increase over FY-2016 and 7% increase over FY-2015). The current ratio is a measure of an entity's ability to meet current obligations on time and to have funds readily available for current and upcoming operations.
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 was 4.04 in 2017 compared to 5.81 in 2016. Backing out the Bond Fund cash balance, the District's Quick Ratio remains strong at 2.12. The ratio indicates the District has adequate cash or cash equivalents (not inventory) in excess of the amount needed to pay its currently maturing liabilities.

Fund Financial Statement Analysis

1. General: General Fund (State Code 06) budget authority for FY-2017 was based on the Block Grant (SB-7) passed and implemented in the spring of 2015. The Block Grant removed student funding based on weightings and essentially froze Kansas school base General State Aid at FY-2015 levels (USD 501 \$74,212,990). Final FY-2017 Legal General Fund budget authority was \$100,500,152 (includes KPERS State Aid \$8,298,120, SDAC Medicaid Reimbursement \$382,912, New Facilities Weighting Aid of \$144,835, and Transfer of \$1,952,299). FY-2016 Legal General Fund budget authority was \$120,785,719 (includes LOB State Aid \$17,843,394, KPERS State Aid \$8,594,373, Capital Outlay Aid \$1,461,763, and Transfer of \$3,235,437). Backing out the Block Grant flow-through state aid (LOB, KPERS & Capital Outlay) FY-2016 General State Aid equaled \$92,886,189 compared to FY-2017 \$92,202,032. The following is the District's audited "Full Time Equivalent" (F.T.E.) student enrollment numbers for the past four years (including 4-Yr. Old At-Risk & Virtual students); FY-2017 was 12,980 (due to change Virtual FTE rules), FY-2016 was 13,413, FY-2015 was 13,294, FY-2014 was 13,192, FY-2013 was 13,078.

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, Professional Development 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. Because of the Block Grant funding law, the At-Risk, Bilingual and Vocational Education Funds are combined and reported in the General Fund (Balance Sheet Governmental Funds) as opposed to be listed as Special Revenue Funds.

Supplemental General Fund: In 2006, the Kansas Legislature increased the maximum level of budget authority in school districts' Supplemental General or Local Option Budget (LOB) Funds from 27% of the General Fund to 31% of the General Fund. Again, in 2014, legislation raised the allowable maximum to 33%. The District was able to pass a Resolution authorizing its LOB up to the 33% max. The District's Supplemental General Fund adopted authority increased to the maximum 33% for FY-2017 compared to 30% in FY-2016. The District's Legal Max Budget Authority for FY-2017 was \$33,616,616 compared to \$30,562,561 in FY-2016. Total expenditures and transfers were \$32,605,756 for FY-2017, up from FY-2016 of \$29,841,284. Due to legislative changes in the spring of 2016 restoring LOB equity ratios, state aid for the Supplemental General Fund (LOB) increased from \$17,843,394 received in FY-2016 to FY-2017 aid of \$20,996,938.

2. K-12 AT-RISK Fund: Rules governing K-12 At-Risk dollars allow for carrying over unused funds from one fiscal year to another, the unused budget authority is allowed to remain in the fund for use in subsequent years. The districts K-12 At-Risk fund balance was \$2,176,796 at the end of fiscal year 2017. This amount of carryover was up \$381,986 from fiscal year 2016's carryover balance of \$1,794,810.
3. USDE Pass Through Fund: This fund was created to account for federal grants from USDE. Most of our federal grants operate on a reimbursement of expenditures method. This fund normally has a zero fund balance at the end of the fiscal year as grant revenue equals grant expenditures.
4. Special Education Fund: The State of Kansas increased funding for Special Education services for Fiscal Year 2011 and future years. Even with the state aid increase, the District transferred \$17,208,388 from its General Fund and \$10,359,989 from its Supplemental General Fund to the Special Education Fund (\$27,568,377 total) for the Fiscal Year 2017 to cover the costs associated with providing required services (compared with \$28,683,336 in FY-2016). The FY-2017 ending fund balance of \$4,856,058 was slightly lower (by \$44,873) from the fiscal year 2016 carryover balance of \$4,900,931. Maintaining a strong ending balance in FY-2107 may allow for fewer dollars needing transferred from General or Supplemental General during FY-2018.

5. Capital Outlay Fund: The District’s mill levy to support the operations of the Capital Outlay Fund was 7.718 mills for Fiscal Year 2017, an increase of .52 mills from 7.198 in FY- 2016. The Capital Outlay Fund supports building maintenance, remodel and repair projects, as well as District-wide technology initiatives. The fund’s revenue stream for FY-17 was again enhanced because of legislation passed in 2008 creating a state aid program to assist Kansas school districts in addressing their maintenance and repair needs. The Capital Improvement State Aid action of 2008 was subsequently suspended in 2009, and no Capital Outlay State Aid funds were distributed to schools until FY-15. The District received \$2,503,901 in this type of assistance from the State in FY-17. The FY-17 ending fund balance of \$7,844,564 was slightly higher by \$255,946 compared with FY-16 ending fund balance of \$7,588,618.

A sample of the largest budgeted capital outlay maintenance and technology projects during FY-2017 are as follows:

Topeka High Boiler Replacement - 1030517	\$ 686,502
Topeka High Fire Alarm System Upgrade - 1021317	\$ 172,295
Topeka High ROTC Room Remodel - 1028217	\$ 114,597
Topeka West High Asphalt - 1040217	\$ 99,170
Robinson HVAC Univent Replacement - 1020117	\$ 122,317
Robinson HVAC Gym-Central Park - 1030117	\$ 109,700
Whitson Window & Door Replacement – 1013217	\$ 870,142
Quincy Boiler Replacement - 1010517	\$ 89,370
Scott Floor Replacement - 1011517	\$ 131,360
Williams RTU Replacement – 1029117	\$ 224,369
Burnett Admin. Center Siding & Doors – 1028317	\$ 235,361
Extend WAN Fiber to Landon & Meadows - 1110317	\$ 630,000

Planned Summer Major Maintenance projects for FY-2017 were budgeted at \$4,000,000 - similar work for prior year FY-16 were budgeted at \$3,070,050.

6. Bond Fund: In April of 2014 voters unanimously approved a ballot giving the District authorization to issue general obligation bonds in an amount not exceeding \$143,000,000. On July 8, 2014 the District issued \$110,000,000 of Series 2014A general obligation bonds to finance needed capital improvements. Interest rates on the bonds average 3.862% with a maturity date of September 1, 2044. At the same time the District issued \$8,160,000 of Series 2014B taxable general obligation bonds to retire certain outstanding general obligation bonds. Interest rates on the 2014B bonds range from 2.00% to 2.15% and the maturity date is August 1, 2020. On April 19, 2016 the District issued the final \$33,000,000 of its authorized General Obligation Bonds; the average interest rate for the 2016 issue was 3.124% (historically low bond rates) with a maturity date of September 1, 2044. As of June 30, 2017, the District issued Purchase Orders totaling \$119,010,217 utilizing Bond funds, or approximately 83% of the total bond issue of \$143 million dollars. For FY-2017 focus was on: completion of work on the Jardine Campus - New Elementary Addition/Middle School Remodel; wrapping up science classroom renovations at Highland Park High, Topeka High, Chase, Eisenhower and Landon Middle schools; storm shelters at McCarter, McClure and Sheldon Head Start; beginning conversion of the old Capital City School building into the new Topeka Center for Advanced Learning and Careers (TCALC).

7. The Districts FY-2017 Textbook Revolving Fund Net Position of \$1,323,876 reflects a drop of \$340,541 from FY-2016. The District continues its efforts to move towards more electronic forms of student teaching, such as providing all elementary and secondary students with personal computers, relieving the need for larger fund balances in this account for purchasing printed textbooks and curriculum material(s). The district is realizing that there are limits to the abilities of electronic devices to provide needed instructional materials and may return to some printed forms of instruction particularly in the elementary grades.
8. Food Service Fund: The District's Food Service operation finished the year with an increase in Net Position of \$260,580. The percentage of the Fund's student customers eligible for free or reduced cost meals for FY-2017 was 76% (KSDE School Finance Publications). As published by the Kansas Department of Education on 8/09/2016, the Reimbursement Rates for FY-2017 National School Lunch Program; free meals were reimbursed to the District at a rate of \$3.49 (Federal \$3.16 + Cash-In-Lieu .23 + .06) + (State of Kansas Reimbursement \$.04). Total operating costs were flat for FY-2017. Labor costs remained manageable; payments to Employees for services were \$2,753,786 in FY-2017 vs. \$2,536,334 in FY-2016 (increase 8.6%). Payments to suppliers for goods and services decreased 6.2% (\$5,282,449 FY-2017 vs. \$5,628,656 FY-2016).

Budgetary Highlights

1. The District saw its adopted total state budget amount for all funds increase from \$196,635,480 (excludes Transfers of \$85,512,274) in FY-2016 to \$205,097,226 (excludes Transfers of \$62,720,420) in FY-2017. The increase in net USD budget authority is largely attributable to three areas: a \$3,054,055 increase in Supplemental General (LOB) Fund, a \$1,813,642 increase in Capital Outlay Fund spending authority and a \$947,122 increase in our Special Education budget. The substantial decrease in Transfers for FY-2017 is largely attributable to legislative changes to Block Grant funding. Originally, the Block Grant required Supplemental General (LOB) and Capital Outlay state aid to flow through the General Fund (Code 06) and then transferred to respective fund(s). For FY-2017, both LOB and Capital Outlay state aid is reported directly as revenue to the appropriate funds.
2. The District's Board passed Resolution 15-39 on June 16, 2015 adopting the ability to increase its local option budget authority by an additional 3% (from 30% to 33%). The district exercised this ability for the FY-2017 fiscal year, increasing its LOB spending authority by \$3,054,055.
3. School funding remained an important topic for our legislative body. The state of Kansas Supreme Court ruled in favor of schools in terms of equity in an ongoing school funding formula lawsuit. The court had not made a ruling on the adequacy portion of the lawsuit by year-end FY-2017.

Capital Assets and Debt Administration

1. The District's FY-2017 long-term bonded debt load was unchanged from FY-2016, \$151,160,000 of bonded debt Principal remained at year-end. The District's Bond & Interest / Debt Service Fund (Code 62) had \$6,189,498 available at year-end.

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

This reports intent is to provide a detailed overview of USD 501's FY-2017 financial position. Please address any requests for information or questions concerning this report to the General Director of Fiscal Services, 624 SW 24th Street, Topeka, Kansas 66611-1294.

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

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 96,383,106	\$ 3,182,864	\$ 99,565,970
Due from other governmental units	1,830,446	-	1,830,446
State aid receivables	7,540,488	-	7,540,488
Internal balances	14,893	(14,893)	-
Inventory of materials and supplies	164,388	697,981	862,369
Total current assets	<u>105,933,321</u>	<u>3,865,952</u>	<u>109,799,273</u>
Noncurrent assets:			
Capital assets not being depreciated	61,997,259	-	61,997,259
Capital assets, net of accumulated depreciation	134,710,046	860,018	135,570,064
Total noncurrent assets	<u>196,707,305</u>	<u>860,018</u>	<u>197,567,323</u>
Total assets	<u>302,640,626</u>	<u>4,725,970</u>	<u>307,366,596</u>
Deferred outflows of resources:			
Deferred outflows - pension	35,029,720	-	35,029,720
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	10,752,541	-	10,752,541
Accrued interest payable	2,346,164	-	2,346,164
Estimated insurance claims	884,886	-	884,886
Payroll liabilities	7,157,412	-	7,157,412
Unearned revenue	288,077	90,771	378,848
General obligation bonds payable	1,985,000	-	1,985,000
Accrued compensated absences	1,166,158	-	1,166,158
Total current liabilities	<u>24,580,238</u>	<u>90,771</u>	<u>24,671,009</u>
Noncurrent liabilities:			
General obligation bonds payable, net	151,173,301	-	151,173,301
Accrued compensated absences	1,320,068	-	1,320,068
Net pension liability	152,092,568	-	152,092,568
Postemployment benefits payable	13,826,377	-	13,826,377
Total noncurrent liabilities	<u>318,412,314</u>	<u>-</u>	<u>318,412,314</u>
Total liabilities	<u>342,992,552</u>	<u>90,771</u>	<u>343,083,323</u>
Deferred inflows of resources:			
Deferred inflows - pension	10,064,413	-	10,064,413
Net position:			
Net investment in capital assets	87,730,348	860,018	88,590,366
Restricted for:			
Debt service	3,843,334	-	3,843,334
Other	3,549,868	-	3,549,868
Unrestricted	(110,510,169)	3,775,181	(106,734,988)
Total net position	<u>\$ (15,386,619)</u>	<u>\$ 4,635,199</u>	<u>\$ (10,751,420)</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants		Governmental Activities	Business-type Activities	Total
			Federal Grants	Other Grants and Contributions			
Governmental activities:							
Instruction	\$ 103,416,552	\$ 1,599,140	\$ 21,236,363	\$ 23,173,162	\$ (57,407,887)		\$ (57,407,887)
Instructional support	4,104,453	-	-	-	(4,104,453)		(4,104,453)
Student support	15,855,957	-	-	-	(15,855,957)		(15,855,957)
General administration	2,871,931	-	-	-	(2,871,931)		(2,871,931)
School administration	9,102,482	-	-	-	(9,102,482)		(9,102,482)
Business support	1,576,526	-	-	-	(1,576,526)		(1,576,526)
Plant and maintenance	17,267,774	-	-	-	(17,267,774)		(17,267,774)
Transportation	4,118,497	-	-	-	(4,118,497)		(4,118,497)
Central support services	8,681,943	-	-	-	(8,681,943)		(8,681,943)
Other support	189,204	-	-	-	(189,204)		(189,204)
Student activities	1,069,749	-	-	-	(1,069,749)		(1,069,749)
Interest on long-term debt	5,607,755	-	-	-	(5,607,755)		(5,607,755)
Total governmental activities	173,862,823	1,599,140	21,236,363	23,173,162	(127,854,158)		(127,854,158)
Business-type activities:							
Textbook/study material	653,256	256,637	-	-		\$ (396,619)	(396,619)
Food service	8,102,572	925,353	7,355,347	-		178,128	178,128
Other business-type activities	939,246	966,946	-	-		27,700	27,700
Total business-type activities	9,695,074	2,148,936	7,355,347	-		(190,791)	(190,791)
Total district (forward)	\$ 183,557,897	\$ 3,748,076	\$ 28,591,710	\$ 23,173,162	\$ (127,854,158)	\$ (190,791)	\$ (128,044,949)

(Continued)

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

STATEMENT OF ACTIVITIES
(Continued)

Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Net (expense) revenue and changes in net position brought forward	\$ (127,854,158)	\$ (190,791)	\$ (128,044,949)
General revenues:			
Property taxes	21,116,569	-	21,116,569
State aid	124,619,093	77,473	124,696,566
Other revenue from local sources	842,199	-	842,199
Interest and investment earnings	583,658	3,435	587,093
Gain on sale of capital assets	431,655	-	431,655
Transfers	(54,653)	54,653	-
Total general revenues	147,538,521	135,561	147,674,082
Change in net position	19,684,363	(55,230)	19,629,133
Net position, beginning of year	(35,070,982)	4,690,429	(30,380,553)
Net position, end of year	\$ (15,386,619)	\$ 4,635,199	\$ (10,751,420)

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General*	Special Education
<u>ASSETS</u>		
Cash and investments	\$ 20,614,255	\$ 6,154,622
Due from other governmental units	-	-
State aid receivables	7,540,488	-
Inventory of materials and supplies	164,388	-
Total assets	\$ 28,319,131	\$ 6,154,622
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,559,188	\$ 1,298,564
Payroll liabilities	7,157,412	-
Unearned revenue	-	-
Total liabilities	11,716,600	1,298,564
Fund balances:		
Non-spendable:		
Inventories	164,388	-
Restricted	-	-
Assigned	7,961,461	4,856,058
Unassigned	8,476,682	-
Total fund balances	16,602,531	4,856,058
Total liabilities and fund balances	\$ 28,319,131	\$ 6,154,622

* See the General Fund Combining Balance Sheet on pages 93-96.

See accompanying notes to financial statements.

<u>Capital Outlay</u>	<u>USDE Pass Through</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,568,662	\$ (454,264)	\$ 47,137,697	\$ 11,094,880	\$ 93,115,852
-	1,570,572	-	260,062	1,830,634
-	-	-	-	7,540,488
-	-	-	-	164,388
<u>\$ 8,568,662</u>	<u>\$ 1,116,308</u>	<u>\$ 47,137,697</u>	<u>\$ 11,354,942</u>	<u>\$ 102,651,362</u>
\$ 724,098	\$ 1,011,867	\$ 2,956,353	\$ 202,471	\$ 10,752,541
-	-	-	-	7,157,412
-	104,441	-	183,824	288,265
<u>724,098</u>	<u>1,116,308</u>	<u>2,956,353</u>	<u>386,295</u>	<u>18,198,218</u>
-	-	-	-	164,388
-	-	44,181,344	9,739,366	53,920,710
7,844,564	-	-	1,229,281	21,891,364
-	-	-	-	8,476,682
<u>7,844,564</u>	<u>-</u>	<u>44,181,344</u>	<u>10,968,647</u>	<u>84,453,144</u>
<u>\$ 8,568,662</u>	<u>\$ 1,116,308</u>	<u>\$ 47,137,697</u>	<u>\$ 11,354,942</u>	<u>\$ 102,651,362</u>

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

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

June 30, 2017

Total fund balances - governmental funds		\$ 84,453,144
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$ 316,995,297 and the accumulated depreciation is \$ (120,287,992).		
		196,707,305
Internal service funds are used by the District to charge the costs of dental insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		2,397,261
Long-term liabilities, including bonds payable, and the related deferred inflows and outflows are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at June 30, 2017 are:		
General obligation bonds payable	\$ (151,160,000)	
Unamortized bond premium	(1,998,301)	
Accrued interest payable	(2,346,164)	
Accrued compensated absences (sick pay and vacation)	(2,486,226)	
Post employment benefits	(13,826,377)	
Net pension liability	(152,092,568)	
Deferred outflows - pension	35,029,720	
Deferred inflows - pension	(10,064,413)	(298,944,329)
Total net position - governmental activities		<u>\$ (15,386,619)</u>

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, 2017

	General*
Revenues:	
Property taxes	\$ 11,275,631
Local sources	39,215
Charges for services	337,922
State aid	95,647,501
Federal aid	382,912
Interest	11,606
Miscellaneous	354,853
Total revenues	108,049,640
Expenditures:	
Instruction	55,274,683
Student support	4,555,202
Instructional support	3,167,597
General administration	2,075,496
School administration	8,342,340
Business support	1,511,223
Plant and maintenance	11,406,647
Transportation	1,902,525
Central support services	4,297,051
Other support	189,204
Student activities	3,769
On behalf expenditures:	
KPERs	-
Debt service:	
Interest	-
Facilities acquisition and construction	-
Total expenditures	92,725,737
Excess (deficiency) of revenues over expenditures	15,323,903
Other financing sources (uses):	
Transfers in	-
Transfers out	(12,978,418)
Sale of capital assets	-
Net change in fund balances	2,345,485
Fund balance, beginning of year	14,257,046
Fund balance, end of year	\$ 16,602,531

* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on pages 97-100.

See accompanying notes to financial statements.

Special Education	Capital Outlay	USDE Pass Through	Bond Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,217,166	\$ -	\$ -	\$ 4,623,772	\$ 21,116,569
-	-	-	-	802,984	842,199
-	146,649	-	-	1,110,620	1,595,191
15,219,662	2,503,901	-	-	11,248,029	124,619,093
5,603,614	801,107	10,576,719	-	3,872,011	21,236,363
-	141,957	-	404,730	6,234	564,527
-	214,200	-	-	-	569,053
<u>20,823,276</u>	<u>9,024,980</u>	<u>10,576,719</u>	<u>404,730</u>	<u>21,663,650</u>	<u>170,542,995</u>
21,851,105	810,517	7,833,704	3,052,230	3,371,568	92,193,807
7,174,612	24,765	2,743,015	-	1,350,440	15,848,034
900,696	-	-	-	22,368	4,090,661
-	60,844	-	-	727,018	2,863,358
750,235	-	-	-	4,042	9,096,617
(13,548)	(110,622)	-	2,000	186,257	1,575,310
338,203	1,474,015	-	1,522,444	28,182	14,769,491
2,215,561	-	-	-	-	4,118,086
-	3,122,892	-	13,470	40,382	7,473,795
-	-	-	-	-	189,204
-	-	-	-	1,065,980	1,069,749
-	-	-	-	8,298,120	8,298,120
-	-	-	-	5,465,812	5,465,812
-	4,059,537	-	39,651,885	-	43,711,422
<u>33,216,864</u>	<u>9,441,948</u>	<u>10,576,719</u>	<u>44,242,029</u>	<u>20,560,169</u>	<u>210,763,466</u>
(12,393,588)	(416,968)	-	(43,837,299)	1,103,481	(40,220,471)
12,348,715	250,000	-	-	338,057	12,936,772
-	-	-	-	(13,007)	(12,991,425)
-	422,914	-	-	-	422,914
<u>(44,873)</u>	<u>255,946</u>	<u>-</u>	<u>(43,837,299)</u>	<u>1,428,531</u>	<u>(39,852,210)</u>
4,900,931	7,588,618	-	88,018,643	9,540,116	124,305,354
<u>\$ 4,856,058</u>	<u>\$ 7,844,564</u>	<u>\$ -</u>	<u>\$ 44,181,344</u>	<u>\$ 10,968,647</u>	<u>\$ 84,453,144</u>

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

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

Year Ended June 30, 2017

Net change in fund balances - governmental funds	\$ (39,852,210)
The change in net position reported for governmental activities in the statement of activities is different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$ 5,945,770 is less than capital outlays of \$	39,730,380
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(16,400)
Governmental funds report the effect of premiums, discounts and similar items when debt is issued. These amounts are deferred and amortized in the statement of activities.	77,852
Internal service funds are used by the District to charge the costs of dental insurance and worker's compensation insurance to individual funds.	(58,265)
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, the net pension liability, and accrued interest payable.	19,803,006
Change in net position of governmental activities	<u>\$ 19,684,363</u>

See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2017

	Textbook/Study Material Revolving
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 984,673
Inventory of supplies and materials, at cost	339,203
Total current assets	1,323,876
Noncurrent assets:	
Furniture, fixtures and equipment	-
Less accumulated depreciation	-
Total assets	\$ 1,323,876
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Deferred revenue	\$ -
Estimated insurance claims	-
Total liabilities	-
Net position:	
Investment in capital assets	-
Unrestricted	1,323,876
Total net position	1,323,876
Total liabilities and net position	\$ 1,323,876

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 2,592,632	\$ (394,441)	\$ 3,182,864	\$ 3,267,255
358,778	-	697,981	-
2,951,410	(394,441)	3,880,845	3,267,255
3,284,033	14,547	3,298,580	-
(2,432,289)	(6,273)	(2,438,562)	-
<u>\$ 3,803,154</u>	<u>\$ (386,167)</u>	<u>\$ 4,740,863</u>	<u>\$ 3,267,255</u>
\$ 90,771	\$ -	\$ 90,771	\$ -
-	-	-	884,886
90,771	-	90,771	884,886
851,744	8,274	860,018	-
2,860,639	(394,441)	3,790,074	2,382,369
3,712,383	(386,167)	4,650,092	2,382,369
<u>\$ 3,803,154</u>	<u>\$ (386,167)</u>		<u>\$ 3,267,255</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(14,893)	
Net position of business-type activities		<u>\$ 4,635,199</u>	

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

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

Year Ended June 30, 2017

	Textbook/Study Material Revolving
Operating revenues:	
Charges for services	\$ 256,637
Other	-
Total operating revenues	256,637
Operating expenses:	
Instruction	658,695
Student support services	5,760
Business support	(11,269)
Central support services	-
Plant and maintenance	-
Depreciation	-
Transportation	-
Food service support	-
Other	70
Total operating expenses	653,256
Operating income (loss)	(396,619)
Nonoperating revenues (expenses):	
Interest	1,425
Transfers in	54,653
State grants	-
Federal grants	-
Total nonoperating revenues (expenses)	56,078
Change in net position	(340,541)
Net position, beginning of year	1,664,417
Net position, end of year	\$ 1,323,876

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 925,354	\$ 966,946	\$ 2,148,937	\$ 2,274,895
-	-	-	3,949
925,354	966,946	2,148,937	2,278,844
-	-	658,695	8,104
3,706	-	9,466	-
167,418	(2,849)	153,300	872,250
-	-	-	1,478,853
268,487	36,213	304,700	-
117,077	1,455	118,532	-
1,000	-	1,000	-
7,541,916	740,529	8,282,445	-
-	163,898	163,968	-
8,099,604	939,246	9,692,106	2,359,207
(7,174,250)	27,700	(7,543,169)	(80,363)
2,010	-	3,435	19,129
-	-	54,653	-
77,473	-	77,473	-
7,355,347	-	7,355,347	-
7,434,830	-	7,490,908	19,129
260,580	27,700	(52,261)	(61,234)
3,451,803	(413,867)		2,443,603
\$ 3,712,383	\$ (386,167)		\$ 2,382,369
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(2,969)	
Change in net position of business-type activities		\$ (55,230)	

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2017

	Textbook/Study Material Revolving
Cash flows from operating activities:	
Received from user charges	\$ 256,637
Received from other sources	-
Payments to employees for services	(5,330)
Payments to suppliers for goods and services	(712,721)
Net cash used in operating activities	(461,414)
Cash flows from noncapital financing activities:	
Transfers from other funds	54,653
Nonoperating grants received	-
Net cash provided by noncapital financing activities	54,653
Cash flows from capital and related financing activities:	
Purchase of capital assets	-
Cash flows from investing activities:	
Interest received	1,425
Net increase (decrease) in cash and cash equivalents	(405,336)
Cash and cash equivalents, beginning	1,390,009
Cash and cash equivalents, ending	\$ 984,673
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	\$ (396,619)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Inventory of supplies	19,836
Accounts payable	(84,631)
Estimated insurance claims	-
Net cash used in operating activities	\$ (461,414)

See accompanying notes to financial statements.

Business-Type Activities			Governmental Activities
Food Service	Other Proprietary Funds	Total	Internal Service Funds
\$ 925,354	\$ 966,946	\$ 2,148,937	\$ 2,274,895
-	-	-	3,949
(2,753,786)	(233,808)	(2,992,924)	(751,984)
(5,282,449)	(803,983)	(6,799,153)	(1,581,220)
(7,110,881)	(70,845)	(7,643,140)	(54,360)
-	-	54,653	-
7,414,139	-	7,414,139	-
7,414,139	-	7,468,792	-
(271,244)	-	(271,244)	-
2,010	-	3,435	19,129
34,024	(70,845)	(442,157)	(35,231)
2,558,608	(323,596)	3,625,021	3,302,486
\$ 2,592,632	\$ (394,441)	\$ 3,182,864	\$ 3,267,255
\$ (7,174,250)	\$ 27,700	\$ (7,543,169)	\$ (80,363)
117,077	1,455	118,532	-
(53,456)	-	(33,620)	-
(252)	(100,000)	(184,883)	-
-	-	-	26,003
\$ (7,110,881)	\$ (70,845)	\$ (7,643,140)	\$ (54,360)

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

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2017

	<u>Agency</u>
Assets:	
Cash	<u>\$ 490,735</u>
Liabilities:	
Due to student organizations	<u>\$ 490,735</u>

See accompanying notes to financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means the balance is 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.

The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

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.

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.

Bond Fund which is used to account for the 2014 and 2015 bond proceeds that are primarily utilized for the constructing, renovating, improving, furnishing, and equipping certain new and existing District education facilities and storm shelter facilities, acquiring and installing new security system and lighting equipment and improvements in the District's school building and other facilities, and acquiring and installing certain technology enhancements throughout the District and its facilities.

The District reports the following major enterprise funds:

Textbook/Study Material Revolving Fund 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 Fund which is established pursuant to state law to account for all monies received and expended attributable to the District's breakfast and lunch programs.

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)

Additionally, the District reports the following fund types:

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

Agency Funds account for monies held for student organizations.

Proprietary funds 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 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 expense transactions not meeting this definition are reported as non-operating revenues and expenses.

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

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

Statement of Cash Flows

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

Inventory

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings, furniture, vehicles, fixtures, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The term capital assets includes tangible assets such as property, plant, and equipment as well as intangible assets such as easements, water rights, and software. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition 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 following table represents the District's capitalization thresholds and standards for useful lives of capital assets:

Asset Type	Capitalization Threshold	Useful Life
Buildings and Improvements	\$ 50,000	40 years
Land and Improvements	50,000	40 years
Vehicles	2,500	15 years
Furniture	2,500	10 years
Equipment	2,500	10 years
Computers	2,500	6 years
Video and Television Equipment	2,500	6 years
Intangibles - Software	100,000	8 years
Intangibles - Other	100,000	0-40 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 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.

Compensated Absences

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

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

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

Net Position

The District's net position is classified as follows:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2017, fund balances for governmental funds are made up of the following:

Non-spendable 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 formal action, such as a 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 includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District’s Board, or (b) a body or official to whom 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.

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 following order: restricted, committed, assigned, and unassigned.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and, therefore, will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. The item is the deferred outflows of resources – pension. See Note 8 for more information on the deferred outflows of resources – pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category - deferred inflows of resources - pension. See Note 8 for more information on the deferred inflows of resources - pension.

Pensions

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

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Adoption of New Governmental Accounting Standards Board Statement

During the year the District adopted GASB Statement No. 77, *Tax Abatement Disclosures*, which enhances comparability of financial statements among governments by establishing disclosures about the nature and magnitude of tax abatements enabling users to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

Pending Governmental Accounting Standards Board Statements

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the District. The statements that might impact the District are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The statement establishes new accounting and financial reporting requirements for other postemployment benefits (OPEB), including standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. This statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

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. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73* was issued in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this statement are effective for periods beginning after June 15, 2017.

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. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

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.

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 amendments to the budget for the fiscal year ended June 30, 2017.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Budgetary Basis of Accounting (Continued)

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

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

Self-Insurance Reserve	Pepsi Exclusivity	Flex 125 Spending
Contingency Reserve	Risk Management	Payroll Liability Clearing
Workers' Compensation	Textbook/Study Material	Internal Service Reserve
Dental Self-Insurance	Revolving	Meals on Wheels
All District Activity Funds	Sports Park Operations	Kanza Café
USDE Pass Through	Bond Fund	

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Cash and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an adequate rate of return on funds.

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 (the 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, 2017 and throughout the year ended June 30, 2017, the District's cash and investments included certificates of deposit, U.S. government securities and the MIP. The MIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The District's investments in the MIP were not rated by a rating agency as of June 30, 2017.

The MIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

The credit rating for the U.S. government securities at June 30, 2017 is AA+ (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)

Fair Value Measurement – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2017, the U.S. government securities were valued with quoted prices on the active market (Level 1 input), and the MIP was valued using net asset value.

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 deposits and investment be collateralized and that collateral pledged must have a fair market value equal to 100% of the deposits (less insured amounts) and deposits and investments must be assigned for the benefit of the District. At June 30, 2017, 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. The District is not exposed to significant interest rate risk.

As of June 30, 2017, 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	\$ 79,933,845	\$ 79,933,845	\$ -	\$ -	\$ -
U.S. Government Securities - FHLB	\$ 4,994,500	\$ 4,994,500	\$ -	\$ -	\$ -

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Tax Revenue and Taxes Receivable and Tax Abatements

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

Assessed values are established by the Shawnee County appraiser's office. The assessed valuation at January 1, 2016 of the tangible, taxable property for purposes of local taxation was \$ 555,615,712 for the general fund and \$ 629,583,656 in total.

The tax levy per \$ 1,000 of the November 1, 2016 levy of tangible, taxable property levied for district taxation was as follows by fund:

General	\$	20.000
Supplemental general		16.433
Capital outlay		7.718
Debt service		6.415
Special liability		0.303
		0.303
	\$	50.869

Tax Abatements

The City of Topeka, Kansas and Shawnee County, Kansas enter into property tax abatement and rebate agreements with local businesses and entities for the purpose of attracting and improving business and neighborhood conditions within their jurisdictions. These agreements affect local municipalities, including the District. For the fiscal year ended June 30, 2017, abated or rebated property taxes not distributed to the District because of such agreements, totaled \$ 903,635 (includes economic development, IRB exemptions of \$ 7,922 and NRA property tax exemptions of \$ 895,713). One-hundred and fifty-three (153) parcels made up the total rebated amount, including the following that exceeded 10 percent of the total amount abated:

- A property tax rebate to a food manufacturer. The District's portion of the rebate amounted to \$ 141,529.
- A property tax rebate to a retailer. The District's portion of the rebated amounted to \$ 218,321.

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, 2016	Additions	Retirements	Balance June 30, 2017
<u>Capital assets, not being depreciated:</u>				
Land	\$ 6,435,119	\$ 188,321	\$ -	\$ 6,623,440
Construction in progress	34,912,369	42,919,481	(22,458,031)	55,373,819
Total capital assets, not being depreciated	41,347,488	43,107,802	(22,458,031)	61,997,259
<u>Capital assets, being depreciated:</u>				
Buildings	202,970,355	23,214,055	-	226,184,410
Furniture, fixtures and equipment	27,069,484	1,812,324	(68,180)	28,813,628
Total capital assets, being depreciated	230,039,839	25,026,379	(68,180)	254,998,038
Less accumulated depreciation	(114,394,002)	(5,945,770)	51,780	(120,287,992)
Total capital assets, being depreciated, net	115,645,837	19,080,609	(16,400)	134,710,046
	<u>\$ 156,993,325</u>	<u>\$ 62,188,411</u>	<u>\$ (22,474,431)</u>	<u>\$ 196,707,305</u>
Business-Type Activities				
	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
<u>Capital assets, being depreciated:</u>				
Furniture, fixtures and equipment	\$ 3,027,336	\$ 271,244	\$ -	\$ 3,298,580
Less accumulated depreciation	(2,320,030)	(118,532)	-	(2,438,562)
	<u>\$ 707,306</u>	<u>\$ 152,712</u>	<u>\$ -</u>	<u>\$ 860,018</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	\$ 985,829
Instructional support	19,868
School administration	7,597
Plant and maintenance	2,755,888
Central support services	<u>2,176,588</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 5,945,770</u></u>

Business-type activities:

Food service	\$ 117,077
Other proprietary funds	<u>1,455</u>
	<u><u>\$ 118,532</u></u>

6 - Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds paid with ad valorem taxes	<u>\$ 151,160,000</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 151,160,000	<u>\$ 1,985,000</u>
Add unamortized premium on bonds				<u>1,998,301</u>	
				<u><u>\$ 153,158,301</u></u>	
Post employment benefits	<u>\$ 13,974,911</u>	<u>\$ 3,663,753</u>	<u>\$ 3,812,287</u>	<u>\$ 13,826,377</u>	<u>\$ -</u>
Compensated absences	<u>\$ 2,549,762</u>	<u>\$ 1,102,622</u>	<u>\$ 1,166,158</u>	<u>\$ 2,486,226</u>	<u>\$ 1,166,158</u>
Net pension liability	<u>\$ 146,756,723</u>	<u>\$ 5,335,845</u>	<u>\$ -</u>	<u>\$ 152,092,568</u>	<u>\$ -</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Liabilities (Continued)

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, 2017:

Series	Date Issued	Final Scheduled Maturity	Original Principal Amount	Principal Amount Outstanding June 30, 2017	Interest Ranges
2014A	7/8/2014	9/1/2044	\$ 110,000,000	\$ 110,000,000	3.75% to 5.00%
2014B	7/8/2014	8/1/2020	8,160,000	8,160,000	2.00% to 2.15%
2016A	4/19/2016	8/1/2044	33,000,000	33,000,000	2.00% to 4.00%
			<u>\$ 151,160,000</u>	<u>\$ 151,160,000</u>	

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

Year	Principal	Interest	Total
2018	\$ 1,985,000	\$ 5,680,225	\$ 7,665,225
2019	2,505,000	5,632,900	8,137,900
2020	2,555,000	5,577,375	8,132,375
2021	2,615,000	5,516,450	8,131,450
2022	2,980,000	5,413,475	8,393,475
2023 - 2027	17,865,000	24,792,763	42,657,763
2028 - 2032	23,115,000	20,739,950	43,854,950
2033 - 2037	29,905,000	15,534,197	45,439,197
2038 - 2042	38,855,000	9,169,903	48,024,903
2043 - 2047	28,780,000	1,609,594	30,389,594
Total	<u>\$ 151,160,000</u>	<u>\$ 99,666,832</u>	<u>\$ 250,826,832</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Liabilities (Continued)

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, 2017, based upon the assessed valuation of \$ 629,583,656, the general obligation limit was \$ 88,141,712. The District's bonded indebtedness totaled \$ 151,160,000 less \$ 6,189,498 available in the debt service fund, resulting in a general obligation debt margin of \$ (56,828,790). The District obtained a waiver to exceed the general obligation debt limit for the Series 2016A bond issuance.

7 - Cash Deficits

The District expended monies in excess of available cash in the General Fund and Supplemental General Fund. This was a result of the State of Kansas failing to make its final state aid payments before June 30, 2017. The District was instructed by the State Department of Education to expend the authorized budget for the year ended June 30, 2017 in accordance with Senate Bill 4. The balance of monies due the District from the State was received in July 2017. The District expended monies in excess of available cash in the USDE Passthrough Fund and various non-major grant funds. This was the result of timing of reimbursements received from grantors.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan

General Information About the Pension Plan

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. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

The 2012 Legislature made changes affecting new hires, current members and employees. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017 for the Death and Disability Program) was 10.81% for the fiscal year ended June 30, 2017. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$ 92,917,091 for the fiscal year ended June 30, 2016 and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

The State of Kansas contributions to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30th was \$ 304,596,361. Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$ 64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$ 6.4 million dollars per year.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

For public school districts, K.S.A. 74-4939 states that the State of Kansas shall budget for the transfer from the state general fund sufficient sums to satisfy the participating districts' obligations for employer contributions. K.S.A. 74-4939a then establishes the procedures for the actual distribution by the state, and subsequent remittance to KPERS, of the district's employer contributions. Under this statute, the state Department of Education disburses to the school district an amount equal to the participating employer's obligation. Upon receipt of each quarterly disbursement from the Department of Education, the school district must remit an equal amount to KPERS to satisfy the school district's obligation as a participating employer. Under these statutes, the District received and remitted amounts equal to the statutory contribution rate. Contributions to the pension plan from the District (excluding contributions for the Death and Disability Program) were \$ 8,298,120 for the year ended June 30, 2017. Since the statutes require the State of Kansas to set the KPERS employer rate and also to budget and transfer a sufficient amount for employer contributions, the statutes do not permit the District to contribute additional amounts to the retirement program for the purposes of improving the funding status and reducing the liability recorded on the District's financial statements.

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

At June 30, 2017, the District reported a liability of \$ 152,092,568 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2016, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The District's proportion of the collective net pension liability was based on the ratio of the District's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School group within KPERS for the fiscal year ended June 30, 2016. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2016 the District's proportion was 2.262925%, which was an increase of 0.143529% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$ 13,493,886. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,180,513
Net difference between projected and actual earnings on pension plan investments	13,737,100	-
Change of assumptions	-	275,001
Changes in proportionate share	10,617,253	2,608,899
District contributions subsequent to measurement date	10,675,367	-
Total	\$ 35,029,720	\$ 10,064,413

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$ 10,675,367 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2018	\$	1,739,682
2019		1,739,682
2020		6,043,988
2021		4,161,195
2022		605,393
	\$	14,289,940

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00 percent
Wage inflation	4.00 percent
Salary increases, including wage increases	4.00 to 16.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	8.00 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.80%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	-0.25%
Total	100%	

TOPEKA PUBLIC SCHOOLS
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TOPEKA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used by KPERS to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State/School employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the collective net pension liability	\$ 197,768,184	\$ 152,092,568	\$ 113,294,182

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

During the 2015 state legislative session, Senate Bill 228 was passed authorizing the issuance of one or more series of revenue bonds to provide deposits to KPERS in a total amount not to exceed \$ 1 billion. The purpose of the bond issuance was for financing a portion of the unfunded actuarial pension liability of KPERS, which would affect the collective net pension liability. On August 20, 2015, the State issued \$ 1,005,180,000 of bonds in accordance with this bill and deposited \$ 1 billion of the proceeds to KPERS. During the year ended June 30, 2017, the District recorded \$ 22,629,250 for their proportionate share of this deposit in non-employer contribution revenue.

9 - Other Postemployment Benefits

Plan Description. The District offers postemployment benefits to retired employees. The benefits are provided through a single employer defined benefit postemployment plan administered by the District. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The District's employee benefit plan provides the same medical, pharmacy, and dental benefits to eligible retirees and their dependents as it does to active employees, until age 66 for administrators and age 65 for all other retirees. In addition, the District provides an early retirement incentive to eligible employees who retire before age 65 and a life insurance benefit through age 66 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 any additional cost of the plan. Covered spouses pay 100% of their 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

As of June 30, 2017, the District has approximately 245 employees who are eligible to receive early retirement benefits. The benefits vary based on employee classification. Classified employees receive \$ 260 per month in cash and \$ 513 per month in health and dental insurance coverage until their sixty-fifth (65) birthday. Certified employees receive one-third of the certified base salary monthly, which is one-third of the base salary of a beginning professional employee in effect at the time the retirement commences, and \$ 513 per month in health and dental insurance coverage until their sixty-fifth (65) birthday. Administrators receive \$ 1,250 per month in cash and \$ 513 per month in health and dental insurance coverage plus \$ 13 for life insurance premiums per month. The District's contributions are financed on a pay-as-you-go basis. During the year ended June 30, 2017, payments to early retirees along with insurance benefits totaled approximately \$ 3,148,725. 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.

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 2017, the District contributed \$ 3,812,287 to the plan.

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

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

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	\$ 4,290,908
Interest on amortized liability	160,909
Adjustment to the ARC	<u>(788,064)</u>
Annual OPEB cost (expense)	3,663,753
Contributions made	<u>(3,812,287)</u>
Decrease in net OPEB obligation	(148,534)
Net OPEB obligation, July 1, 2016	<u>13,974,911</u>
Net OPEB obligation, June 30, 2017	<u><u>\$ 13,826,377</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
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2017, 2016, and 2015 are as follows:

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year Net OPEB Obligation
2017	\$ 3,663,753	\$ 3,812,287	104.05%	\$ 13,826,377
2016	\$ 3,551,348	\$ 4,244,799	119.53%	\$ 13,974,911
2015	\$ 4,432,981	\$ 4,609,612	103.98%	\$ 14,668,362

Funded Status and Funding Progress. As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 41,762,225. 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 \$ 41,762,225. The covered payroll (annual payroll of active employees covered by the plan) was \$ 103,668,781, and the ratio of the UAAL to the covered payroll was 40.3 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 presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

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

TOPEKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Other Postemployment Benefits (Continued)

In the June 30, 2015 actuarial valuation, the entry age normal as a level percentage of payroll method was applied. The actuarial assumptions included a 3.75 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 10 percent initially, reduced by decrements to an ultimate rate of 6 percent after nine 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 Funds	
Governmental funds:			
Special education	\$ 12,348,715	\$ -	\$ 12,348,715
Capital outlay	250,000	-	250,000
Other nonmajor funds	325,050	13,007	338,057
Proprietary funds:			
Other nonmajor	54,653	-	54,653
	<u>\$ 12,978,418</u>	<u>\$ 13,007</u>	<u>\$ 12,991,425</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.

TOPEKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Commitments and Contingencies

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruptions; errors and omission; injuries to employees and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than those relating to workers' compensation and dental. 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 and dental insurance. The worker's compensation program began in July 1993, the dental insurance program began in September 2005.

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. The dental self-insured fund is 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 2017, 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 employee per year. 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, 2017 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
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NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Commitments and Contingencies (Continued)

Self-Insurance Funds (Continued)

The claims liability of \$ 884,886 is included in the governmental activities column of the statement of net position as estimated insurance claims. Changes in the claims liability for the years ended June 30, 2017 and 2016 were:

	Beginning of Year Liability	Change in Estimate	Claims and Premium Payments	End of Year Liability
2017	\$ 858,883	\$ 617,441	\$ 591,438	\$ 884,886
2016	\$ 989,338	\$ 632,956	\$ 763,411	\$ 858,883

No amounts have been reflected in the financial statements for dental insurance claims liability as of June 30, 2017.

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, 2017, the District's recorded encumbrances in governmental funds were as follows:

General	\$ 1,161,864
Capital outlay	2,787,522
Special education	51,833
Bond fund	15,695,418
Other nonmajor governmental funds	<u>44,581</u>
	<u><u>\$ 19,741,218</u></u>

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

11 - Commitments and Contingencies (Continued)

Project authorizations compared with expenditures to date for significant projects open at year-end are as follows:

	Expenditures to Date	Project Authorization
Projects in process:		
Security camera/door access (various)	\$ 1,627,735	\$ 1,805,076
Modular replacement	792,471	828,907
Jardine Elementary	31,527,714	33,054,953
Science classrooms	2,141,083	2,656,467
Shaner remodel	311,821	4,381,203
Stormshelter additions	2,148,939	4,263,143
Capital City remodel	7,200,762	17,777,647
Boisen remodel	8,771,391	9,979,139
Restroom Renovation	21,670	58,400
Air conditioning gym	54,943	109,700
Fire Alarm System	3,000	172,295
ROTC Classroom Remodel	106,917	114,597
Replace Boiler	262,594	686,502
Floor replacement	99,765	131,360
Replace Gym Roof	-	81,107
Pneumatic Stat Replacement	8,050	122,317
Replace Entrance Canopy	4,400	75,600
New Boiler	69,458	89,370
Window and Door replacement	207,707	870,142
RTU replacement	13,400	224,369
	\$ 55,373,820	\$ 77,482,294

REQUIRED SUPPLEMENTARY INFORMATION

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, 2017

	General			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues and transfers in:				
Interest	\$ -	\$ -	\$ 7,694	\$ 7,694
Intergovernmental:				
State and local	102,604,299	102,604,299	100,331,694	(2,272,605)
Reimbursed expenses	400,000	400,000	303,603	(96,397)
Transfers in	1,952,299	1,952,299	1,952,299	-
Total revenues and transfers in	<u>104,956,598</u>	<u>104,956,598</u>	<u>102,595,290</u>	<u>(2,361,308)</u>
Expenditures and transfers out subject to budget:				
Current:				
Instruction	32,418,488	32,418,488	28,347,768	(4,070,720)
Support services	35,284,163	35,284,163	31,760,492	(3,523,671)
Transfers out	37,253,947	37,253,947	40,319,835	3,065,888
Budget adjustment to comply with legal max	-	(4,456,446)	-	4,456,446
Total expenditures and transfers out subject to budget	<u>104,956,598</u>	<u>100,500,152</u>	<u>100,428,095</u>	<u>(72,057)</u>
Expenditures not subject to budget:				
Reimbursed expenses	-	-	329,938	329,938
Total expenditures	<u>104,956,598</u>	<u>100,500,152</u>	<u>100,758,033</u>	<u>257,881</u>
Excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out	-	4,456,446	1,837,257	<u>\$ (2,619,189)</u>
Fund balances, beginning of year, budget basis	-	-	(7,248,028)	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ 4,456,446</u>	<u>(5,410,771)</u>	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2017			5,410,771	
Plus inventories at June 30, 2017			164,388	
Plus encumbrances outstanding at June 30, 2017			974,781	
Fund balance on the basis of GAAP - General Fund only			<u>1,139,169</u>	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Supplemental general			1,500,454	
At risk 4 year-old			259,890	
At risk K - 12			2,176,796	
Bilingual education			699,519	
Vocational education			991,458	
Professional development			301,191	
Summer school			218,372	
Pepsi exclusivity			329,668	
Sports park operations			604,540	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Internal service reserve			-	
Payroll liability clearing			-	
Self-insurance reserve			967,821	
Risk management reserve			719,151	
Contingency reserve			6,694,502	
			<u>\$ 16,602,531</u>	

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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, 2017

	Supplemental General			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 593,537	\$ 593,537	\$ 217,556	\$ (375,981)
Current	11,171,957	11,171,957	10,749,882	(422,075)
Delinquent	169,798	169,798	308,193	138,395
Other	-	-	2,100	2,100
State Aid	20,996,938	20,996,938	18,867,221	(2,129,717)
Total revenues	<u>32,932,230</u>	<u>32,932,230</u>	<u>30,144,952</u>	<u>(2,787,278)</u>
Expenditures and transfers out:				
Current:				
Instruction	4,163,476	4,163,476	2,283,780	(1,879,696)
Support services	3,989,167	3,989,167	3,783,953	(205,214)
Transfers out	25,463,973	25,463,973	26,538,023	1,074,050
Total expenditures and transfers out	<u>33,616,616</u>	<u>33,616,616</u>	<u>32,605,756</u>	<u>(1,010,860)</u>
Deficiency of revenues under expenditures and other financing uses	(684,386)	(684,386)	(2,460,804)	<u>\$ (1,776,418)</u>
Fund balances, beginning of year, budget basis	1,783,935	1,789,935	1,783,935	
Fund balances, end of year, budget basis	<u>\$ 1,099,549</u>	<u>\$ 1,105,549</u>	(676,869)	
<u>Reconciliation to GAAP</u>				
Plus receivables at June 30, 2017			2,129,717	
Plus encumbrances outstanding at June 30, 2017			47,606	
Fund balance on the basis of GAAP			<u>\$ 1,500,454</u>	

(Continued)

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, 2017

	Summer School			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Tuition	\$ -	\$ -	\$ 1,374	\$ 1,374
Expenditures:				
Current:				
Instruction	185,111	185,111	23,726	(161,385)
Support services	31,288	31,288	10,675	(20,613)
Total expenditures	216,399	216,399	34,401	(181,998)
Excess (deficiency) of revenues over (under) expenditures	(216,399)	(216,399)	(33,027)	183,372
Other financing sources:				
Transfers in	-	-	35,000	35,000
Excess (deficiency) of revenues over (under) expenditures and other financing sources	(216,399)	(216,399)	1,973	\$ 218,372
Fund balances, beginning of year, budget basis	216,399	216,399	216,399	
Fund balances, end of year, budget basis	\$ -	\$ -	218,372	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			-	
Fund balance on the basis of GAAP			\$ 218,372	

(Continued)

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

Year Ended June 30, 2017

	Professional Development			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 245	\$ 245
Total revenues	-	-	245	245
Expenditures:				
Current:				
Support services	337,933	337,933	238,925	(99,008)
Excess (deficiency) of revenues over (under) expenditures	(337,933)	(337,933)	(238,680)	99,253
Other financing sources:				
Transfers in	133,032	133,032	283,032	150,000
Excess (deficiency) of revenues over (under) expenditures and other financing sources	(204,901)	(204,901)	44,352	\$ 249,253
Fund balances, beginning of year, budget basis	204,901	204,901	204,902	
Fund balances, end of year, budget basis	\$ -	\$ -	249,254	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2017			51,937	
Fund balance on the basis of GAAP			\$ 301,191	

(Continued)

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)

	At-Risk K - 12			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 19,693,799	\$ 19,693,799	\$ 18,319,836	\$ (1,373,963)
Support services	124,426	124,426	121,969	(2,457)
Total expenditures	19,818,225	19,818,225	18,441,805	(1,376,420)
Other financing sources:				
Transfers in	18,025,494	18,025,494	18,825,494	800,000
Excess (deficiency) of other financing sources over (under) expenditures	(1,792,731)	(1,792,731)	383,689	<u>\$ 2,176,420</u>
Fund balances, beginning of year, budget basis	1,792,731	1,792,731	1,792,730	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	2,176,419	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			377	
Fund balance on the basis of GAAP			<u>\$ 2,176,796</u>	

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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, 2017

	Vocational Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
State and local	\$ 13,340	\$ 13,340	\$ 11,098	\$ (2,242)
Expenditures:				
Current:				
Instruction	1,988,328	1,988,328	1,748,933	(239,395)
Support services	273,713	273,713	170,618	(103,095)
Total expenditures	2,262,041	2,262,041	1,919,551	(342,490)
Excess (deficiency) of revenues over (under) expenditures	(2,248,701)	(2,248,701)	(1,908,453)	340,248
Other financing sources:				
Transfers in	1,384,808	1,384,808	2,034,808	650,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(863,893)	(863,893)	126,355	\$ 990,248
Fund balances, beginning of year, budget basis	863,893	863,893	863,893	
Fund balances, end of year, budget basis	\$ -	\$ -	990,248	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			1,210	
Fund balance on the basis of GAAP			\$ 991,458	

(Continued)

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

Year Ended June 30, 2017

	Bilingual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 3,301,771	\$ 3,301,771	\$ 3,085,216	\$ (216,555)
Support services	1,151,704	1,151,704	944,826	(206,878)
Total expenditures	4,453,475	4,453,475	4,030,042	(423,433)
Other financing sources:				
Transfers in	3,944,325	3,944,325	4,219,325	275,000
Excess (deficiency) of other financing sources over (under) expenditures	(509,150)	(509,150)	189,283	\$ 698,433
Fund balances, beginning of year, budget basis	509,150	509,150	509,150	
Fund balances, end of year, budget basis	\$ -	\$ -	698,433	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			1,086	
Fund balance on the basis of GAAP			\$ 699,519	

(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, 2017

	At-Risk 4 Year Old			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 1,301,407	\$ 1,301,407	\$ 1,171,755	\$ (129,652)
Support services	52,900	52,900	12,732	(40,168)
Total expenditures	1,354,307	1,354,307	1,184,487	(169,820)
Other financing sources:				
Transfers in	1,219,498	1,219,498	1,269,498	50,000
Excess (deficiency) of other financing sources over (under) expenditures	(134,809)	(134,809)	85,011	\$ 219,820
Fund balances, beginning of year, budget basis	134,809	134,809	134,809	
Fund balances, end of year, budget basis	\$ -	\$ -	219,820	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			40,070	
Fund balance on the basis of GAAP			\$ 259,890	

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

Year Ended June 30, 2017

	Special Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 4,953,085	\$ 4,953,085	\$ 5,603,614	\$ 650,529
State and local	5,000	5,000	-	(5,000)
Total revenues	4,958,085	4,958,085	5,603,614	645,529
Expenditures:				
Current:				
Instruction	23,992,125	23,992,125	21,855,954	(2,136,171)
Support services	11,941,310	11,941,310	11,337,785	(603,525)
Total expenditures	35,933,435	35,933,435	33,193,739	(2,739,696)
Excess (deficiency) of revenues over (under) expenditures	(30,975,350)	(30,975,350)	(27,590,125)	3,385,225
Other financing sources:				
Transfers in	26,149,377	26,149,377	27,568,377	1,419,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(4,825,973)	(4,825,973)	(21,748)	<u>\$ 4,804,225</u>
Fund balances, beginning of year, budget basis	4,825,973	4,825,973	4,825,973	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	4,804,225	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			51,833	
Fund balance on the basis of GAAP			<u>\$ 4,856,058</u>	

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

Schedule of Funding Progress

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	\$ 41,762,225	\$ 41,762,225	0.0%	\$ 103,668,781	40.3%
6/30/2014	\$ -	\$ 49,934,094	\$ 49,934,094	0.0%	\$ 99,408,171	50.2%
6/30/2012	\$ -	\$ 59,665,538	\$ 59,665,538	0.0%	\$ 92,629,011	64.4%

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

Schedule of the District's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System

Last Four Fiscal Years¹

	2017	2016	2015	2014
District's proportion of the collective net pension liability	2.262925%	2.119396%	2.174282%	2.117605%
District's proportionate share of the collective net pension liability	\$ 152,092,568	\$ 146,756,723	\$ 138,934,472	\$ 153,820,765
District's covered-employee payroll	\$ 96,737,828	\$ 95,139,490	\$ 86,430,695	\$ 82,671,274
District's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	157%	154%	161%	186%
Plan fiduciary net position as a percentage of the total pension liability	65.10%	64.95%	66.60%	59.94%

¹ GASB requires presentation of ten years. Data was not available prior to 2014; therefore, ten years of data is unavailable.

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

Schedule of the District's Contributions
Kansas Public Employees Retirement System

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 8,298,120	\$ 8,594,373	\$ 9,585,143	\$ 10,057,121	\$ 8,863,533	\$ 9,979,449	\$ 5,945,869	\$ 7,097,513	\$ 6,997,429	\$ 6,509,318
Contributions in relation to the contractually required contribution	(8,298,120)	(8,594,373)	(9,585,143)	(10,057,121)	(8,863,533)	(9,979,449)	(5,945,869)	(7,097,513)	(6,997,429)	(6,509,318)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 96,737,828	\$ 95,139,490	\$ 86,430,695	\$ 82,671,274	\$ 82,124,120	\$ 80,299,115	\$ 80,163,800	\$ 84,510,646	\$ 88,818,814	\$ 85,537,129
Contributions as a percentage of covered-employee payroll	8.58%	9.03%	11.09%	12.17%	10.79%	12.43%	7.42%	8.40%	7.88%	7.61%

TOPEKA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 501

TOPEKA, KANSAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

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 MAJOR BUDGETED
CAPITAL PROJECTS FUNDS (BUDGET BASIS)

Year Ended June 30, 2017

	Capital Outlay			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 246,263	\$ 246,263	\$ 90,405	\$ (155,858)
Current	4,854,381	4,854,381	5,824,755	970,374
Delinquent	70,587	70,587	103,112	32,525
Interest	-	-	141,957	141,957
State aid	2,575,071	2,575,071	2,503,901	(71,170)
Other	-	-	360,850	360,850
Total revenues	<u>7,746,302</u>	<u>7,746,302</u>	<u>9,024,980</u>	<u>1,278,678</u>
Expenditures:				
Current:				
Instruction	1,093,610	1,093,610	559,575	(534,035)
Support services	4,897,530	4,897,530	5,530,372	632,842
Facilities acquisition and construction	6,765,582	6,765,582	3,531,325	(3,234,257)
Total expenditures	<u>12,756,722</u>	<u>12,756,722</u>	<u>9,621,272</u>	<u>(3,135,450)</u>
Excess (deficiency) of revenues over (under) expenditures	(5,010,420)	(5,010,420)	(596,292)	4,414,128
Other financing sources:				
Transfer in	-	-	250,000	250,000
Sale of capital assets	-	-	422,914	422,914
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(5,010,420)	(5,010,420)	76,622	<u>\$ 5,087,042</u>
Fund balances, beginning of year, budget basis	5,010,420	5,010,420	4,980,420	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	5,057,042	
Reconciliation to GAAP				
Plus encumbrances outstanding at June 30, 2017			<u>2,787,522</u>	
Fund balance on the basis of GAAP			<u>\$ 7,844,564</u>	

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, 2017

	Food Service			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 7,057,889	\$ 7,057,889	\$ 7,355,347	\$ 297,458
State and local	1,028,263	1,028,263	77,473	(950,790)
Other	200	200	927,363	927,163
Total revenues	<u>8,086,352</u>	<u>8,086,352</u>	<u>8,360,183</u>	<u>273,831</u>
Expenditures:				
Current:				
Support services	355,553	355,553	440,653	85,100
Noninstructional services	10,127,298	10,127,298	7,738,022	(2,389,276)
Total expenditures	<u>10,482,851</u>	<u>10,482,851</u>	<u>8,178,675</u>	<u>(2,304,176)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,396,499)	(2,396,499)	181,508	<u>\$ 2,578,007</u>
Fund balances, beginning of year, budget basis	<u>2,396,499</u>	<u>2,396,499</u>	<u>2,396,498</u>	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	2,578,006	
<u>Reconciliation to GAAP</u>				
Plus inventories at June 30, 2017			358,778	
Net adjustment for capitalization of assets			851,744	
Less deferred revenue at June 30, 2017			(90,771)	
Plus encumbrances outstanding at June 30, 2017			14,626	
Fund balance on the basis of GAAP			<u>\$ 3,712,383</u>	

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

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BOND AND INTEREST FUND (BUDGET BASIS)

Year Ended June 30, 2017

	Bond and Interest			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 236,396	\$ 236,396	\$ 86,660	\$ (149,736)
Current	4,067,599	4,067,599	4,211,523	143,924
Delinquent	67,654	67,654	104,308	36,654
Intergovernmental:				
State and local	2,896,880	2,896,880	2,896,880	-
Interest and other	800	800	5,531	4,731
Total revenues	<u>7,269,329</u>	<u>7,269,329</u>	<u>7,304,902</u>	<u>35,573</u>
Expenditures:				
Debt Service:				
Interest	5,465,812	5,465,812	5,465,812	-
Total expenditures	<u>5,465,812</u>	<u>5,465,812</u>	<u>5,465,812</u>	<u>-</u>
Excess of revenues over expenditures	1,803,517	1,803,517	1,839,090	<u>\$ 35,573</u>
Fund balances, beginning of year, budget basis	<u>4,350,408</u>	<u>4,350,408</u>	<u>4,350,408</u>	
Fund balances, end of year, budget basis	<u>\$ 6,153,925</u>	<u>\$ 6,153,925</u>	<u>\$ 6,189,498</u>	

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, 2017

	Special Liability			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
In process	\$ 10,579	\$ 10,579	\$ 3,894	\$ (6,685)
Current	195,248	195,248	202,620	7,372
Delinquent	3,040	3,040	5,926	2,886
Interest	100	100	475	375
Total revenues	208,967	208,967	212,915	3,948
Expenditures:				
Current:				
Support services	425,000	425,000	164,402	(260,598)
Excess (deficiency) of revenues over (under) expenditures	(216,033)	(216,033)	48,513	264,546
Other funding sources:				
Transfers out	(2,500)	(2,500)	-	(2,500)
Excess (deficiency) of revenues and other funding sources over (under) expenditures	(218,533)	(218,533)	48,513	<u>\$ 267,046</u>
Fund balances, beginning of year, budget basis	364,634	364,634	364,634	
Fund balances, end of year, budget basis	<u>\$ 146,101</u>	<u>\$ 146,101</u>	<u>\$ 413,147</u>	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			14,383	
Fund balance on the basis of GAAP			<u>\$ 427,530</u>	

(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, 2017

	Adult Basic Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Current	\$ 6,820	\$ 6,820	\$ 7,069	\$ 249
Delinquent	1	1	1,772	1,771
Intergovernmental:				
Federal	84,873	84,873	84,873	-
State and local	52,641	52,641	53,029	388
Total revenues	144,335	144,335	146,743	2,408
Expenditures:				
Current:				
Instruction	249,633	249,633	155,178	(94,455)
Total expenditures	249,633	249,633	155,178	(94,455)
Excess (deficiency) of revenues over (under) expenditures	(105,298)	(105,298)	(8,435)	<u>\$ 96,863</u>
Fund balances, beginning of year, budget basis	105,363	105,363	105,363	
Fund balances, end of year, budget basis	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ 96,928</u>	

(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, 2017

	Parent Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal aid	\$ 498,946	\$ 498,946	\$ 378,647	\$ (120,299)
Expenditures:				
Current:				
Support services	959,079	959,079	529,106	(429,973)
Excess (deficiency) of revenues over (under) expenditures	(460,133)	(460,133)	(150,459)	309,674
Other financing sources:				
Transfers out	-	-	(13,007)	(13,007)
Transfers in	-	-	140,000	140,000
Total other financing sources	-	-	126,993	126,993
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(460,133)	(460,133)	(23,466)	<u>\$ 436,667</u>
Fund balances, beginning of year, budget basis	460,133	460,133	460,133	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	436,667	
<u>Reconciliation to GAAP</u>				
Plus encumbrances outstanding at June 30, 2017			23,706	
Fund balance on the basis of GAAP			<u>\$ 460,373</u>	

(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, 2017

	Contingency Reserve			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 3,694,501	\$ 3,694,501
Transfers out	(1,952,299)	(1,952,299)	(1,952,299)	-
Total other financing sources (uses)	(1,952,299)	(1,952,299)	1,742,202	<u>\$ 3,694,501</u>
Fund balances, beginning of year, budget basis	4,952,299	4,952,299	4,952,300	
Fund balances, end of year, budget basis	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 6,694,502</u>	

(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, 2017

	Gifts and Grants			
	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues:				
Local	\$ -	\$ -	\$ 842,199	\$ 842,199
Interest	-	-	1,396	1,396
Charges for services	384,346	384,346	1,166,334	781,988
Miscellaneous	2,379,976	2,379,976	48,750	(2,331,226)
Transfers in	-	-	68,057	68,057
	<u>2,764,322</u>	<u>2,764,322</u>	<u>2,126,736</u>	<u>(637,586)</u>
Total revenues				
Expenditures:				
Current:				
Instruction	1,142,546	1,142,546	549,917	(592,629)
Instructional support staff	28,700	28,700	-	(28,700)
General administration	-	-	18,202	18,202
School administration	-	-	4,663	4,663
Student support services	177,131	177,131	307,804	130,673
Supplemental services central	420,055	420,055	40,382	(379,673)
Support services business	-	-	18,874	18,874
Operations and maintenance	83,624	83,624	62,662	(20,962)
Transportation	1,100	1,100	593	(507)
Enterprise operations	1,248,056	1,248,056	967,025	(281,031)
	<u>3,101,212</u>	<u>3,101,212</u>	<u>1,970,122</u>	<u>(1,131,090)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(336,890)	(336,890)	156,614	<u>\$ 493,504</u>
Fund balances, beginning of year, budget basis	336,890	336,890	920,299	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,913</u>	

(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, 2017

	Virtual Education			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Expenditures:				
Current:				
Instruction	\$ 604,237	\$ 604,237	\$ 305,026	\$ (299,211)
Other financing sources:				
Transfers in	-	-	130,000	130,000
Excess of expenditures over other financing sources	(604,237)	(604,237)	(175,026)	<u>\$ 429,211</u>
Fund balances, beginning of year, budget basis	604,237	604,237	604,237	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,211</u>	

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

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

Year Ended June 30, 2017

	Federal Grants			Variance Over (Under)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ 18,459,749	\$ 18,459,749	\$ 14,244,854	\$ (4,214,895)
Expenditures				
Current:				
Instruction	11,506,859	11,506,859	10,595,199	(911,660)
Support services	7,453,326	7,453,326	2,719,818	(4,733,508)
Noninstructional services	-	-	312,014	312,014
Total expenditures	18,960,185	18,960,185	13,627,031	(5,333,154)
Excess (deficiency) revenues over (under) expenditures	(500,436)	(500,436)	617,823	<u>\$ 1,118,259</u>
Fund balances, beginning of year, budget basis	500,436	500,436	(2,183,738)	
Fund balances, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,565,915)</u>	

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

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

Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Senior High Schools</u>				
Athletic Support Groups:				
Highland Park	\$ 5,502	\$ 11,988	\$ 12,053	\$ 5,437
Topeka High	7,021	17,502	9,093	15,430
Topeka West	26,575	45,787	59,389	12,973
	<u>39,098</u>	<u>75,277</u>	<u>80,535</u>	<u>33,840</u>
Graduating Classes:				
Highland Park	6,542	2,285	2,998	5,829
Topeka High	8,748	5,485	1,595	12,638
Topeka West	15,033	11,734	9,547	17,220
	<u>30,323</u>	<u>19,504</u>	<u>14,140</u>	<u>35,687</u>
Clubs and Organizations:				
Highland Park	4,819	24,955	19,976	9,798
Topeka High	58,950	82,612	77,633	63,929
Topeka West	24,654	16,964	25,943	15,675
	<u>88,423</u>	<u>124,531</u>	<u>123,552</u>	<u>89,402</u>
Miscellaneous Fund Raisers:				
Highland Park	5,581	18,635	19,461	4,755
Topeka High	20,462	1,938	749	21,651
Topeka West	1,479	4,756	1,501	4,734
	<u>27,522</u>	<u>25,329</u>	<u>21,711</u>	<u>31,140</u>
Performing Arts:				
Highland Park	3,294	7,155	7,346	3,103
Topeka High	18,862	38,043	33,530	23,375
Topeka West	23,189	44,818	46,943	21,064
	<u>45,345</u>	<u>90,016</u>	<u>87,819</u>	<u>47,542</u>
Scholarships and Memorials:				
Highland Park	10,665	4,220	11,268	3,617
Topeka High	26,280	8,002	5,805	28,477
Topeka West	27,299	15,096	13,225	29,170
	<u>64,244</u>	<u>27,318</u>	<u>30,298</u>	<u>61,264</u>
Total Senior High Schools	<u>\$ 294,955</u>	<u>\$ 361,975</u>	<u>\$ 358,055</u>	<u>\$ 298,875</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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Middle Schools</u>				
Clubs and Organizations:				
Chase	\$ 226	\$ 2,585	\$ 1,367	\$ 1,444
Eisenhower	1,555	9,102	7,784	2,873
French	2,602	6,852	6,156	3,298
Jardine	2,368	3,196	2,966	2,598
Landon	439	3,925	3,607	757
Robinson	3,070	-	724	2,346
	<u>10,260</u>	<u>25,660</u>	<u>22,604</u>	<u>13,316</u>
Graduating Classes:				
French	535	4,614	4,012	1,137
Jardine	559	-	-	559
Landon	263	-	-	263
Robinson	912	670	247	1,335
	<u>2,269</u>	<u>5,284</u>	<u>4,259</u>	<u>3,294</u>
Miscellaneous Fund Raisers:				
Chase	4,390	14,791	18,131	1,050
Eisenhower	(82)	779	-	697
Jardine	12,632	3,021	1,319	14,334
Landon	8,446	15,800	10,582	13,664
Robinson	361	6,017	419	5,959
	<u>25,747</u>	<u>40,408</u>	<u>30,451</u>	<u>35,704</u>
Performing Arts:				
Chase	2,559	813	1,187	2,185
Eisenhower	1,380	2,164	2,599	945
French	4,816	2,975	2,760	5,031
Jardine	8,801	4,414	2,208	11,007
Landon	1,198	344	382	1,160
Robinson	1,982	3,320	2,863	2,439
	<u>20,736</u>	<u>14,030</u>	<u>11,999</u>	<u>22,767</u>
Total Middle Schools	<u>\$ 59,012</u>	<u>\$ 85,382</u>	<u>\$ 69,313</u>	<u>\$ 75,081</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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Elementary Schools</u>				
Clubs and Organizations:				
Avondale West	\$ 8	\$ -	\$ 8	\$ -
Bishop	894	250	632	512
Lowman Hill	812	271	522	561
McEachron	-	7,635	4,275	3,360
Meadows	724	1,409	1,217	916
Ross	-	1,659	-	1,659
Scott	295	382	243	434
Whitson	1,704	-	105	1,599
	<u>4,437</u>	<u>11,606</u>	<u>7,002</u>	<u>9,041</u>
Miscellaneous Fund Raisers:				
Bishop	7,507	2,707	4,292	5,922
Highland Park Central	6,792	1,737	1,949	6,580
Lowman Hill	1,297	1,300	535	2,062
McCarter	19,896	1,519	-	21,415
McClure	2,483	4,194	6,207	470
McEachron	21,804	10,848	26,730	5,922
Meadows	1,295	434	-	1,729
Quincy	4,508	1,367	613	5,262
Randolph	8,699	2,357	7,076	3,980
Ross	5,659	2,354	2,559	5,454
Scott	6,257	4,407	3,457	7,207
Shaner	343	-	164	179
State Street	803	-	34	769
Stout	1,317	1,683	-	3,000
Whitson	7,292	1,545	4,986	3,851
Williams	1,147	2,852	2,776	1,223
	<u>97,099</u>	<u>39,304</u>	<u>61,378</u>	<u>75,025</u>
Graduating Class:				
Avondale West	465	140	529	76
Lowman Hill	2,868	2,509	2,018	3,359
Meadows	495	1,211	1,270	436
Ross	78	-	-	78
Scott	5,303	1,085	2,505	3,883
Shaner	145	-	-	145
Whitson	1,161	-	70	1,091
Williams	200	-	122	78
	<u>10,715</u>	<u>4,945</u>	<u>6,514</u>	<u>9,146</u>
Subtotals forward	<u>\$ 112,251</u>	<u>\$ 55,855</u>	<u>\$ 74,894</u>	<u>\$ 93,212</u>

(Continued)

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

COMBINING BALANCE SHEET
GENERAL FUND

June 30, 2017

	General	Supplemental General
<u>ASSETS</u>		
Cash and investments	\$ (1,909,626)	\$ (442,655)
State aid receivables	5,410,771	2,129,717
Inventory of materials and supplies	164,388	-
	<u>\$ 3,665,533</u>	<u>\$ 1,687,062</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,526,364	\$ 186,608
Payroll liabilities	-	-
	<u>2,526,364</u>	<u>186,608</u>
Fund balances:		
Nonspendable:		
Inventories	164,388	-
Assigned	974,781	47,606
Unassigned	-	1,452,848
	<u>1,139,169</u>	<u>1,500,454</u>
Total fund balances	<u>1,139,169</u>	<u>1,500,454</u>
Total liabilities and fund balances	<u>\$ 3,665,533</u>	<u>\$ 1,687,062</u>

(Continued)

<u>At Risk 4 Year-Old</u>	<u>At Risk K - 12</u>	<u>Bilingual Education</u>	<u>Vocational Education</u>	<u>Professional Development</u>	<u>Summer School</u>
\$ 313,741	\$ 3,586,519	\$ 888,659	\$ 1,118,050	\$ 301,191	\$ 218,372
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 313,741</u>	<u>\$ 3,586,519</u>	<u>\$ 888,659</u>	<u>\$ 1,118,050</u>	<u>\$ 301,191</u>	<u>\$ 218,372</u>
\$ 53,851	\$ 1,409,723	\$ 189,140	\$ 126,592	\$ -	\$ -
-	-	-	-	-	-
53,851	1,409,723	189,140	126,592	-	-
-	-	-	-	-	-
259,890	2,176,796	699,519	991,458	301,191	218,372
-	-	-	-	-	-
259,890	2,176,796	699,519	991,458	301,191	218,372
<u>\$ 313,741</u>	<u>\$ 3,586,519</u>	<u>\$ 888,659</u>	<u>\$ 1,118,050</u>	<u>\$ 301,191</u>	<u>\$ 218,372</u>

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

COMBINING BALANCE SHEET
GENERAL FUND

June 30, 2017

	Pepsi Exclusivity	Internal Service Reserve
<u>ASSETS</u>		
Cash and investments	\$ 329,668	\$ 232,564
State aid receivables	-	-
Inventory of materials and supplies	-	-
Total assets	\$ 329,668	\$ 232,564
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Payroll liabilities	-	232,564
Total liabilities	-	232,564
Fund balances:		
Nonspendable:		
Inventories	-	-
Assigned	336	-
Unassigned	329,332	-
Total fund balances	329,668	-
Total liabilities and fund balances	\$ 329,668	\$ 232,564

<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>
\$ 604,540	\$ 6,924,848	\$ 967,821	\$ 786,061	\$ 6,694,502	\$ 20,614,255
-	-	-	-	-	7,540,488
-	-	-	-	-	164,388
<u>\$ 604,540</u>	<u>\$ 6,924,848</u>	<u>\$ 967,821</u>	<u>\$ 786,061</u>	<u>\$ 6,694,502</u>	<u>\$ 28,319,131</u>
\$ -	\$ -	\$ -	\$ 66,910	\$ -	\$ 4,559,188
-	6,924,848	-	-	-	7,157,412
-	6,924,848	-	66,910	-	11,716,600
-	-	-	-	-	164,388
604,540	-	967,821	719,151	-	7,961,461
-	-	-	-	6,694,502	8,476,682
<u>604,540</u>	<u>-</u>	<u>967,821</u>	<u>719,151</u>	<u>6,694,502</u>	<u>16,602,531</u>
<u>\$ 604,540</u>	<u>\$ 6,924,848</u>	<u>\$ 967,821</u>	<u>\$ 786,061</u>	<u>\$ 6,694,502</u>	<u>\$ 28,319,131</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, 2017

	General	Supplemental General
Revenues:		
Property taxes	\$ -	\$ 11,275,631
Local sources	-	-
Charges for services	-	-
State aid	74,639,465	20,996,938
Federal aid	382,912	-
Interest	7,694	-
Miscellaneous	303,603	2,100
	<u>75,333,674</u>	<u>32,274,669</u>
 Total revenues		
	<u>75,333,674</u>	<u>32,274,669</u>
Expenditures:		
Instruction	28,352,977	2,253,874
Student support	4,419,958	79,777
Instructional support	2,677,575	62,041
General administration	1,531,714	522,302
School administration	7,862,800	316,414
Business support	1,379,284	103,185
Plant and maintenance	8,549,413	1,898,636
Transportation	1,848,576	48,356
Central support services	3,572,865	760,642
Other support	675	-
Student activities	-	569
	<u>60,195,837</u>	<u>6,045,796</u>
 Total expenditures		
	<u>60,195,837</u>	<u>6,045,796</u>
 Excess (deficiency) of revenues over expenditures	 15,137,837	 26,228,873
Other financing sources (uses):		
Transfers in	1,952,299	-
Transfers out	(16,802,053)	(26,538,023)
	<u>(14,849,754)</u>	<u>(26,538,023)</u>
 Net change in fund balances	 288,083	 (309,150)
 Fund balance, beginning of year	 851,086	 1,809,604
	<u>851,086</u>	<u>1,809,604</u>
 Fund balance, end of year	 \$ 1,139,169	 \$ 1,500,454
	<u>\$ 1,139,169</u>	<u>\$ 1,500,454</u>

(Continued)

At Risk 4 Year-Old	At Risk K - 12	Bilingual Education	Vocational Education	Professional Development	Summer School
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	1,374
-	-	-	11,098	-	-
-	-	-	-	-	-
-	-	-	-	245	-
-	-	-	-	-	-
-	-	-	11,098	245	1,374
1,131,945	18,321,539	3,093,577	1,750,485	-	23,726
-	3,793	51,674	-	-	-
-	-	-	197,248	230,733	-
-	-	-	-	859	-
-	118,225	35,138	-	-	10,675
12,732	(49)	(1,997)	(2,762)	-	-
-	-	861,356	-	-	-
-	-	5,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,144,677	18,443,508	4,044,748	1,944,971	231,592	34,401
(1,144,677)	(18,443,508)	(4,044,748)	(1,933,873)	(231,347)	(33,027)
1,269,498	18,825,494	4,219,325	2,034,808	283,032	35,000
-	-	-	-	-	-
124,821	381,986	174,577	100,935	51,685	1,973
135,069	1,794,810	524,942	890,523	249,506	216,399
\$ 259,890	\$ 2,176,796	\$ 699,519	\$ 991,458	\$ 301,191	\$ 218,372

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, 2017

	Pepsi Exclusivity	Internal Service Reserve	Sports Park Operations
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Local sources	39,215	-	-
Charges for services	28,832	-	307,716
State aid	-	-	-
Federal aid	-	-	-
Interest	417	-	750
Miscellaneous	7,000	-	41,750
	<u>75,464</u>	<u>-</u>	<u>350,216</u>
Total revenues			
	<u>75,464</u>	<u>-</u>	<u>350,216</u>
Expenditures:			
Instruction	2,741	-	15,760
Student support	-	-	-
Instructional support	-	-	-
General administration	17,866	-	-
School administration	-	-	(912)
Business support	-	-	21,724
Plant and maintenance	-	-	26,659
Transportation	-	-	593
Central support services	-	-	-
Other support	-	-	188,529
Student activities	3,200	-	-
	<u>23,807</u>	<u>-</u>	<u>252,353</u>
Total expenditures			
	<u>23,807</u>	<u>-</u>	<u>252,353</u>
Excess (deficiency) of revenues over expenditures	51,657	-	97,863
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	51,657	-	97,863
Fund balance, beginning of year	278,011	-	506,677
	<u>278,011</u>	<u>-</u>	<u>506,677</u>
Fund balance, end of year	\$ 329,668	\$ -	\$ 604,540
	<u>\$ 329,668</u>	<u>\$ -</u>	<u>\$ 604,540</u>

Payroll Liability Clearing	Self-insurance Reserve	Risk Management	Contingency Reserve	Eliminations	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,275,631
-	-	-	-	-	39,215
-	-	-	-	-	337,922
-	-	-	-	-	95,647,501
-	-	-	-	-	382,912
-	1,424	1,076	-	-	11,606
-	-	400	-	-	354,853
-	1,424	1,476	-	-	108,049,640
-	315,300	12,759	-	-	55,274,683
-	-	-	-	-	4,555,202
-	-	-	-	-	3,167,597
-	-	2,755	-	-	2,075,496
-	-	-	-	-	8,342,340
-	(635)	(259)	-	-	1,511,223
-	1,693	68,890	-	-	11,406,647
-	-	-	-	-	1,902,525
-	-	(36,456)	-	-	4,297,051
-	-	-	-	-	189,204
-	-	-	-	-	3,769
-	316,358	47,689	-	-	92,725,737
-	(314,934)	(46,213)	-	-	15,323,903
-	-	-	3,694,501	(32,313,957)	-
-	-	-	(1,952,299)	32,313,957	(12,978,418)
-	(314,934)	(46,213)	1,742,202	-	2,345,485
-	1,282,755	765,364	4,952,300	-	14,257,046
\$ -	\$ 967,821	\$ 719,151	\$ 6,694,502	\$ -	\$ 16,602,531

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

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2017

	Adult Basic Education	Virtual Education	Parent Education
<u>ASSETS</u>			
Cash and investments	\$ 137,900	\$ 429,211	\$ 460,373
Due from other governmental units	-	-	-
Total assets	\$ 137,900	\$ 429,211	\$ 460,373
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 40,972	\$ -	\$ -
Unearned revenue	-	-	-
Total liabilities	40,972	-	-
Fund balances:			
Restricted	-	-	-
Assigned	96,928	429,211	460,373
Total fund balances	96,928	429,211	460,373
Total liabilities and fund balances	\$ 137,900	\$ 429,211	\$ 460,373

(Continued)

<u>Special Liability</u>	<u>USDE Direct</u>	<u>US HHS Direct</u>	<u>TANF</u>	<u>Workforce Investment</u>	<u>Kansas Miscellaneous Other Grants</u>
\$ 427,530	\$ 4,198	\$ 55,930	\$ (16,767)	\$ (18,567)	\$ 36,254
-	24,811	3,586	33,055	36,065	-
<u>\$ 427,530</u>	<u>\$ 29,009</u>	<u>\$ 59,516</u>	<u>\$ 16,288</u>	<u>\$ 17,498</u>	<u>\$ 36,254</u>
\$ -	\$ 29,009	\$ 59,516	\$ 16,288	\$ 17,498	\$ 6,083
-	-	-	-	-	30,171
<u>-</u>	<u>29,009</u>	<u>59,516</u>	<u>16,288</u>	<u>17,498</u>	<u>36,254</u>
184,761	-	-	-	-	-
242,769	-	-	-	-	-
<u>427,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 427,530</u>	<u>\$ 29,009</u>	<u>\$ 59,516</u>	<u>\$ 16,288</u>	<u>\$ 17,498</u>	<u>\$ 36,254</u>

(Continued)

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

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2017

	Miscellaneous Other Grants	Federal Program Overhead	Bond and Interest
<u>ASSETS</u>			
Cash and investments	\$ 24,213	\$ 2,267,802	\$ 6,189,498
Due from other governmental units	162,545	-	-
Total assets	\$ 186,758	\$ 2,267,802	\$ 6,189,498
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 33,105	\$ -	\$ -
Unearned revenue	153,653	-	-
Total liabilities	186,758	-	-
Fund balances:			
Restricted	-	2,267,802	6,189,498
Assigned	-	-	-
Total fund balances	-	2,267,802	6,189,498
Total liabilities and fund balances	\$ 186,758	\$ 2,267,802	\$ 6,189,498

<u>Trust Gift Legacy</u>	<u>High School Activity</u>	<u>Middle School Activity</u>	<u>Elementary School Activity</u>	<u>Other Locations Activity</u>	<u>Total Other Governmental Funds</u>
\$ 177,359	\$ 536,613	\$ 131,497	\$ 177,010	\$ 74,826	\$ 11,094,880
-	-	-	-	-	260,062
<u>\$ 177,359</u>	<u>\$ 536,613</u>	<u>\$ 131,497</u>	<u>\$ 177,010</u>	<u>\$ 74,826</u>	<u>\$ 11,354,942</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,471
-	-	-	-	-	183,824
-	-	-	-	-	386,295
177,359	536,613	131,497	177,010	74,826	9,739,366
-	-	-	-	-	1,229,281
<u>177,359</u>	<u>536,613</u>	<u>131,497</u>	<u>177,010</u>	<u>74,826</u>	<u>10,968,647</u>
<u>\$ 177,359</u>	<u>\$ 536,613</u>	<u>\$ 131,497</u>	<u>\$ 177,010</u>	<u>\$ 74,826</u>	<u>\$ 11,354,942</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2017

	Adult Basic Education	Virtual Education	Parent Education
Revenues:			
Property taxes	\$ 8,841	\$ -	\$ -
Local sources	-	-	-
Charges for services	-	-	-
State aid	53,029	-	-
Federal aid	84,873	-	378,647
Interest	-	-	-
Total revenues	<u>146,743</u>	<u>-</u>	<u>378,647</u>
Expenditures:			
Instruction	151,136	305,026	12,090
Student support	-	-	483,263
Instructional support	-	-	22,368
General administration	-	-	-
School administration	4,042	-	-
Business support	-	-	(856)
Plant and maintenance	-	-	28,182
Central support services	-	-	-
Student activities	-	-	-
On behalf expenditures:			
KPERS	-	-	-
Debt service:			
Interest	-	-	-
Total expenditures	<u>155,178</u>	<u>305,026</u>	<u>545,047</u>
Excess (deficiency) of revenues over (under) expenditures	(8,435)	(305,026)	(166,400)
Other financing sources and uses:			
Transfers in	-	130,000	140,000
Transfers out	-	-	(13,007)
Net change in fund balances	(8,435)	(175,026)	(39,407)
Fund balance, beginning of year	<u>105,363</u>	<u>604,237</u>	<u>499,780</u>
Fund balance, end of year	<u>\$ 96,928</u>	<u>\$ 429,211</u>	<u>\$ 460,373</u>

(Continued)

Special Liability	KPERS	USDE Direct	US HHS Direct	TANF	Workforce Investment	KS Miscellaneous Other Grants
\$ 212,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	44,024
-	-	-	-	-	-	-
-	8,298,120	-	-	-	-	-
-	-	398,355	2,105,784	190,977	170,010	-
475	-	-	-	-	-	-
<u>212,915</u>	<u>8,298,120</u>	<u>398,355</u>	<u>2,105,784</u>	<u>190,977</u>	<u>170,010</u>	<u>44,024</u>
-	-	144,595	1,832,028	155,920	170,010	73,645
-	-	253,760	273,756	35,057	-	-
-	-	-	-	-	-	-
150,405	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	25,429
-	-	-	-	-	-	-
-	8,298,120	-	-	-	-	-
-	-	-	-	-	-	-
<u>150,405</u>	<u>8,298,120</u>	<u>398,355</u>	<u>2,105,784</u>	<u>190,977</u>	<u>170,010</u>	<u>99,074</u>
62,510	-	-	-	-	-	(55,050)
-	-	-	-	-	-	55,050
-	-	-	-	-	-	-
<u>62,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>365,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 427,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2017

	Miscellaneous Other Grants	Federal Program Overhead	Bond and Interest
Revenues:			
Property taxes	\$ -	\$ -	\$ 4,402,491
Local sources	758,960	-	-
Charges for services	-	-	-
State aid	-	-	2,896,880
Federal aid	-	543,365	-
Interest	-	-	5,531
	<hr/>	<hr/>	<hr/>
Total revenues	758,960	543,365	7,304,902
Expenditures:			
Instruction	452,410	74,708	-
Student support	304,604	-	-
Instructional support	-	-	-
General administration	-	576,613	-
School administration	-	-	-
Business support	-	187,113	-
Plant and maintenance	-	-	-
Central support services	14,953	-	-
Student activities	-	-	-
On behalf expenditures:			
KPERs	-	-	-
Debt service:			
Interest	-	-	5,465,812
	<hr/>	<hr/>	<hr/>
Total expenditures	771,967	838,434	5,465,812
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(13,007)	(295,069)	1,839,090
Other financing sources (uses):			
Transfers in	13,007	-	-
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(295,069)	1,839,090
Fund balance, beginning of year	-	2,562,871	4,350,408
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ -	\$ 2,267,802	\$ 6,189,498
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Schedule 15, (Con't.)

Trust Gift Legacy	High School Activity	Middle School Activity	Elementary School Activity	Other Locations Activity	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,623,772
-	-	-	-	-	802,984
-	659,052	180,737	236,660	34,171	1,110,620
-	-	-	-	-	11,248,029
-	-	-	-	-	3,872,011
228	-	-	-	-	6,234
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
228	659,052	180,737	236,660	34,171	21,663,650
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	3,371,568
-	-	-	-	-	1,350,440
-	-	-	-	-	22,368
-	-	-	-	-	727,018
-	-	-	-	-	4,042
-	-	-	-	-	186,257
-	-	-	-	-	28,182
-	-	-	-	-	40,382
-	635,258	166,042	231,332	33,348	1,065,980
-	-	-	-	-	8,298,120
-	-	-	-	-	5,465,812
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	635,258	166,042	231,332	33,348	20,560,169
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
228	23,794	14,695	5,328	823	1,103,481
-	-	-	-	-	338,057
-	-	-	-	-	(13,007)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
228	23,794	14,695	5,328	823	1,428,531
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
177,131	512,819	116,802	171,682	74,003	9,540,116
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 177,359	\$ 536,613	\$ 131,497	\$ 177,010	\$ 74,826	\$ 10,968,647

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

COMBINING BALANCE SHEET
OTHER PROPRIETARY FUNDS

June 30, 2017

	Meals on Wheels	Kanza Café	Total Other Proprietary Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 57,195	\$ (451,636)	\$ (394,441)
Noncurrent assets:			
Furniture, fixtures and equipment	-	14,547	14,547
Less accumulated depreciation	-	(6,273)	(6,273)
Total assets	\$ 57,195	\$ (443,362)	\$ (386,167)
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Total liabilities	-	-	-
Net position:			
Net investment in capital assets	-	8,274	8,274
Unrestricted	57,195	(451,636)	(394,441)
Total net position	57,195	(443,362)	(386,167)
Total liabilities and net position	\$ 57,195	\$ (443,362)	\$ (386,167)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

OTHER PROPRIETARY FUNDS

Year Ended June 30, 2017

	Meals on Wheels	Kanza Café	Total Other Proprietary Funds
Operating revenues:			
Charges for services	\$ 829,786	\$ 137,160	\$ 966,946
Total operating revenues	<u>829,786</u>	<u>137,160</u>	<u>966,946</u>
Operating expenses:			
Business support	(2,849)	-	(2,849)
Plant and maintenance	28,855	7,358	36,213
Depreciation	-	1,455	1,455
Food service	740,148	381	740,529
Other support	41,269	122,629	163,898
Total operating expenses	<u>807,423</u>	<u>131,823</u>	<u>939,246</u>
Change in net position	22,363	5,337	27,700
Net position, beginning of year	<u>34,832</u>	<u>(448,699)</u>	<u>(413,867)</u>
Net position, end of year	<u>\$ 57,195</u>	<u>\$ (443,362)</u>	<u>\$ (386,167)</u>

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

COMBINING STATEMENT OF CASH FLOWS
OTHER PROPRIETARY FUNDS

Year Ended June 30, 2017

	Business-Type Activities			Total Other Proprietary Funds
	Vocational School	Meals on Wheels	Kanza Café	
Cash flows from operating activities:				
Received from user charges	\$ -	\$ 829,786	\$ 137,160	\$ 966,946
Payments to employees for services	-	(203,491)	(30,317)	(233,808)
Payments to suppliers for goods and services	(70,000)	(633,932)	(100,051)	(803,983)
Net cash provided by (used in) operating activities	(70,000)	(7,637)	6,792	(70,845)
Cash and cash equivalents, beginning	70,000	64,832	(458,428)	(323,596)
Cash and cash equivalents, ending	\$ -	\$ 57,195	\$(451,636)	\$(394,441)
Reconciliation of change in net position to net cash provided by (used in) operating activities:				
Change in net position	\$ -	\$ 22,363	\$ 5,337	\$ 27,700
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:				
Depreciation	-	-	1,455	1,455
Changes in assets and liabilities:				
Accounts payable	(70,000)	(30,000)	-	(100,000)
Net cash provided by (used in) operating activities	\$ (70,000)	\$ (7,637)	\$ 6,792	\$ (70,845)

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

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 2017

	<u>Dental</u>	<u>Flex 125 Spending</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>				
Cash and investments	<u>\$ 1,246,492</u>	<u>\$ 87,396</u>	<u>\$ 1,933,367</u>	<u>\$ 3,267,255</u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities:				
Estimated insurance claims	\$ -	\$ -	\$ 884,886	\$ 884,886
Net position:				
Unrestricted	<u>1,246,492</u>	<u>87,396</u>	<u>1,048,481</u>	<u>2,382,369</u>
Total liabilities and net position	<u>\$ 1,246,492</u>	<u>\$ 87,396</u>	<u>\$ 1,933,367</u>	<u>\$ 3,267,255</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

Year Ended June 30, 2017

	Dental	Flex 125 Spending	Workers' Compensation	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 831,476	\$ 536,390	\$ 907,029	\$ 2,274,895
Other	-	-	3,949	3,949
Total operating revenues	<u>831,476</u>	<u>536,390</u>	<u>910,978</u>	<u>2,278,844</u>
Operating expenses:				
Instruction	-	-	8,104	8,104
Business support	-	666,866	205,384	872,250
Central support services	689,638	-	789,215	1,478,853
Total operating expenses	<u>689,638</u>	<u>666,866</u>	<u>1,002,703</u>	<u>2,359,207</u>
Operating income (loss)	141,838	(130,476)	(91,725)	(80,363)
Nonoperating revenues:				
Interest	6,771	734	11,624	19,129
Change in net position	148,609	(129,742)	(80,101)	(61,234)
Net position, beginning of year	<u>1,097,883</u>	<u>217,138</u>	<u>1,128,582</u>	<u>2,443,603</u>
Net position, end of year	<u>\$ 1,246,492</u>	<u>\$ 87,396</u>	<u>\$ 1,048,481</u>	<u>\$ 2,382,369</u>

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended June 30, 2017

	Dental	Flex 125 Spending	Workers' Compensation	Total
Cash flows from operating activities:				
Received from user charges	\$ 831,476	\$ 536,390	\$ 907,029	\$ 2,274,895
Received from other sources	-	-	3,949	3,949
Payments to employees for services	(625,890)	(7,155)	(118,939)	(751,984)
Payments to suppliers for goods and services	(63,748)	(659,711)	(857,761)	(1,581,220)
	<u>141,838</u>	<u>(130,476)</u>	<u>(65,722)</u>	<u>(54,360)</u>
Net cash provided by (used in) operating activities				
Cash flows from investing activities:				
Interest received	6,771	734	11,624	19,129
	<u>6,771</u>	<u>734</u>	<u>11,624</u>	<u>19,129</u>
Net increase (decrease) in cash and cash equivalents	148,609	(129,742)	(54,098)	(35,231)
Cash and cash equivalents, beginning	1,097,883	217,138	1,987,465	3,302,486
Cash and cash equivalents, ending	<u>\$ 1,246,492</u>	<u>\$ 87,396</u>	<u>\$ 1,933,367</u>	<u>\$ 3,267,255</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 141,838	\$ (130,476)	\$ (91,725)	\$ (80,363)
Adjustments to reconcile operating income (loss) to net cash to be provided by (used in) operating activities:				
Changes in assets and liabilities:				
Estimated insurance claims	-	-	26,003	26,003
	<u>-</u>	<u>-</u>	<u>26,003</u>	<u>26,003</u>
Net cash provided by (used in) operating activities	<u>\$ 141,838</u>	<u>\$ (130,476)</u>	<u>\$ (65,722)</u>	<u>\$ (54,360)</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

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	\$ 1,666,260
National School Lunch Program		10.555	5,051,575
Summer Food Service Program for Children		10.559	120,089
Total Child Nutrition Cluster			<u>6,837,924</u>
Child and Adult Care Food Program		10.558	316,723
State Administrative Expenses for Child Nutrition		10.560	200
Team Nutrition Grant		10.574	822
Fresh Fruits & Vegetables		10.582	181,820
Total U.S. Department of Agriculture			<u>7,337,489</u>
U.S. Department of Labor:			
Passed through Heartland Works:			
WIA Cluster:			
Workforce Investment Act - FY17	WIOAY-15-02	17.259	173,108
Total U.S. Department of Labor			<u>173,108</u>
U.S. Department of Education:			
Direct Programs:			
Indian Education - Grants to Local Educational Agencies - FY17	5060A160807	84.060	75,480
Arts in Education - FY15	U351D140074-15	84.351	3,418
Arts in Education - FY16	U351D140074-16	84.351	120,693
Arts in Education - FY17	U351D140074-16	84.351	199,142
Total Direct Funding			<u>398,733</u>
Passed through State of Kansas Department of Education:			
Special Education Cluster:			
Special Education		84.027	3,888,357
Special Education Title VI Part B		84.027	2,857
Special Education Continuous Improvement - FY17		84.027	100,094
Special Education Preschool Grants		84.173	86,509
Total Special Education Cluster			<u>\$ 4,077,817</u>

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
School Improvement Grants Cluster:			
School Improvement 1003(a) Grant Program		84.377	\$ 211,231
School Improvement 1003(a) Grant Program		84.377	313,121
School Improvement 1003(a) Grant Program		84.377	220,174
School Improvement 1003(a) Grant Program		84.377	151,287
School Improvement 1003(a) Grant Program		84.377	3,076
School Improvement 1003(a) Grant Program		84.377	557,550
School Improvement 1003(a) Grant Program - FY14		84.377	290
School Improvement 1003(a) Grant Program - FY16		84.377	414,467
School Improvement 1003(a) Grant Program - FY17		84.377	383,738
Total School Improvement Grants Cluster			2,254,934
Noncluster Programs:			
Title I:			
Title 1 - FY15		84.010	15,427
Title 1 - FY16		84.010	821,515
Title 1 - FY17		84.010	5,066,677
Title I Part D - FY15		84.010	2,607
Title I Part D - FY16		84.010	54,197
Title I Part D - FY17		84.010	36,961
School Improvement Grant Priority Focus - FY16		84.010	97,024
Title I Migrant - FY16		84.010	111,089
Title I Migrant - Summer - FY16		84.011	7,317
Title I Migrant - FY17		84.011	132,506
Education for Homeless Children and Youth - FY16		84.196	16,621
Education for Homeless Children and Youth - FY17		84.196	17,777
Vocational Education - Secondary Program Improvement - FY16		84.048	77
Vocational Education - Secondary Program Improvement - FY17		84.048	172,822
Vocational Education - Secondary Program Improvement - Reserve		84.048	157,255
Carl D. Perkins Professional Development Program Grant - Reserve		84.048	6,000
Mathematics and Science Partnerships	S366B150017	84.366	147,884
Title III - English Language Acquisition - FY16		84.365	7,290
Title III - English Language Acquisition - FY17		84.365	115,403
			\$ 6,986,449

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
Subtotal Noncluster programs from prior page			\$ 6,986,449
21st Century Community Learning Centers - FY15		84.287	3
21st Century Community Learning Centers - FY17		84.287	100,000
21st Century Community Learning Centers - FY16		84.287	14,891
21st Century Community Learning Centers - FY17		84.287	106,168
21st Century Community Learning Centers - FY16		84.287	12,979
21st Century Community Learning Centers - FY15		84.287	6
21st Century Community Learning Centers - FY16		84.287	6,096
21st Century Community Learning Centers - FY17		84.287	99,808
21st Century Community Learning Centers - FY15		84.287	1
21st Century Community Learning Centers - FY15		84.287	135
21st Century Community Learning Centers - FY16		84.287	54
21st Century Community Learning Centers - FY16		84.287	174
21st Century Community Learning Centers - FY17		84.287	64,621
21st Century Community Learning Centers - FY15		84.287	50
21st Century Community Learning Centers - FY16		84.287	11
21st Century Community Learning Centers - FY17		84.287	67,436
Improving Teacher Quality - FY15		84.367	106,622
Improving Teacher Quality - FY16		84.367	90,842
Improving Teacher Quality - FY17		84.367	595,185
Total Non-Cluster Programs			<u>8,251,531</u>
Total passed through State Department of Education			<u>14,584,282</u>
Passed Through Kansas Board of Regents			
Adult Basic Education Program		84.002	84,873
Total passed through Kansas Board of Regents			<u>84,873</u>
Total U.S. Department of Education			<u>15,067,888</u>
U.S. Department of Health and Human Services:			
Direct Programs:			
Head Start - FY13	07CH7038/12	93.600	492
Head Start - FY16	07CH7038-14-05	93.600	487,660
Head Start - FY17	07CH010344-02-00	93.600	1,617,632
Total Direct Programs			<u>\$ 2,105,784</u>

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Expenditures
TANF Cluster:			
Passed through State of Kansas Department of Education:			
Temporary Assistance for Needy Families		93.558	\$ 458,492
Passed through United Way of Greater Topeka:			
Kansas Preschool Program (KPP)		93.558	<u>190,977</u>
Total TANF Cluster			649,469
Passed through State of Kansas Department of Education:			
Youth Risk Behavior Survey		93.079	<u>3,350</u>
Total Passed Through State of Kansas Department of Education			<u>652,819</u>
Total U.S. Department of Health and Human Services			<u>2,758,603</u>
Total Federal Expenditures			<u><u>\$ 25,337,088</u></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

Year Ended June 30, 2017

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Topeka Public Schools, Unified School District No. 501 (the District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

Part I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
84.027/84.173	Special Education Cluster
93.600	Head Start
Dollar threshold used to distinguish between Type A and Type B programs	\$ 760,113
Auditee qualified as a low risk auditee?	Yes

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Part II – Financial Statement Findings

None.

Part III – Findings and Questioned Costs for Federal Awards

None.



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Topeka Public Schools, Unified School District No. 501 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Berberich Trahan & Co., P.A.

March 6, 2018
Topeka, Kansas



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

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

Report on Compliance for Each Major Federal Program

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 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, 2017. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Berberich Trahan & Co., P.A.

March 6, 2018
Topeka, Kansas