City of Topeka

Popular Annual Financial Report

2015 PAFR

For Year Ending December 31, 2015

THE CAPITAL CITY OF KANSAS
GOLDEN CITY
TOPEKA

Popular Annual Financial Report

Fiscal Year Ended December 31, 2015

City of Topeka, KS

Purpose of the Report

The popular annual financial report is an unaudited summary report of the financial activities of the City and is prepared primarily from detailed information in the City's 2015 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes audited financial statements. As such, it provides much more detail as well as full disclosure of material events, both financial and non financial. The information in the CAFR by nature can be technical and complex and as such not as useful to citizens wishing to gain an understanding of the City's finances. The PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial condition of the City, without the heavy use of technical accounting terms or excessive detail. The PAFR is not intended to provide a complete financial picture of the City in accordance with GAAP.

The City of Topeka

Topeka is the capital city of Kansas and is the seat of Shawnee County. Begun as a site to ferry wagons across the Kansas River for the Oregon Trail, the City of Topeka was incorporated on February 14, 1857. Topeka was the center of abolitionist and pro-slavery conflict that gave the territory the name Bleeding Kansas. Constitution Hall, located in Topeka, is where the Free State Capitol Constitution was drafted, and in 1861 Kansas was admitted to the Union as the 34th state and Topeka was designated the capital.

As of the 2010 census, the City's population was 127,476 and has shown a modest growth of 2.1 percent since 2000.

Since its founding, Topeka has operated under four forms of government. From 1857 until 1910, Topeka was governed by a Mayor/Council. The Commission form of government was adopted in 1910 and remained in effect until 1985, when the Strong Mayor-City Council-Chief Administrative Officer plan was adopted. In November of 204 the citizens of Topeka approved the City to operate under the council-manager form of government.

Copies of both the Popular Annual Financial Report (PAFR) and the Comprehensive Annual Financial Report (CAFR) are available online at www.topeka.org/administrative/financialreports.shtml, under the City Finances, Financial Reports section.

Governing Body and Strategic Accomplishments

The City is governed by a ten-member Governing Body, including a directly elected Mayor and a nine-member City Council, elected by district. A City Manager, appointed by the governing body, is responsible for the implementation of the Governing Body's policy and the day-to-day operations of the City.

The current City Manager is Jim Colson, who has served as the City Manager since August 2012. Colson previously served as the Deputy City Manager for the City of Glendale, Arizona. The City has 1,150 employees responsible for a wide range of services, including public safety, municipal court, construction and maintenance of the City's street and traffic infrastructure network, water utility, wastewater utility, stormwater utility, social services, planning and zoning, the zoo and many others.

Topeka is located in the center of the United States, approximately equidistant between the east and west coasts and between Mexico and Canada. Topeka's transportation needs are served by a comprehensive transportation network, including Interstate 70/470, Interstate 35, US Highways 24, 40, 75 and Kansas Highway 4.

STRATEGIC ACCOMPLISHMENTS

Safe & Secure Community

All officers responding to calls are equipped with body cameras

Thriving, Livable Neighborhoods

Adopted the 2012 International Property Maintenance Code

Organizational Excellence

Developed new ways to communicate through Tweet-a-longs

Stewardship of Physical Assets

Completed the downtown Kansas Avenue project and 2 other GO bonded projects

Commitment to Customer Service

Implemented electronic billing option for all Topeka Utility bills

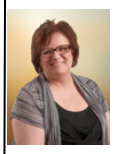
Fiscal Health & Sustainable Growth

Achieved the GFOA CAFR, PAFR and Distinguished Budget Awards

MEMBERS OF THE GOVERNING BODY

At Large
Mayor Larry Wolgast

District 1
Councilmember
Karen Hill



District 2
Councilmember
Sandra Clear

District 3
Councilmember
Sylvia Ortiz

District 4
Councilmember
Vacant

District 5
Councilmember
Michelle De La Isla

District 6
Councilmember
Elaine Schwartz

District 7
Councilmember
Elaine Schwartz

District 8
Councilmember
Jeff Coen

District 9
Councilmember
Richard Harmon

CITY OF TOPEKA FAST FACTS

2010 Population: 127,426

Number of Topeka Employees: 1,150

Unemployment Rate: 3.60%

Credit Rating: GO AA with positive outlook; Revenue Bond: AA3

Major Employers: State of Kansas, Stormont-Vail Health Care, USD501

Financial Highlights

The table below summarizes financial information that is detailed in the pages following and gives a wide overview of City finances for governmental and business-type funds. The City of Topeka maintains 24 governmental funds which account for the City's basic services including police, fire, road maintenance, general government, the zoo and public housing . The City has two enterprise funds: the combined Water, Wastewater and Stormwater Utility Fund, a major fund; and the Public Parking Facilities Fund, which is a non-major fund.

Financial Summary

(in thousands)

	2012	2013	2014	2015
Net Position				
Assets plus Deferred Outflows	$940,809	$951,063	$963,555	$989,624
Liabilities plus Deferred Inflows	$479,276	$486,910	$484,167	$578,032
Total Net Position	**$461,533**	**$464,152**	**$479,388**	**$411,592**
Revenues				
Governmental Activities	$145,920	$146,394	$153,202	$159,021
Business-type Activities	$ 71,020	$ 64,187	$ 66,723	$ 70,914
Total Revenues	**$216,939**	**$210,581**	**$219,925**	**$229,934**
Expenses				
Governmental Activities	$142,909	$145,499	$141,907	$148,860
Business-type Activities	$ 62,024	$ 62,463	$ 64,907	$ 65,739
Total Expenses	**$204,933**	**$207,962**	**$206,813**	**$214,599**
Capital Assets				
Governmental Activities	$386,572	$367,425	$360,658	$352,260
Business-type Activities	$354,657	$352,141	$352,187	$355,341
Total Capital Assets	**$741,228**	**$719,565**	**$712,845**	**$707,601**
Long-Term Obligations				
Governmental Activities	$191,558	$188,265	$174,273	$250,235
Business-type Activities	$210,428	$204,295	$207,941	$200,877
Total Capital Assets	**$401,986**	**$392,560**	**$382,214**	**$451,113**

Glossary

Governmental Activities: Used to account for activities primarily supported by taxes, grants and similar revenue sources.

Business-type Activities: Used to account for activities that are primarily supported from user fee and charges for services.

Net Position

The Balance Sheet, known as the Statement of Net Position in governmental financial statements, presents information concerning the City's assets and liabilities with the difference between the two reported as net position. Increases and decreases in net position serves as an indicator of the City's financial position and of the results of the City's operations.

The assets of the City exceeded its liabilities at the close of 2015 by $411.6 million, a decrease of 14.14% under 2014 year end. At the end of 2015, net position decrease by $67.8 million due to GASB 68, which required the City book its pension liability. The largest portion of the City's net assets, $354.8 million or 86.21%, consists of its investments in capital assets (land, building, land acquisition, monuments and fountains, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that are still outstanding. An additional portion of the City's net position, $55.8 million, represents resources that are subject to external or internal restriction as to how they may be used. The remaining balance of unrestricted net position, or $935,000 may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Net Position

(In thousands)

	2015		2014		Total	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2015	2014
Assets						
Current & Other Assets	$ 169,901	$ 94,635	$ 162,830	$ 80,766	$ 264,536	$ 243,596
Capital Assets	$ 352,260	$ 355,341	$ 360,658	$ 352,187	$ 707,601	$ 712,845
Total Assets	**$ 522,160**	**$ 449,976**	**$ 523,488**	**$ 432,953**	**$ 972,136**	**$ 956,441**
Deferred Outflows	**$ 13,911**	**$ 3,577**	**$ 3,831**	**$ 3,284**	**$ 17,487**	**$ 7,114**
Liabilities						
Long-Term Liabilities Outstanding	$ 250,235	$ 200,877	$ 174,273	$ 207,941	$ 451,113	$ 382,214
Other Liabilities	$ 39,300	$ 36,458	$ 46,347	$ 11,216	$ 75,758	$ 57,564
Total Liabilities	**$ 289,536**	**$ 237,335**	**$ 220,621**	**$ 219,157**	**$ 526,871**	**$ 439,778**
Deferred Inflows	**$ 50,716**	**$ 445**	**$ 44,390**	**$ -**	**$ 51,161**	**$ 44,390**
Net Position						
Investment in Capital Assets	$ 191,293	$ 163,523	$ 220,539	$ 148,857	$ 354,817	$ 369,396
Restricted	$ 37,180	$ 18,661	$ 37,042	$ 34,860	$ 55,841	$ 71,901
Unrestricted	$ (32,653)	$ 33,588	$ 4,727	$ 33,364	$ 935	$ 38,091
Total Net Position	**$ 195,820**	**$ 215,773**	**$ 262,308**	**$ 217,080**	**$ 411,592**	**$ 479,388**

Glossary

Investments in capital assets: Assets owned by the City including but not limited to land, machinery, and infrastructure.

Restricted: Assets that are subject to constraints by creditors as debt, grants, laws or internal restrictions.

Unrestricted: Assets that have no restrictions and are available to meet ongoing needs.

Revenues

	2015	2014
Program Revenues		
Charges for Services	$ 74,864,562	$ 72,114,022
Operating Grants and Contributions	$ 4,901,974	$ 5,101,652
Capital Grants and Contributions	$ 19,237,068	$ 14,336,249
General Revenues		
Property taxes	$ 40,155,575	$ 39,854,410
Sales taxes	$ 52,137,146	$ 52,307,397
Franchise fees	$ 13,720,537	$ 14,758,026
Motor fuel taxes	$ 3,465,072	$ 3,555,972
Payment in lieu of taxes	$ 7,282,854	$ 6,957,993
Other taxes	$ 4,092,966	$ 4,031,848
Interest Earnings & Miscellaneous	$ 10,076,528	$ 6,907,426
Total Revenues	**$ 229,934,282**	**$ 219,924,995**

The City receives the funding it needs to provide basic services to residents through a variety of sources. The table (left) presents a summary of City revenues by source for 2015 and 2014 including both governmental activities and business-type activities combined.

Overall, the City's total revenue increased approximately 4.55% or $10,009,287, primarily due to increases in property tax, PILOTS and interest earnings miscellaneous, which increased due to transfers. These three categories increased 7.06% or $3,795,128 from 2014 to 2015.

Revenues by Source

The chart to the right shows total revenues by source, along with amount collected and the percent of total. Key revenue source descriptions are listed below:

Charges for Services: Resources paid to the City for services such as water, sewer, stormwater, licenses, parking and inspections

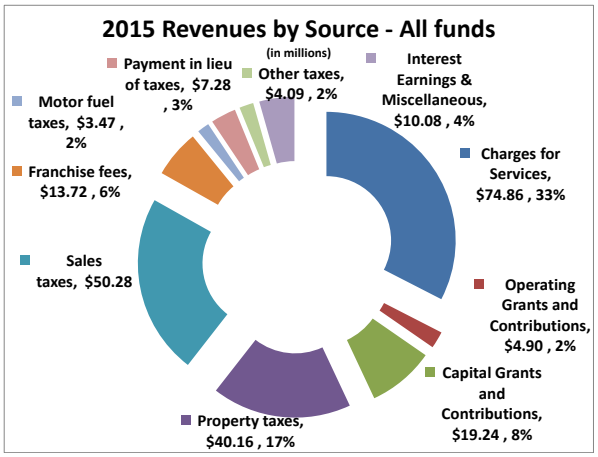
Sales Taxes: City's 1 cent citywide, 1/2 cent citywide and a portion of the 1/2 cent countywide tax

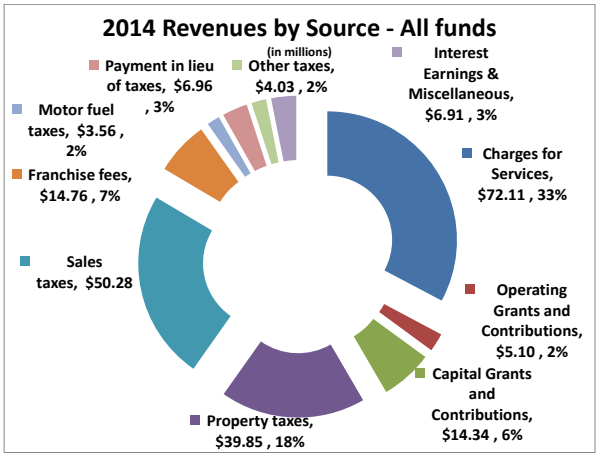
Property Taxes: Taxes collected from property owners on real estate and other equipment

Capital grants and Contributions: Received primarily from other governments and special assessments from property owners used for the construction of capital assets

Franchise Fees: Percent of revenue from utility companies for the use of the City's right of way in order to deliver utility services

Payment in lieu of taxes (PILOTS): PILOTS are property tax payments primarily for tax exempt properties





Glossary

Governmental Activities Revenue: Total governmental activities revenues for 2015 were $159,020,508 compared to 2014 totals of, $153,202,101, or a 3.80% increase.

Business-type Activities Revenues: Total business-type activities revenues for 2015 were $70,913,774, a increase from 2014 revenues of $66,722,894, or a 6.28% increase.

Expenses

Combined Statement of Expenses

	2015	2014
Governmental Activities		
General Government	$ 13,786,674	$ 11,465,726
Public Safety	$ 61,251,608	$ 62,281,840
Public Works	$ 55,672,216	$ 52,344,002
Miscellaneous	$ 3,114,322	$ 2,602,268
Parks and Recreation	$ 3,058,534	$ 2,788,252
Public Housing	$ 4,370,594	$ 4,589,860
Social Services	$ 636,349	$ 515,433
Interest and Fiscal Charges	$ 3,179,606	$ 5,319,365
Transfers	$ 3,790,050	$ -
Total Governmental Activities	**$ 148,859,953**	**$ 141,906,746**
Business-type Activities		
Water, Water Pollution Control, Stormwater Utilities	$ 62,784,919	$ 61,744,893
Public Parking	$ 2,953,966	$ 3,161,834
Total Business-type Activities	**$ 65,738,885**	**$ 64,906,727**
Total Expenses	**$ 214,598,838**	**$ 206,813,473**

The City receives the funding it needs to provide basic services to residents through a variety of sources. The table (left) presents a summary of City expenditures by source for 2015 and 2014 including both governmental activities and business-type activities combined.

Overall, the City's total expenditures increased 3.76% or $7,785,365, primarily due to increases in public works spending activities and transfers.

Expenses by Source

The chart to the right shows total revenues by source, along with amount collected and the percent of total. Key expense source descriptions are listed below:

Public Works: Includes development services, forestry, engineering, administration, construction and maintenance of streets

Water, Water Pollution Control, Stormwater Utilities: Includes expenses for the water, wastewater and stormwater utilities.

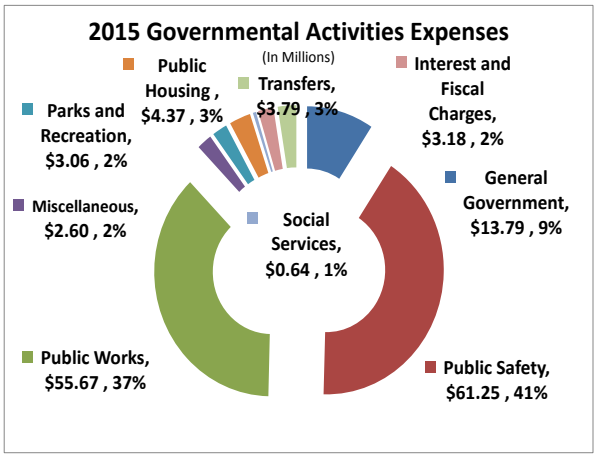
Public Safety: Fire and police

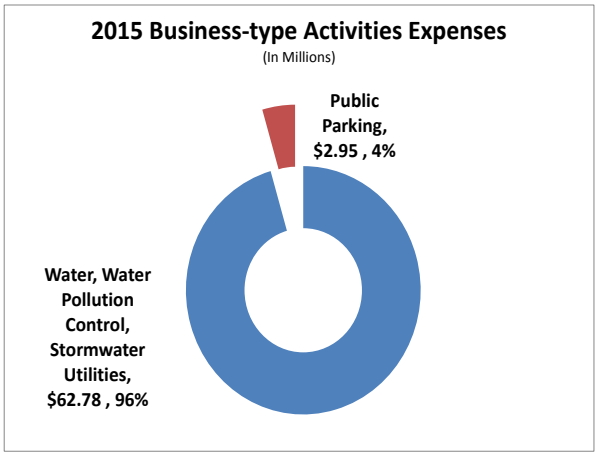
General Government: Includes services such as Mayor, City Council, Executive, Administration and Financial Services, City Attorney, and non-departmental

Public Housing: Includes services that are funded through operating grants such as Community Development Block Grants

Public Parking: Includes on-street public parking and parking garages throughout the City

Parks and Recreation: The Zoo





Glossary

Governmental Activities Expenses: Total governmental activities expenses for 2015 were $148,859,953 compared to 2014 totals of, $141,906,746, or a 4.90% decrease.

Business-type Activities Expenses: Total business-type activities expenses for 2015 were $65,738,885, an increase from 2014 expenses of $64,906,727, or a 1.28% increase.

Capital Assets / Long-Term Obligations

Combined Statement of Capital Assets

	2015	2014
Capital Assets, not being depreciated:		
Land	$ 5,365,002	$ 5,365,002
Intangible easements	$ 11,517,473	$ 9,780,670
Construction in progress	$ 57,273,461	$ 60,513,038
Total not being depreciated	**$ 74,155,936**	**$ 75,658,710**
Capital Assets, being depreciated:		
Building improvements and infrastructure	$ 623,279,021	$ 627,122,962
Furniture	$ 83,942	$ 93,590
Vehicles	$ 8,297,498	$ 8,099,864
Software	$ -	$ -
Tools and equipment	$ 1,784,581	$ 1,869,512
Total being depreciated	**$ 633,445,042**	**$ 637,185,928**
Total Capital Assets	**$ 707,600,978**	**$ 712,844,638**

Capital Assets

Delivering services to the citizens of Topeka requires more than just dollars. Many assets are also needed to keep the City running. In 2015, depreciated assets were valued at $707.6 million, a decrease from 2014 assets valued at $712.8 million or a 0.74% decrease. Capital assets that are not being depreciated decreased by 1.99% or by $1,502,774, due to construction in progress. Capital assets that are being depreciated decreased by .59% or by $3,740,886. This decrease is primarily due to a decrease in the value of building improvements and infrastructure, which is $3,843,841 less in 2015 compared to 2014.

Long Term Obligations

As of December 31, 2015, the City's long-term obligations totaled $451,112,712, comprised of $250,235,469 for governmental activities and $200,877,243 for business-type activities. Of this total, $33,734,921 is due within one year. Long term obligations increased by 18% due to GASB 68.

Statement of Long-term Obligations

	Governmental Activities		Business-type Activities		Totals	
	Payable Dec 31, 2015	Amounts Due Within One Year	Payable Dec 31, 2015	Amounts Due Within One Year	Payable Dec 31, 2015	Amounts Due Within One Year
General obligation bonds	$ 134,755,837	$ 11,503,020	$ 10,514,163	$ 571,980	$ 145,270,000	$ 12,075,000
Tax increment and other bonds	$ 16,150,000	$ 4,225,000	$ -	$ -	$ 16,150,000	$ 4,225,000
Less deferred amounts:						
For issuance premium	$ 5,644,369	$ -	$ 305,166	$ -	$ 5,949,535	$ -
For issuance discounts	$ (797)	$ -	$ (1,518)	$ -	$ (2,315)	$ -
Revenue Bonds			$ 127,425,000	$ 4,565,000		
Less deferred amounts:						
For issuance premium	$ -	$ -	$ 3,978,014	$ -	$ 3,978,014	$ -
For issuance discounts	$ -	$ -	$ (130,067)	$ -	$ (130,067)	$ -
State revolving loan	$ -	$ -	$ 52,701,862	$ 5,792,813	$ 52,701,862	$ 5,792,813
Other liabilities	$ -	$ -	$ 132,000	$ 44,000	$ 132,000	$ 44,000
Capital leases	$ 2,724,764	$ 867,642	$ -	$ -	$ 2,724,764	$ 867,642
OPEB liability	$ 5,551,481	$ -	$ 583,810	$ -	$ 6,135,291	$ -
Net Pension Liability	$ 75,451,600	$ -	$ 4,459,905			
Retirement incentive	$ -	$ -	$ -	$ -	$ -	$ -
Compensated absences	$ 8,242,013	$ 5,432,397	$ 908,908	$ 597,199	$ 9,150,921	$ 6,029,596
Park transfer obligations	$ 135,870	$ 135,870	$ -	$ -	$ 135,870	$ 135,870
Claims and judgments	$ 1,580,332	$ -	$ -	$ -	$ 1,580,332	$ -
Long Term Liabilities	**$ 250,235,469**	**$ 22,163,929**	**$ 200,877,243**	**$ 11,570,992**	**$ 451,112,712**	**$ 33,734,921**

Glossary

OPEB: Other post employment benefits an employee will receive at the start of retirement.

State revolving loan: Loans from the Kansas Department of Health and Environment for improvements related to water and sewer.

Park transfer obligation: Obligation on behalf of the City as part of transfer to County for park system.