

THE CITY OF TOPEKA, KANSAS



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
FOR YEAR ENDED  
DECEMBER 31, 2008

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2008**

**Mayor**

William W. Bunten, Mayor

**City Council Members**

<b><u>Name</u></b>	<b><u>District #</u></b>	<b><u>Current Term Expires</u></b>
John Alcala	2	April 2011
Deborah Swank	6	April 2011
Bill Haynes	5	April 2009
Sylvia Ortiz	3	April 2009
Jack Woelfel	4	April 2011
Lana Kennedy	1	April 2009
Jeff Preisner	8	April 2011
Richard Harmon	9	April 2009
Brett Blackburn	7	April 2009

**Operations Administration**

Norton N. Bonaparte Jr., City Manager

**Prepared by Financial Services Department**

James F. Langford, Director of Budget and Financial Services  
Pamela S. Simecka, City Controller  
Curtis R. Cox, City Treasurer  
Tina M. Loyd, Accounting Manager  
Amy S. Vail, Grant and General Accountant II  
Kristin E. Ready, Accountant II  
Deidre E. Chinn, Accounts Receivable and Utility Billings Specialist

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2008**

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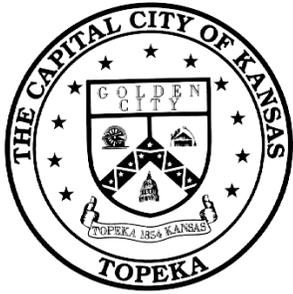
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# CITY OF TOPEKA

Norton N. Bonaparte, Jr., City Manager

**FINANCIAL SERVICES DEPARTMENT**  
CENTRAL ACCOUNTING DIVISION  
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Topeka, KS 66603-3914  
Website: <http://www.topeka.org>

**Jim Langford, Director**  
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Telephone: 785-368-3970  
Fax: 785-368-3975

July 2009

Mayor Bill Bunten  
Members of the Topeka City Council  
Citizens of Topeka  
City of Topeka, Kansas

Honorable Mayor, City Council Members, and Citizens of Topeka:

The City Manager and the Department of Financial Services are pleased to submit the *Comprehensive Annual Financial Report* (the "CAFR") for the City of Topeka, Kansas, for the year ended December 31, 2008. This report is issued pursuant to State law, which requires publication of a complete set of annual financial statements presented in conformity with generally accepted accounting principles ("GAAP") and independently audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This CAFR is also published to provide the Mayor and City Council members, Topeka citizens, other City staff, City bondholders, and other interested parties with detailed information concerning the financial condition and activities of City government for the year ended December 31, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Wendling Noe Nelson & Johnson, LLC, an independent firm of licensed certified public accountants, audited the City's financial statements and issued an unqualified opinion on the governmental and business-type activities of the City of Topeka's financial statements for the year ended December 31, 2008 except for the financial statements for Water, Wastewater and Stormwater on which they issued a qualified opinion.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the *Management's Discussion and Analysis* ("MD&A") document. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Topeka's MD&A can be found immediately following the report of the independent auditors in the *Financial Section* of this CAFR.

Our CAFR is divided into the following sections:

**The Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services and cash management.

**The Financial Section** includes the MD&A, Basic Financial Statements, Notes to the Basic Financial Statements, and required supplementary information. The Basic Financial statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary and other funds. Also included in this section is the independent auditor's report on the basic financial statements.

**The Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that are of interest to potential investors in our bonds and to other readers. The data includes ten-year revenue and expenditure information on an inflation-adjusted basis.

## **PROFILE OF THE CITY**

The City of Topeka, Kansas, founded in 1854 and incorporated in 1857, is located in the northeastern part of the State and is the capital of Kansas and the county seat of Shawnee County. With a population of around 122,642, the City is the fourth largest city in Kansas. The land within the City covers slightly more than 60 square miles. The total population of the Topeka Metropolitan Statistical Area ("Topeka MSA") exceeds 175,000. The State Capitol Complex, including the Capitol Building, the Kansas Judicial Center, and several State office buildings, are located within the City. The State of Kansas is the largest employer in the Topeka MSA, employing approximately 8,100 employees. The Shawnee County Courthouse Complex, containing most of the Shawnee County offices, is also located within the City.

The City is served largely by Unified School District No. 501 of Shawnee County, Kansas. With approximately 2,300 administrative and faculty employees, the district operates 21 elementary, 7 middle, and 4 high school facilities. The District serves an enrollment of nearly 13,500 students. There are also 6 parochial schools (5 elementary and 1 high school), 7 private schools, a modern vocational/technical school and one special school located in the City. Washburn University, including the Washburn University School of Law, is a municipal university located in Topeka, which has an enrollment of approximately 7,200, with about 2,100 employees.

The City is served by Interstate 70 and the Kansas Turnpike, as well as other Federal and State highways. The Kansas Turnpike provides ready access to the Kansas City metropolitan area approximately 60 miles to the east. The Kansas Turnpike also travels southwest, providing Topeka with a direct four-lane connection with Wichita, Kansas, a distance of approximately 150 miles. Interstate 70 provides Topeka four-lane service with all points west through central Kansas and with Denver, Colorado. U.S. 75 highway transverses the City north to south.

The City is served by two major railroads: the Burlington Northern & Santa Fe and the Union Pacific, two air taxi services, and 22 truck carrier companies. Topeka has two FAA controlled municipal airports, one of which has a primary runway 12,500 feet long, which can accommodate any size aircraft currently in operation.

The City has eight hospitals and medical center complexes, including Stormont-Vail Regional Medical Center and St. Francis Hospital & Medical Center, the second and fifth largest employers in the City respectively (see “Principal Employers”.) St. Francis Hospital and Medical Center is operated by the Sisters of Charity of Leavenworth, which recently announced its plan to construct a new 200-bed acute-care hospital in west Topeka.

The City is served by a number of commercial banks, including at least one national bank with offices in the City. Capitol Federal Savings & Loan Association, which is headquartered in the City and has branches throughout the State, has total assets of \$8.2 billion and total deposits of approximately \$3.9 billion, making it the largest savings and loan association in the State of Kansas (source: Capitol Federal 2008 Annual Report unaudited). The Tenth District of the Federal Home Loan Bank Board, which serves Kansas, Colorado, Nebraska, and Oklahoma is also headquartered in the City.

The City is empowered to levy property tax on both real and personal properties located within its boundaries. It is also empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. In 2008, the City annexed 42.51 acres of real estate.

The City of Topeka operates under a City Manager form of government. Under this form, policy-making and legislative authority are vested in a governing body consisting of the Mayor and nine other Council members, all elected on a non-partisan basis. The City at large elects the Mayor, and the nine Council members are elected by district to four-year, staggered terms, with four or five Council members elected bi-annually. The Council is responsible, among other things, for adopting ordinances and resolutions, adopting an annual budget, appointing certain officials of boards and committees, and selecting a City Manager.

As the chief executive officer of Topeka, the City Manager is responsible to execute and enforce all laws, ordinances, and policies of the Council and is charged with administering the day-to-day operations of the City. The City Manager has the power to appoint, assign, reassign, discipline, and remove all directors of City departments and all employees under his jurisdiction, subject to the provisions of the City’s personnel regulations. He also controls and administers the financial affairs of the City, and he is required to develop and present an annual proposed budget to the Council.

The City of Topeka provides its citizens with those services proven to be necessary and meaningful, and which can be provided by the City most cost effectively. Major services provided under general governmental and enterprise functions are: police and fire protection, with additional police protection available through the Shawnee County Sheriff’s Department, the Kansas Highway Patrol, and the Kansas Bureau of Investigation; provision of safe drinking water; wastewater treatment and disposal services; public parking facilities; parks and recreational activities, including a zoo; street improvements and maintenance; economic development support; housing and neighborhood development programs; and general administrative services.

Internal services of the City, accounted for on a cost reimbursement basis, include: fleet services operations; information technology services; risk management activities; and employees’ health insurance administration.

The annually adopted budget serves as the foundation for the City of Topeka’s financial planning and control. The Council is required by State law to publish a proposed budget and

notice of public hearing. Following the public hearing and consideration of amendments decreasing the proposed budget, the law requires the final, Council-adopted budget to be certified to the county clerk by August 25 of each year, for the purpose of levying taxes to fund the following year's authorized budget.

The appropriated budget is prepared by fund (e.g., General), function (e.g., public safety), and department (e.g., police). Department Directors may transfer appropriations only within a department. Transfers of appropriations from one fund to another require the approval of the Council.

The Kansas statutes provide for government expenditure controls under what are commonly known as the "cash basis law" and the "budget basis law." Simply put, the cash basis body of law provides that government entities must have sufficient cash to pay for their operating expenditures. The simple explanation of the budget basis law is that government entities cannot spend more in appropriated funds than provided in the published, adopted budget. The City has in place certain internal budgetary controls, designed to ensure compliance with legal provisions of the annually appropriated budget adopted by the City's governing body.

## **FACTORS AFFECTING THE CITY'S FINANCIAL CONDITION**

The information presented in the financial statements is better understood when considered from the broader perspective of the specific environment within which the City of Topeka operates. Following are some comments about that environment.

### **Local Economy**

The City of Topeka currently enjoys a relatively stable economy, in comparison to the nation. Topeka has so far avoided any major foreclosures. The real estate market did slow in the latter part of 2008, but housing values have not dropped significantly. The strength of our local economy is attributed in large part to the fact that Topeka is the hub of a Metropolitan Statistical Area. The U.S. Bureau of the Census defines a Metropolitan Statistical Area as "...a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core." The Topeka Metropolitan Statistical Area (the "Topeka MSA") includes not only all of Shawnee County, but also all of the adjacent counties of Jackson, Jefferson, Osage, and Wabaunsee. Well over half of Topeka MSA employers are service organizations, including state, local and federal government entities, but there are also a significant number of manufacturing and wholesale and retail trade employers.

Currently, the City is working with a developer in East Topeka in the redevelopment of a deteriorating area through a "Pay As You Go" tax increment financing plan.

In 2008 an additional 30 acres were opened at Central Crossing Commerce Park due to the further extension of infrastructure. This provides a total of 350 acres now available for manufacturing distribution, telecommunication or office park development on the south side of Topeka. In early 2009 Home Depot broke ground for a distribution center at this location. They are planning on employing 300 workers. It is hoped this will offset the job loss due to the closing of Payless Shoe distribution center in June 2009.

The City opened the newly built Topeka Boulevard Bridge to traffic in August of 2008. The bridge was financed by a Federal grant of \$13 million and \$32 million raised by a special county-wide sales tax which is schedule to sunset in 2016 when the bonds are paid off.

### **Long-Term Financial Plans**

As indicated in the City's long-term capital budget, Topeka intends to spend significant amounts for infrastructure improvements over the next several years. In the four-year period from 2009 through 2012, a little over \$94 million worth of additions and improvements to the City's Combined Utility systems are anticipated in the Council-adopted Capital Improvement Program (the CIP). Those projects are expected to be financed by a combination of revenue bonds, operating dollars, and loans from the Kansas Department of Health and Environment's State Revolving Loan funds. However in 2008 with the demise of the bond insurance market the City of Topeka was not able to obtain any additional state revolving loans since it was not possible to obtain insurance from an AAA rated insurance company to back the loans. The City hopes this market will stabilize in 2009, thus allowing the City to again obtain additional loans.

The City Council placed a question on the April 2009 ballot to create a special sales tax of ½ % to be used exclusively for the maintenance and improvements of existing city streets, gutters, curbs sidewalks, alleys and street lighting. It passed and will be expected to raise \$12 million a year. The tax will "sunset" after 10 years.

### **Relevant Financial Policies**

Community Goals established by the City Council are

1. Develop a vigorous, strong economy and stimulate growth in the city.
2. Provide safe, stable and vibrant neighborhood environments for Topeka citizens.
3. Provide excellent cultural and recreational opportunities for the region.
4. Provide the highest quality municipal services at a reasonable cost.
5. Encourage progressive community development by both the public and private sectors.
6. Value diversity and ensure fair treatment for all.

The following core goals were identified by the City Council for the next three to five years:

- Reducing Crime
- Improving Quality of City Services
- Stabilizing the City's Tax Base and Reducing the City's Debt Burden
- Promoting Economic Development
- Managing Growth
- Recognizing and Promoting Equality in the Community

Another relevant budget policy includes maintaining a 10% ending fund balance in the General Fund. This policy is designed to provide a cushion against revenue loss, to insure that the General Fund does not rely on one time revenues, and to maintain a good rating for the issuance of City-backed bonds.

The City has also implemented an investment policy, debt management policy, and capital improvement policy, which all can be viewed online at <http://www.topeka.org>.

**Major Initiatives** The City of Topeka and Shawnee County entered into a revised interlocal agreement in 2004, reaffirming the establishment of a Joint Economic Development Organization (JEDO), which has been designated to receive funds from both the City and the County to use in efforts to attract and retain businesses and jobs to the Topeka area. Some money from the City's portion of the county-wide ½ % sales tax is being provided to the JEDO to assist in the mission. The JEDO Board has entered into a contract with the Greater Topeka Chamber of Commerce's economic development entity GO Topeka to provide \$5 million annually from sales tax revenues of the City and the County for this effort. This contract with GO Topeka and the funding for the Topeka Boulevard Bridge are being funded by dedicated county-wide sales tax of ½ %, passed in 2004 by Shawnee County voters.

## **AWARDS AND ACKNOWLEDGEMENTS**

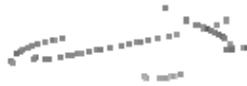
The City received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning January 1, 2008. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A copy of the 2009 Budget is available on the City's website at <http://www.topeka.org>.

The preparation of this *Comprehensive Annual Financial Report* is made possible by the efficient, dedicated, and professional work of the entire staff of the Financial Services Department. Appreciation is expressed to City employees throughout the organization for their assistance and cooperation in the successful completion of this report. Certain staff members made an extraordinary effort to ensure the accuracy of data in this CAFR, to achieve continued conformance to the prescribed reporting format, and to ensure completion of this CAFR. We would like to acknowledge and thank them for their work.

In closing, we thank the members of the City Council for their interest and effort in establishing and overseeing the financial policies of the City of Topeka in a responsible manner.

Without the leadership and support of the governing body, preparation of this *Comprehensive Annual Financial Report* would not be possible.

Respectfully submitted,



Norton N. Bonaparte, Jr., City Manager



Jim Langford, Director of Budget and Finance



Pam Simecka, CPA, CGFM,  
Asst. Finance Director/Controller

**City of Topeka**  
**Quality Public Service is Our Business**

**Mission Statement**

(Adopted February 19, 2002)

To provide excellent city services so that our citizens may thrive in a safe and healthy community.

**Vision Statement**

(Adopted February 19, 2002)

The City of Topeka will serve as the regional center for economic development, recreation, health care, and education while providing a highly livable City for all.

**Community Wide Goals**

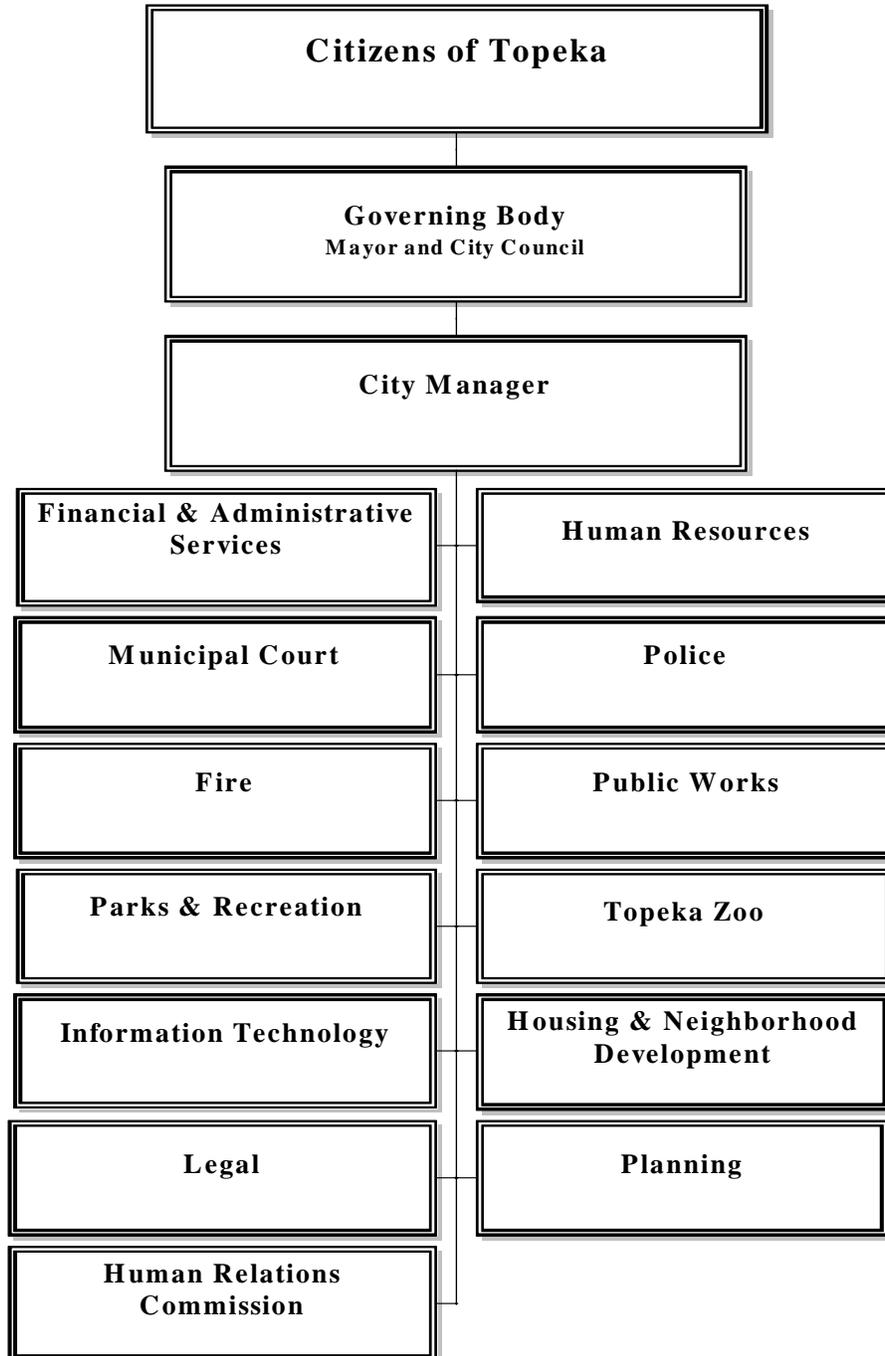
(Adopted March 26, 2002)

1. Develop a vigorous, strong economy and stimulate growth in the city.
2. Provide safe, stable, and vibrant neighborhood environments for Topeka citizens.
3. Provide excellent cultural and recreational opportunities for the region.
4. Provide the highest quality municipal services at a reasonable cost.
5. Encourage progressive community development by both the public and private sectors.
6. Value diversity and ensure fair treatment for all.

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# 2008 City's Organizational Chart

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**City of Topeka, Kansas  
Principal Officials at December 31, 2008**

**Mayor**

William W. Bunten, Mayor

**City Council Members**

District 1	Lana Kennedy
District 2	John Alcala
District 3	Sylvia Ortiz
District 4	Jack Woelfel
District 5	Bill Haynes
District 6	Deborah Swank
District 7	Brett Blackburn
District 8	Jeff Preisner, Deputy Mayor
District 9	Richard Harmon

**City Manager**

Norton N. Bonaparte Jr.  
Randy L. Speaker, Deputy City Manager

**Department Heads**

Budget and Financial Services, James F. Langford  
Chief of Fire, Howard Giles  
Housing and Neighborhood Development, Randy Speaker  
Human Resources, Jacque Russell  
Human Relations Commission, Rio Cervantes-Reed  
Information Technology, Mark Biswell  
City Attorney, Jackie Williams  
Municipal Court, Administrative Judge Steven Ebberts  
Parks and Recreation, Terry Bertels  
Planning, David Thurbon  
Chief of Police, Ronald Miller  
Public Works, Michael Teply  
Zoo, Michael Coker

**Division Directors**

Administration:

City Clerk, Brenda Younger

Financial Services:

Cash Management, Curtis Cox, City Treasurer

Central Accounting and Reporting, Pam Simecka, Asst. Finance Director/Controller

Contracts and Procurement, Jay Oyler

Fleet Services, Ron Raines

Fire:

Chief of Training, Jack Collie

Chief of Fire Prevention / Fire Marshall, Greg Bailey

Deputy Chief of Operations, H Jeff Davis

Deputy Chief of Support Services, Kathryn Petty

**City of Topeka, Kansas  
Principal Officials at December 31, 2008**

**Division Directors (continued)**

Legal:

Deputy City Attorney, Braxton Copley  
Risk Management, Eric Smith  
Prosecution, Craig Spomer

Municipal Court:

Court Administrator, Gail Lewis

Parks & Recreation:

Accounting, Quail Lowe  
Administration, Teri Simpson  
Athletics, Bruce Andrews  
Centers & Day Camps, Betty Kirchner and Lynn Bishop  
Forestry, Adam Moser  
Golf, Scot Weller and Doug Reynolds  
Helen Hocker Theatre, Jo Huseman  
Media, Doug Stillings  
Management, Doug Reynolds  
Parks, Terry Bertels  
Planning and Development, Bill Riphahn  
Special Services, Karen Meyers  
Ward Meade, Sara Leeth

Planning:

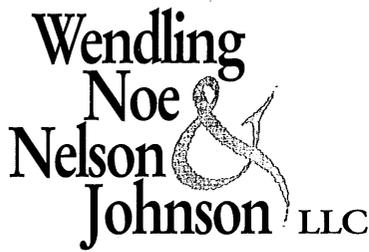
Deputy Director, Bill Fiander  
Transportation & Long-Range Planning, Carlton Scroggins

Police:

Deputy Chief-Support and CID, Colonel Walt Wywadis  
Deputy Chief-Uniform and Special Operations, Colonel Gerald Herman  
Community and Support Services, Major Ronald Brown  
Criminal Investigation Division, Major Warren Wilson  
Special Operations, Major Tony Kirk  
Uniform Division, Major Mike Haugen

Public Works:

Administration, Mike McGee, Deputy Public Works Director  
Development Services, Miriam Berke  
Engineering, Shawn Bruns  
Facility Management, Mike McGee  
Transportation Operations, Ed Winton  
Water Pollution Control, Bob Sample  
Water, Don Rankin



Certified Public Accountants  
and Management Consultants

Brian J. Florea, CPA  
John R. Helms, CPA  
Darrell D. Loyd, CPA  
Eric L. Otting, CPA  
John E. Wendling, CPA

Roger L. Johnson, CPA  
Jere Noe, CPA  
Gary D. Knoll, CPA  
Adam C. Crouch, CPA  
Heather R. Eichen, CPA  
Derek H. Hart, CPA

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members  
of the City Council  
City of Topeka, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Topeka, Kansas, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Topeka's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial and summarized comparative information has been derived from the City of Topeka's 2007 financial statements and, in our report dated June 19, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business type activities, each major fund, except the Water, Water Pollution Control, and Stormwater Utility fund and the aggregate remaining fund information. A qualified opinion was issued in regard to the Water, Water Pollution Control, and Stormwater Utility fund.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2007, from which such partial and summarized information was derived.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Kansas *Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has a policy of inventorying their developer construction and internal repair work orders. The inventory is charged for direct labor, direct materials, and an overhead adjustment for labor fringe benefits. Accounting principles generally accepted in the United States requires when a work order is completed, these costs are charged to cost of sales or repairs and maintenance. In 2007, management failed to remove all of the respective costs when the work orders were completed. These costs were removed in 2008. The amount by which this departure affected the operating income and cash flows of the Water, Water Pollution Control, and Stormwater Utility was a reduction of approximately \$4,157,000.

In our opinion, except for the effects of not properly relieving the inventory costs for the Water, Water Pollution Control, and Stormwater Utility in 2007 as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water, Water Pollution Control, and Stormwater Utility of the City of Topeka, Kansas, as of December 31, 2008, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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, the aggregate discretely presented component unit, each major fund, except the Water, Water Pollution Control, and Stormwater Utility, and the aggregate remaining fund information of the City of Topeka, Kansas, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Parks and Recreation, and Special Street Repairs funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 27 and other required supplementary information on page 69, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Topeka's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules, statistical section, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Topeka, Kansas. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of

Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Topeka, Kansas. The combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules, and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical sections, and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wendy Mae Nelson & Tolk LLC*

Topeka, Kansas  
July 6, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Topeka, Kansas, we offer readers of the City of Topeka's financial statements this narrative overview and analysis of the financial activities of the City of Topeka for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report. Numbers are presented as whole dollars, except as otherwise indicated.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Topeka exceeded its liabilities at the close of the most recent fiscal year by \$486,363,628 (*net assets*). Of this amount, \$35,839,081 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$16.6 million to \$486.4 million in 2008. The \$16.6 million decrease is comprised of a decrease in net assets of the governmental activities of \$16.0 million, and an increase in net assets of the City's business type activities of \$.6 million. The decrease in net assets of the governmental activities is primarily attributable to an increase in debt incurred for capital improvements.
- At the close of 2008, the City of Topeka's governmental funds reported combined ending fund balances of \$23.0 million, an increase of \$.8 million in comparison with the prior year. Just under 61% of \$14.1 million, is *available for spending* at the government's discretion (*unreserved fund balances*).
- At the end of 2008, unreserved, undesignated fund balance for the General Fund was \$6.8 million or 9.88% of total General Fund revenues, and 9.87% of General Fund expenditures.
- For the General Fund, actual resources available for appropriation in 2008 (revenue inflows and fund balance) were \$.8 million more than the final budget, while actual appropriations (outflows) were \$5.6 million less than budgeted for the year.
- The City of Topeka's total bonded debt had a net increase of \$5.2 million (1.6%) during 2008. This net increase includes \$15.8 million in general obligation bonds issued for streets and trafficway improvements, \$0.4 million in building improvements, and \$0.3 million in park improvements. A summary of all 2008 changes in the City's long-term debt and liabilities can be found in the notes on pages 62 - 63 and in the *Schedule of Bonded Indebtedness* on pages 135 - 136.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Topeka's comprehensive annual financial report, which includes the basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other statements included provide financial information about activities for which the City acts solely as an agent for the benefit of entities outside of the government. This report also contains other supplementary statistical and other financial information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The *government-wide financial statements* (pages 29 and 30 of this CAFR) are designed to provide readers with a broad overview of the City of Topeka's finances, in a format similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City of Topeka's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. So, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example, uncollected taxes or earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City of Topeka that are principally supported by taxes and intergovernmental activities (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, public safety, highways and streets, community and economic development, and parks and recreation. Property taxes, transient guest taxes, sales taxes, and franchise fees finance most of these activities. The City's business-type activities include a combined water, water pollution control and storm water utility, public parking facilities, and a municipally owned and operated public golf course. The City of Topeka has one component unit—the City of Topeka/Shawnee County Joint Economic Development Organization (JEDO). Component units are entities that are legally separate, but for which the City is financially accountable. For more information about the component unit, please refer to the *Notes to the Financial Statements, Summary of Significant Accounting Policies, Reporting Entity* section, page 43.

#### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not about the City of Topeka as a whole. Some funds are required to be established by State law or by bond covenants. In addition, the City Council establishes other funds to help control and manage money for particular purposes, or to demonstrate that Topeka is complying with legal requirements for using certain taxes, grants, and other money. The City has three types of funds—**governmental, proprietary, and fiduciary**—which use different accounting approaches.

**Governmental funds**—Most of the City's basic services are reported in its governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. With this method, the governmental fund statements provide a detailed, *short-term view* of the City's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental *funds* (reported in the fund financial statements) in a reconciliation document following the fund financial statements, on pages 32 and 34.

The City of Topeka maintains twenty-eight individual governmental funds. Information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures, and changes in fund balance* for the General Fund, the Parks and Recreation Fund, the Debt Service Fund, the Special Street Fund, and Streets and Trafficways Fund all of which are considered to be *major funds*.

Data from the remaining governmental funds, which the City categorizes as *special revenue funds and capital project funds*, are aggregated for presentation. Special revenue funds and capital projects funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Individual fund data for each of these *non-major funds* is provided in the form of *combining statements* on pages 74 - 79 of this report.

The City of Topeka adopts annual, appropriated budgets for its major funds, and budgetary comparison statements are presented to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 35 - 37 and 80 - 81 of this report.

**Proprietary funds**— Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Topeka maintains two different types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has three enterprise funds: the combined Water, Water Pollution Control, and Stormwater Utility Fund, a major fund; and the Public Parking Facilities and Public Golf Course funds, which are both non-major funds shown in the aggregate in the *Proprietary Funds* statements presented on pages 38 - 40. Individual data for these non-major enterprise funds in the form of *combining statements* can be found on pages 106 - 108 of this report.

The City is adding a section which will give more detail information on the utilities including descriptions, conditions, future capital expenditures, customers, and rate schedules. This section can be found after the *statistical section* on pages 147 - 168.

*Internal service funds* are the second type of proprietary funds maintained by the City of Topeka. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Topeka uses three internal service funds: Information Technology; Fleet Services; and Combined Risk Management, which includes employees' health insurance, workers' compensation and vehicle self-insurance, unemployment compensation, and risk management reserve activities.

Because internal services generally benefit governmental rather than business-type functions, they are included within *governmental activities* in the government-wide financial statements. The three internal service funds, which are all considered non-major funds, are combined into a single, aggregated presentation in the *Proprietary Funds* statements on pages 38 - 40. Individual data for the internal service funds in the form of *combining statements* is on pages 110 - 115.

**Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City of Topeka's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City's fiduciary activities are reported in the *Statement of Fiduciary Net Assets*, which can be found on page 41 and pages 99 - 104.

### **Notes to the financial statements**

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 - 68 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents the combining and individual fund statements for non-major funds and fixed asset schedules. Those statements and schedules can be found on pages 74 - 118.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Topeka, assets exceeded liabilities by \$486,363,628 at the close of 2008, the most recent fiscal year.

By far the largest portion of the City of Topeka’s net assets (84.1%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to construct or acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’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 the capital assets themselves cannot be used to liquidate these liabilities. The table below summarizes net assets:

**Table 1**  
**City of Topeka**  
**Condensed Statement of Net Assets**  
**December 31, 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2008	2007	2008	2007	2008	2007
<b>Current and other assets</b>	\$122,174,366	\$ 109,489,663	\$45,571,372	\$52,585,578	\$ 167,745,738	\$162,075,241
<b>Capital assets, non-depreciable</b>	82,454,467	102,038,551	28,695,122	34,918,673	111,149,589	136,957,224
<b>Capital assets, net of depreciation</b>	379,074,143	367,732,881	349,164,396	338,781,241	728,238,539	706,514,122
<b>Total assets</b>	583,702,976	579,261,095	423,430,890	426,285,492	1,007,133,866	1,005,546,587
<b>Long-term liabilities outstanding</b>	260,589,385	246,619,363	225,041,653	229,679,292	485,631,038	476,298,655
<b>Other liabilities</b>	29,875,623	23,378,194	5,263,577	2,929,343	35,139,200	26,307,537
<b>Total liabilities</b>	290,465,008	269,997,557	230,305,230	232,608,635	520,770,238	502,606,192
<b>Net assets:</b>						
<b>Invested in capital assets,</b>						
<b>net of related debt</b>	252,303,349	272,511,890	156,909,635	145,198,301	409,212,984	417,710,191
<b>Restricted</b>	5,095,538	6,334,674	18,913,636	23,300,865	24,009,174	29,635,539
<b>Unrestricted</b>	35,839,081	30,416,974	17,302,389	25,177,691	53,141,470	55,594,665
<b>Total net assets</b>	\$ 293,237,968	\$ 309,263,538	\$ 193,125,660	\$ 193,676,857	\$ 486,363,628	\$502,940,395

A portion of the City’s net assets (4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$53,141,470 may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the governmental and business-type activities. The same situation also occurred in the prior fiscal year.

The City's net assets from governmental activities decreased 5.1%, from \$309.3 million to \$293.2 million, in 2008. There was a \$12.6 million increase in the governmental activities' current assets, which consisted of an increase in cash of \$8.6 million and an increase in receivables of \$3.8 million.

Non-depreciable capital assets decreased \$19.6 million from governmental activities. This was a result of capitalizing construction projects of \$41.6 million consisting of a tax increment financing (TIF) benefit district in central Topeka for \$7.6 million, improvements to local raceway for \$15.7 million, street repairs for \$5.2 million, contributed assets from developers for \$5.9 million, improvements to local zoo and park facilities for \$2.2 million, and other miscellaneous projects for \$5.0 million. While the City completed many projects, it also began new ones of \$22.0 million. This consisted of mainly street projects of \$14.9 million, building improvements for \$3.4 million, and miscellaneous other projects for \$3.7 million. The value of depreciable capital assets increased \$11.3 million in 2008. The long-term debt increased \$13.9 million, and other liabilities decreased about \$6.5 million in 2008. The increase in liabilities of \$20.5 million, consisted of an increase in long-term debt (includes bonds and leases) of \$7.6 million, an increase in temporary notes of \$7.1 million, an increase of \$5.1 million of deferred revenues, an increase in other post employment benefit (OPEB) liability requirement by GASB 45 of \$1.2 million, and decreases in amounts owed to others.

The City of Topeka's total net assets reported in connection with its business-type activities decreased by \$551,197, or 1% in 2008. Assets decreased overall due to finishing some construction projects, allowing the release of restricted funds. The utilities also had a rate increase effective May 1, 2008. The decrease in liabilities was mainly attributable to the reduction of outstanding loans with the State of Kansas.

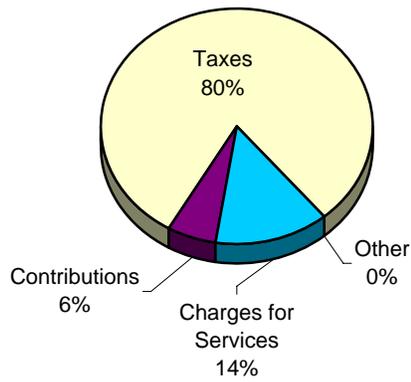
**Governmental activities**

Governmental activities decreased the City of Topeka's total net assets by \$16,025,570, while the total decrease of both governmental and business-type total net assets was \$16,576,767. The charts on the next page depict the elements of the 2008 governmental activities, and *Table 2* on page 21 shows key elements of the total decrease in net assets.

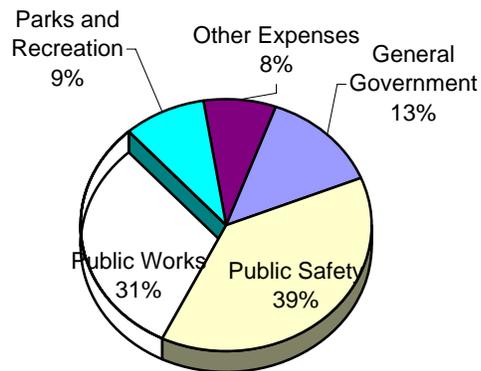
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**Fiscal Year 2008 Government Activities  
(Also see Table 2 on next page)**

**Sources of Revenue**



**Functional Expenses**



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**Table 2**  
**City of Topeka**  
**Statement of Activities and Changes in Net Assets**  
*Amounts Expressed in thousands*

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
<u>Program revenues</u>						
Charges for services	\$ 16,526	\$ 16,461	\$ 60,195	\$ 54,658	\$ 76,722	\$ 71,119
Operating grants and contributions	5,472	7,698	30	-	5,502	7,698
Capital grants and contributions	1,345	1,504	2,168	456	3,513	1,960
<u>General revenues</u>						
Property taxes	41,454	39,142	-	-	41,454	39,142
Sales taxes	35,683	35,080	-	-	35,683	35,080
Franchise taxes	11,790	11,482	-	-	11,790	11,482
Motor fuel taxes	4,772	5,195	-	-	4,772	5,195
Alcoholic beverage taxes	1,602	1,442	-	-	1,602	1,442
Transient guest taxes	2,070	1,913	-	-	2,070	1,913
Gain on sale of capital assets	-	-	2	444	2	444
Grants and contributions not restricted to specific programs	131	-	-	-	131	-
Unrestricted investment earnings	-	-	1,107	1,944	1,107	1,944
<b>Total revenues</b>	<b>120,845</b>	<b>119,917</b>	<b>63,504</b>	<b>57,502</b>	<b>184,348</b>	<b>177,419</b>
<b>Expenses</b>						
General government	18,433	14,342	-	-	18,433	14,342
Public safety	52,156	50,236	-	-	52,156	50,236
Public works	42,770	42,801	-	-	42,770	42,801
Metropolitan Planning	908	998	-	-	908	998
Miscellaneous	(1,104)	436	-	-	(1,104)	436
Parks and Recreation	12,646	12,527	-	-	12,646	12,527
Public Housing	2,387	4,864	-	-	2,387	4,864
Social Services	964	779	-	-	964	779
Capital leases	(90)	281	-	-	(90)	281
Interest	7,801	7,738	-	-	7,801	7,738
Water, Water Pollution Control, & Stormwater Utility	-	-	59,605	52,086	59,605	52,086
Combined Public Parking	-	-	3,538	3,566	3,538	3,566
Public Golf Course	-	-	912	854	912	854
<b>Total expenses</b>	<b>136,870</b>	<b>135,002</b>	<b>64,055</b>	<b>56,506</b>	<b>200,925</b>	<b>191,508</b>
Increase in net assets before transfers	(16,026)	(15,085)	(551)	996	(16,577)	(14,089)
Transfers in (out)	-	-	-	-	-	-
Increase (Decrease) in Net Assets	(16,026)	(15,085)	(551)	996	(16,577)	(14,089)
Net Assets - Beginning	309,263	324,348	193,677	192,681	502,941	517,029
Net Assets - Ending	\$ 293,238	\$ 309,263	\$ 193,126	\$ 193,677	\$ 486,364	\$ 502,940

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The following table summarizes the costs of the City's four largest governmental activities—general government, public safety, public works' highways and streets, and parks and recreation—as well as each activity's *net* cost (total cost to provide the services, less any revenues generated by the activity). The net cost shows the financial burden that was placed on the City's taxpayers by each of these governmental functions.

**Table 3**  
**Net Cost of Governmental Activities (in millions)**

	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
General government	\$ 18.4	\$6.7
Public Safety	52.2	51.2
Public works, highways & streets	42.8	38.7
Parks & recreation	<u>12.6</u>	<u>9.3</u>
Totals	<u>\$126.0</u>	<u>\$105.9</u>

The total governmental expenses increased by \$1.9 million, while program revenues decreased by \$2.3 million. The net cost of operations for the four major areas increased by \$6.9 million from 2007, as detailed below:

- The net costs of operations in 2008 increased in public safety of \$1.9 million due to rate increase from passing of the IAFF and FOP labor contracts in 2007. Fire department averaged 5%, while Police averaged 4.5%.
- The total cost of services for General Government increased by \$4.1 million, while the net cost of service increased by \$5.9 million. This was attributable to increases in compensated absences of \$.7 million, increase in OPEB liability of \$.6 million, and an increase of general expenses of \$2.8 million. The net cost showed a decrease in charges for services of \$1.1 million and a decrease in operating grants of \$.8 million
- Public works and Shawnee County are jointly working on implementation of a project information management system, which would provide up-to-date maps and information on the internet for residents to obtain information about projects throughout the City.
- Parks and Recreation stayed about the same with a slight increase in net cost. Even though the City received federal assistance dollars of \$.2 million to cover expenses from 2007 for a major ice storm, the increase in expenses were slightly greater.
- Interest expense for the governmental activities stayed about the same from 2007.
- For General Revenues, Property taxes increased the most from 2007 by \$2.3 million, with sales taxes following with only a \$.6 million increase, franchise taxes increased by \$.3 million and both transient guest and alcohol taxes increased by \$.1 million, while motor fuel decreased by \$.4 million.

**Business-type activities**

The change in net assets of the City's business-type activities decreased by \$551,197 during 2008. Table 4 presents the net revenue from, or cost of, the City's three largest business-type activities – the combined Water, Water Pollution Control and Stormwater Utility, the Public Parking Fund, and the Public Golf Course – as well as each activity's net cost or proceeds (total cost to provide the services, less any revenues generated by the activity).

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**Table 4**  
**Net Cost of Business-Type Activities (in millions)**

	Total Cost of Services	Net Cost of Services
Water, Water Pollution Control, & Stormwater Utility	\$59.6	\$ 1.0
Public Parking	3.5	0.4
Public Golf Course	0.9	0.3
Totals	<u>\$64.0</u>	<u>\$ 1.7</u>

The total cost of services for the combined utilities increased by \$7.5 million, while the net cost of services only increased by \$.6 million. The City approved utility rate increases effective May 1, 2008 and increases each year until 2011, to offset the increased cost of services. The combined utility had the largest increases in other payments of \$3.7 million, \$1.3 million increase in salaries and wages, and an increase in interest of \$1.0 million. Public Parking had a decrease in total cost of services of \$.1 million and a decrease in net cost of services of \$.3 million. The largest decrease in expenses occurred in the area of purchased services, while also having rate increases in parking fees. The operating expenditures for the Public Golf Course increased in the area of purchased services, decreased in salaries and wages and increased in charges for services.

#### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted before, the City of Topeka uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is an analysis of our funds.

##### **Governmental Funds**

The focus of the City of Topeka's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing our financing requirements. In particular, *unreserved fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2008, the City's governmental funds reported combined, ending fund balances of \$23.0 million, which is an increase of \$.8 million from the prior year. All of the major Governmental funds except for Streets and Trafficways had decreases in fund balances. The largest decrease of \$.8 million, occurred in the Debt Service fund. The Bridge fund was also moved from a major fund to a non-major fund.

Approximately 61%, \$14.1 million, of this total amount is unreserved fund balance, which is available for spending at the City's discretion. The remaining fund balance is reserved to indicate that it has already been committed to liquidate contracts and purchase orders (\$2.4 million) or for payment of debt service (\$6.5 million).

The General Fund is the chief operating fund of the City of Topeka. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,752,087, and total fund balance was \$7,970,821. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund

balance represents 9.9% of total general fund expenditures, and total fund balance is 11.7% of expenditures.

The fund balance of the City's General Fund decreased by \$176,550 during 2008. Factors in the net decrease of General Fund balance include:

- Revenues increased \$1.5 million with the largest increase in the area of property taxes and the next largest increase in sales taxes. There were slight decreases in fees for services, fines and forfeitures and investment income.
- Operating expenditures in the Public Safety area increased by \$1.8 million, due largely in part to passing of the IAFF and FOP labor contracts.
- In the area of other financing sources, transfers out of the General Fund decreased \$1.5 million to \$200,000. This was for funding of the Unsafe Structure Fund to demolish structures determined to be unsafe.
- Cost of living adjustments (COLA's) were eliminated in 2008.
- Transfers in, decreased by \$576,184, only receiving \$60,000 from the Transient Guest Tax Fund.
- Miscellaneous Non-departmental expenditures decreased by \$1.1 million, due to more positions being vacant.

The Parks and Recreation Fund had an ending fund balance of \$733,094 in 2008. This was a decrease of \$12,275. This was a result of the operating revenues increasing by \$596,643, the other financing sources decreasing by \$487,498 and the expenditures increasing by \$153,189. The increase in revenue was attributable to the receipt of Federal dollars to cover the expenditures of a severe, ice storm at the end of 2007. Areas that showed the largest increases in expenditures were Park maintenance, Horticulture, Mini Train and Carousel, and Ward Meade Park. The areas showing the greatest decrease in expenses were Recreation Centers, Day Camps, and Forestry.

The Special Street Repairs Fund ended 2008 with a fund balance of \$939,997, a decrease over the 2007 ending fund balance of \$1,545,195. This was attributable to management budgeting a reduction in fund balance and lower revenues than expected of \$592,225.

The Debt Service Fund had a total balance of \$6,513,004 at December 31, 2008, all of which is reserved for the payment of debt service. The fund balance decreased by \$744,134. See the *Notes to the Financial Statements*, on pages 60 - 63 for a more complete description of activity in the Debt Service Fund.

Streets and Trafficways, a capital project fund, had a fund balance of (\$4,779,284), increasing from 2007 by \$1,283,205. The increase was due mainly to receiving of intergovernmental and other sources of funding for projects.

In the non-major governmental funds, the fund balances increased by \$1,089,084, taking the ending balance to \$11,646,599. In 2007 Bridges met the test as a major fund, but in 2008 did not qualify as a major fund. The largest increases, occurred in Public Buildings and Facilities Fund of \$2,315,694, General Improvement Fund of \$234,908, KP & F Equalization Fund of \$233,080, and Zoo Fund of \$212,454. The largest increase was due to issuing of general obligation bonds to fund the existing projects. The funds with the largest decreases in fund balance were in the ½ % Sales Tax of \$1,689,526, Park Improvements of \$774,552, Bridges of \$324,060, and Special Liability Fund of \$151,243. The decrease in ½ % Sales Tax was due to requesting total funds from JEDO to finance several of the already approved projects that were under way.

### **Proprietary funds**

The City of Topeka's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. See the *Basic Financial Statements* on pages 38 – 40 for more information. Unrestricted net assets of the combined Water, Water Pollution Control, and Stormwater Utility Fund at December 31, 2008, were

\$16,697,449. The increase of \$6,855,842 over the 2007 amount is partly due to a decrease in the restriction for capital projects, since some projects have been completed.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was not a budget amendment taken before Council, but the City Manager authorized a reclassification of budget authority between Executive and Administration to cover the salary of a Performance Manager position.

General Fund revenues came in \$.7 million higher than anticipated, and expenditures were \$5.6 million less than budgeted in 2008. Key factors of the difference include:

- Franchise fee revenues were \$.9 million higher than expected, due to increases in natural gas prices and electric rates.
- There were also favorable revenues in the areas of retail sales tax, fees for services and other revenues.
- Unfavorable areas of revenues were in Municipal Court fines, investment interest, and permits.
- Unfavorable areas of expenditures were in public safety, Public Works-General, and Contributions to Agencies.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of 2008, the City had \$839.4 million invested in a broad range of capital assets, including police and fire equipment, buildings, improvements, land, park facilities, water and wastewater treatment facilities, and roads and bridges (see Table 5 below). This amount represents a net increase (including additions and deductions) of \$4.1 million, or 1.0%, during the year. To find more information on capital assets, refer to the *Notes to the Financial Statements* on pages 55 - 57 and to the *Other Fund Statements and Schedules* section of this report on pages 116 - 118. Capital asset transactions during the current fiscal year included:

- The City was able to capitalize and close several construction projects, increasing the amount of governmental assets. The capitalized amount totaled about \$41.6 million.
- The Combined Utility Fund replaced and installed new water main extensions and installed sanitary sewers and drain improvements. The combined utilities were able to complete and capitalize existing projects for around \$19.0 million.
- The Parking fund completed construction of a new garage in the downtown area for about \$7.5 million.

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**Table 5**  
**City of Topeka's Capital Assets**  
*(net of depreciation)*

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ 6,319,861	\$ 6,319,861	\$ 1,595,573	\$ 1,595,573	\$ 7,915,434	\$ 7,915,434
Buildings, Improvements, Infrastructure	371,508,693	358,067,079	346,816,551	336,388,241	718,325,244	694,455,320
Furniture and Fixtures	974,791	1,557,191	58,605	106,128	1,033,396	1,663,319
Vehicles	3,535,675	4,699,309	1,357,005	1,309,764	4,892,680	6,009,073
Machinery and Equipment	3,054,984	3,409,302	932,235	977,108	3,987,219	4,386,410
Construction in Progress	76,134,606	95,718,690	27,099,549	33,323,100	103,234,155	129,041,790
Total Capital Assets	<u>\$ 461,528,610</u>	<u>\$ 469,771,432</u>	<u>\$ 377,859,518</u>	<u>\$ 373,699,914</u>	<u>\$ 839,388,128</u>	<u>\$ 843,471,346</u>

The City's five-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of about \$165.7 million worth of capital assets for fiscal 2009 through 2013. Funding is budgeted to come from projected enterprise fund revenues (\$28.0 million), general obligation bonds (\$58.9 million), utility revenue bonds (\$60.5 million), state revolving fund loans (\$5.5million), and other sources (\$12.8 million) over the next five years. The most significant projects include continued upgrades to interceptor and distribution control systems, improvements to the storm sewer system, repairs to the river levee's, rehabilitation to the water treatment plant, increasing water service to the south part of Topeka, construction of various streets and trafficways, traffic signal replacements, fleet replacements for fire and police, addition of a new fire station, neighborhood improvements, and shelter house renovations.

**Debt**

At December 31, 2008, the City's total outstanding bonded indebtedness was \$322,855,000. Of this amount, \$163,250,000 is general obligation debt, backed by the full faith and credit of the government. There are \$117,255,000 in revenue bonds, secured by a pledge of the revenues derived from user fees for the specific enterprise fund or funds that benefited from the bond issue. The remainder of the bonded indebtedness consists of tax increment and sales tax revenue bonds in the amount of \$42,350,000. In addition, the City is obligated for \$90,610,985 of Kansas State Revolving Loan Program loans, which are secured solely by specified revenue sources from the Combined Utility Fund, and for \$16,350,000 in general obligation temporary notes, issued to fund construction in progress on capital projects.

Moody's Investors Service has assigned the City's general obligation bonds ratings of "Aa3" and "A2" for the revenue bonds upon their issuance. The City's stable service area, satisfactory compliance with legal covenants of outstanding debt issues, and satisfactory debt service coverage levels have kept the City's revenue bonds in the "A" category. The City's utility revenue bonds are subordinate to the lien of the State Revolving Fund loans.

At the time of issuance, various series of bonds were insured by either Financial Guaranty Insurance Company ("FGIC") or XL Capital Assurance, Inc. ("XLCA") and were assigned ratings by Moody's Investors Service, Inc. ("Moody's"). In 2008, Moody's downgraded both FGIC and XLCA below Aaa in correspondence with Moody's financial strength and financial enhancement ratings of FGIC and XLCA. Material event notices were registered with DisclosureUSA who then disseminated that information to the Nationally Recognized Municipal Securities Information Repositories.

In November, Moody's also downgraded the credit ratings of Financial Security Assurance, Inc. ("FSA") to "Aa3", and MBIA, Inc. to "Baa1". FSA and MBIA, Inc. are bond insurers for various City revenue bond issues. Material event notices were registered with DisclosureUSA who then disseminated that information to the Nationally Recognized Municipal Securities Information Repositories.

Additional information on the City of Topeka's long-term debt can be found in *Note IV, Section F* on pages 60 – 63 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The average unemployment rate for the City of Topeka in 2008 was 5.7%, which is an increase from the rate of 5.4% in 2007. This compares unfavorably to the state's average unemployment rate of 4.9%, but favorable to the national average rate of 5.8%. The City's average unemployment rate is currently 5.9%. See pages 140 – 141 for more unemployment information. These and other factors were considered in preparing the City of Topeka's budget for the 2009 fiscal year.

During 2008, unreserved fund balance in the general fund decreased to \$6,752,087. The City anticipated an unreserved fund balance of \$6,387,868, when it adopted its 2009 operating budget.

The City's Water, Wastewater, and Stormwater rates were increased effective May 1, 2008 covering the years 2008 - 2011. Water's minimum rate increased from \$8.82 to \$15.00 and flow increased around 4%, Wastewater's minimum rate increased from \$11.31 to \$14.85 and flow increased around 4% and stormwater's rate increased single family charge from \$3.62 to \$4.25 for 2008. These rate increases are planned to help pay debt service on revenue bonds and State Revolving Fund loans to finance infrastructure improvements.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Topeka's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report, or requests for additional financial information, should be addressed to the City's Financial Services Department, City of Topeka, 215 SE 7th Street, Room 358, Topeka, Kansas 66603-3914.

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**City of Topeka, Kansas**  
**Statement of Net Assets**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	Primary Government		Totals		Component Unit
	Governmental Activities	Business-Type Activities	2008	2007	JEDO
	<b>Assets</b>				
Cash and cash equivalents	\$ 42,269,649	\$ 8,834,320	\$ 51,103,969	37,777,467	6,645,107
Receivables (net of allowance for uncollectibles)	65,667,077	9,855,131	75,522,208	72,123,368	-
Due from component unit	4,860,145	-	4,860,145	6,549,671	-
Due from other governments	395,022	-	395,022	749,350	-
Internal balances	3,736,366	(3,736,366)	-	-	-
Inventories	75,543	2,580,228	2,655,771	6,435,826	-
Prepaid Costs	75,026	7,828	82,854	175,863	-
Restricted assets:					
Cash and equity in Treasurer's Fund	5,095,538	18,913,636	24,009,174	29,635,539	-
Other restricted assets	-	8,693,837	8,693,837	8,454,994	-
Capital assets:					
Land and infrastructure	82,454,467	28,695,122	111,149,589	136,957,224	-
Depreciable buildings, property, and equipment, net of depreciation	379,074,143	349,164,396	728,238,539	706,514,122	-
Other assets	-	422,758	422,758	173,163	-
<b>Total assets</b>	<b>583,702,976</b>	<b>423,430,890</b>	<b>1,007,133,866</b>	<b>1,005,546,587</b>	<b>6,645,107</b>
<b>Liabilities</b>					
Accounts payable and other current liabilities	4,852,024	3,992,158	8,844,182	7,683,610	-
Accrued interest payable	2,716,829	526,840	3,243,669	2,814,087	-
Salaries & wages payable	5,000,452	684,346	5,684,798	5,256,414	-
Due to other governments	-	60,143	60,143	26,278	1,784,962
Due to primary government	-	-	-	-	4,860,145
Due to others	-	90	90	406,166	-
Due to component unit	-	-	-	664,482	-
Estimated insurance claims	956,318	-	956,318	256,500	-
Temporary notes payable	16,350,000	-	16,350,000	9,200,000	-
Liabilities payable from restricted assets	-	2,946,071	2,946,071	2,962,570	-
Unearned revenue	61,531,244	576,807	62,108,051	56,758,843	-
Non-current liabilities:					
Due within one year	14,422,562	6,431,691	20,854,253	21,288,268	-
Due within one year, payable from restricted assets	-	1,980,000	1,980,000	1,885,000	-
Due in more than one year	184,635,579	213,107,084	397,742,663	393,403,974	-
<b>Total liabilities</b>	<b>290,465,008</b>	<b>230,305,230</b>	<b>520,770,238</b>	<b>502,606,192</b>	<b>6,645,107</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	252,303,349	156,909,635	409,212,984	417,710,191	-
Restricted for debt service	4,990,862	8,319,620	13,310,482	13,718,793	-
Restricted for capital projects	104,676	6,749,027	6,853,703	12,290,612	-
Restricted for sinking funds	-	3,242,703	3,242,703	3,056,448	-
Restricted for deposits	-	602,286	602,286	569,686	-
Unrestricted	35,839,081	17,302,389	53,141,470	55,594,665	-
<b>Total net assets</b>	<b>\$ 293,237,968</b>	<b>\$ 193,125,660</b>	<b>\$ 486,363,628</b>	<b>\$ 502,940,395</b>	<b>\$ -</b>

*The notes to the financial statements are an integral part of these statements.*

*JEDO is the Joint Economic Development Organization*

**City of Topeka, Kansas**  
**Statement of Activities**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Net (Expense) Revenue and					
	Program Revenues			Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ (18,433,254)	\$ 10,065,179	\$ -	\$ (6,703,965)	\$ -	\$ (6,703,965)
Public Safety	(52,155,982)	329,998	-	(51,164,211)	-	(49,294,710)
Public Works	(42,769,762)	2,924,831	1,012,017	(38,653,941)	-	(39,774,691)
Metropolitan Planning	(908,365)	-	-	(908,365)	-	(908,365)
Miscellaneous	1,103,867	436,396	-	1,540,263	-	(430,644)
Parks and Recreation	(12,646,036)	2,720,158	320,139	(9,273,095)	-	(9,069,812)
Public Housing	(2,386,622)	49,695	-	(22,469)	-	(653,870)
Social Services	(964,006)	-	-	(631,619)	-	(327,750)
Capital Leases	90,415	332,387	-	90,415	-	(281,232)
Construction	-	-	-	-	-	-
Engineering and Others	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-
Interest	(7,800,518)	-	-	(7,800,518)	-	(7,738,193)
<b>Total Governmental Activities</b>	<b>(136,870,263)</b>	<b>16,526,257</b>	<b>5,471,840</b>	<b>(113,527,505)</b>	<b>-</b>	<b>(109,340,293)</b>
<b>Business-Type Activities:</b>						
Water, Water Pollution Control, & Stormwater Utility	(59,604,907)	56,435,887	30,469	2,168,467	(970,084)	(420,295)
Public Parking	(3,537,726)	3,126,337	-	-	(411,389)	(743,683)
Public Golf Course	(911,930)	633,211	-	-	(278,719)	(227,726)
<b>Total Business-Type Activities</b>	<b>(64,054,563)</b>	<b>60,195,435</b>	<b>30,469</b>	<b>2,168,467</b>	<b>(1,660,192)</b>	<b>(1,391,704)</b>
<b>Total Primary Government</b>	<b>\$ (200,924,826)</b>	<b>\$ 76,721,692</b>	<b>\$ 5,502,309</b>	<b>\$ (113,527,505)</b>	<b>\$ (1,660,192)</b>	<b>\$ (115,187,697)</b>
<b>General revenues:</b>						
Property taxes			41,454,387			39,142,343
Sales taxes			35,682,826			35,080,416
Franchise taxes			11,790,003			11,482,483
Motor fuel taxes			4,771,522			5,194,698
Alcoholic beverage taxes			1,601,574			1,441,932
Transient guest taxes			2,070,271			1,913,492
Grants and contributions not restricted to specific programs			131,352			1,944,408
Unrestricted investment earnings			-	1,107,202		443,480
Gain on sale of capital assets			-	1,793		-
Transfers			-	-		-
<b>Total general revenues and transfers</b>			<b>97,501,935</b>		<b>1,108,995</b>	<b>96,643,252</b>
<b>Change in net assets</b>			<b>(16,025,570)</b>		<b>(551,197)</b>	<b>(14,088,745)</b>
<b>Net assets - beginning</b>			<b>309,263,538</b>		<b>193,676,857</b>	<b>517,029,140</b>
<b>Net assets - ending</b>			<b>\$ 293,237,968</b>		<b>\$ 486,363,628</b>	<b>\$ 502,940,395</b>

The notes to the financial statements are an integral part of these statements.

**City of Topeka, Kansas**  
 Balance Sheet  
 Governmental Funds  
 December 31, 2008  
*With comparative totals for December 31, 2007*

	Special Revenue Funds			Capital Projects Funds			Totals	
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund	Streets and Trafficways	Other Governmental Funds	2008	2007
<b>Assets</b>								
Cash and equity in Treasurer's Fund	\$ 4,753,030	\$1,131,321	\$ 358,587	\$ 1,521,640	\$ 8,960,085	\$ 11,378,404	\$ 28,103,067	\$ 19,928,696
Receivables (net of allowance for uncollectibles):								
Accounts receivable	121,260	-	38,345	-	-	310,377	469,982	501,194
General property taxes	16,337,217	6,027,048	804,267	14,130,840	-	3,643,846	40,943,218	44,044,301
Notes	-	-	-	-	-	24,322	24,322	24,322
Other	-	-	-	24,170,513	-	-	24,170,513	17,267,734
Prepaid costs	9,030	3,400	-	-	-	2,596	15,026	16,006
Due from other funds	4,626,828	-	-	502	-	-	4,627,330	3,375,660
Due from other governments	76,557	-	-	-	-	318,465	395,022	749,350
Due from component unit	-	-	-	-	-	4,860,145	4,860,145	6,549,671
Inventory	-	-	-	-	-	-	-	(194)
Restricted assets:								
Cash and equity in Treasurer's Fund	-	-	-	4,990,862	104,676	-	5,095,538	6,334,674
Capital assets:								
Land and infrastructure	-	-	-	-	-	-	-	221,676
<b>Total assets</b>	<b>\$ 25,923,922</b>	<b>\$7,161,769</b>	<b>\$1,201,199</b>	<b>\$44,814,357</b>	<b>\$ 9,064,761</b>	<b>\$ 20,538,155</b>	<b>\$ 108,704,163</b>	<b>\$ 99,013,090</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities:</b>								
Accounts and contracts payable	\$ 716,840	\$ 94,464	\$ 118,157	\$ -	\$ 828,114	\$ 589,045	\$ 2,346,620	\$ 2,477,570
Salaries & wages payable	4,265,769	298,563	143,045	-	941	149,369	4,857,687	4,481,991
Accrued interest	-	-	-	-	101,693	27,064	128,757	28,589
Due to other funds	-	-	-	-	-	895,240	895,240	3,222,942
Due to other governments	-	-	-	-	-	-	-	406,076
Due to component unit	-	-	-	-	-	-	-	664,482
Temporary notes payable	-	-	-	-	12,913,297	3,436,703	16,350,000	9,200,000
Other	1,784	8,600	-	-	-	-	10,384	3,773
Liabilities payable from restricted assets:								
Unearned Revenue	12,968,708	6,027,048	-	38,301,353	-	3,794,135	61,091,244	56,337,568
<b>Total liabilities</b>	<b>17,953,101</b>	<b>6,428,675</b>	<b>261,202</b>	<b>38,301,353</b>	<b>13,844,045</b>	<b>8,891,566</b>	<b>85,679,932</b>	<b>76,822,991</b>
<b>Fund Balances</b>								
Reserved for:								
Encumbrances	1,218,734	160,480	480,182	-	-	514,271	2,373,667	2,481,351
Debt service	-	-	-	6,513,004	-	-	6,513,004	7,257,138
Unreserved, reported in:								
General Fund	6,752,087	-	459,815	-	-	10,282,936	11,315,365	7,065,321
Special Revenue Funds	-	572,614	-	-	-	849,392	(3,929,892)	12,380,181
Capital Projects Funds	-	-	-	-	(4,779,284)	-	(4,779,284)	(6,993,892)
Total fund balances	7,970,821	733,094	939,997	6,513,004	(4,779,284)	11,646,599	23,024,231	22,190,099
<b>Total liabilities and fund balances</b>	<b>\$ 25,923,922</b>	<b>\$7,161,769</b>	<b>\$1,201,199</b>	<b>\$44,814,357</b>	<b>\$ 9,064,761</b>	<b>\$ 20,538,155</b>	<b>\$ 108,704,163</b>	<b>\$ 99,013,090</b>

The notes to the financial statements are an integral part of these statements.  
 Bridge fund did not qualify for major fund in 2008

**City of Topeka, Kansas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2008**

Amounts reported for governmental activities in the statement of net assets differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet	\$ 23,024,231
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet.	
Land	6,319,861
Construction in progress	76,134,606
Buildings, improvements, and infrastructure, net: accumulated depreciation \$548,380,634	371,430,083
Furniture and fixtures, net: accumulated depreciation \$2,303,601	285,701
Vehicles, net: accumulated depreciation \$12,865,907	3,525,463
Machinery and equipment, net: accumulated depreciation \$4,484,987	3,004,714
Long term liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(192,195,000)
Compensated absences	(4,153,957)
OPEB liability	(1,912,379)
Estimated insurance claims	(956,318)
Accrued interest payable on bonds	(2,588,072)
Leases Payable	(190,817)
Internal service funds are used by management to charge the costs of certain activities, such as fleet service, to individual funds. The assets and liabilities of the internal service funds have not been included in the balance sheet, but are included in the governmental activities on the statement of net assets.	<u>11,509,852</u>
Net assets of governmental activities as reported on the statement of net assets	<u><u>\$293,237,968</u></u>

*The notes to the financial statements are an integral part of these statements.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**

Governmental Funds  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Special Revenue Funds				Capital Project Fund		Totals
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund	Streets and Trafficways	Other Governmental Funds	
<b>Revenues:</b>							
Taxes and assessments	\$ 46,843,955	\$ 5,961,672	\$ -	\$ 15,213,680	\$ -	\$ 12,773,713	\$ 80,793,020
Licenses and permits	13,152,995	-	-	-	-	66,730	13,221,725
Intergovernmental	761,448	892,754	4,924,719	137,965	867,932	5,268,273	12,853,091
Fees for service	4,478,337	1,929,997	48,863	-	-	1,417,885	7,875,082
Investment income	431,521	-	-	370,428	-	79,556	881,505
Fines and forfeitures	2,194,196	-	-	-	-	-	2,194,196
Rents and interest	-	-	-	-	-	-	-
Other	457,574	157,470	94,583	5,716	734,777	616,534	2,066,654
<b>Total revenues</b>	<b>68,320,026</b>	<b>8,941,893</b>	<b>5,068,165</b>	<b>15,727,789</b>	<b>1,602,709</b>	<b>20,224,691</b>	<b>119,885,273</b>
<b>Expenditures:</b>							
Current:							
General government	9,342,034	-	-	-	-	6,887,413	16,229,447
Public safety	48,689,250	-	-	-	-	823,880	49,523,130
Public works	10,569,162	-	5,668,844	-	-	447,991	16,685,997
Metropolitan Planning	908,365	-	-	-	-	-	908,365
Miscellaneous	(1,103,867)	-	-	-	-	-	(1,103,867)
Parks and recreation	-	9,100,068	-	-	-	2,286,783	11,302,320
Public housing	-	-	-	-	-	2,386,622	2,386,622
Social services	-	-	-	-	-	964,006	964,006
Construction	-	-	-	-	12,746,177	4,677,036	17,423,213
Engineering and others	-	-	-	-	1,911,172	2,480,641	4,391,813
Debt service:							
Principal retirement	-	-	-	12,690,000	-	-	12,690,000
Interest	-	-	-	7,144,170	280,597	124,215	7,548,982
Refunding bond issuance costs	-	-	-	45,001	-	-	45,001
Other costs of bond issuance	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>68,414,944</b>	<b>9,100,068</b>	<b>5,668,844</b>	<b>19,879,171</b>	<b>14,937,946</b>	<b>21,078,587</b>	<b>139,079,560</b>
Excess (deficiency) of revenues over expenditures	<b>(94,918)</b>	<b>(158,175)</b>	<b>(600,679)</b>	<b>(4,151,382)</b>	<b>(13,335,237)</b>	<b>(853,896)</b>	<b>(19,194,287)</b>
<b>Other financing sources (uses):</b>							
Original issuance of debt	-	-	-	-	12,003,807	8,036,083	20,039,890
Original issue premium on bonds	-	-	-	541	(587)	(66)	106,117
Original issue discount on bonds	-	-	-	(15,097)	(37,983)	(25,767)	(78,847)
Refunding bonds issued	-	-	-	4,530,110	-	-	4,530,110
Payment to refunded bond escrow agent	-	-	-	(4,522,500)	-	-	(4,522,500)
Transfers in	60,000	145,000	-	3,414,194	2,648,257	1,013,923	7,281,374
Transfers out	(200,000)	-	-	-	4,948	(7,081,203)	(7,281,374)
Sale of property	58,368	900	600	-	-	-	59,868
<b>Total other financing sources (uses)</b>	<b>(81,632)</b>	<b>145,900</b>	<b>(4,519)</b>	<b>3,407,248</b>	<b>14,618,442</b>	<b>1,942,980</b>	<b>20,028,419</b>
<b>Net change in fund balances</b>	<b>(176,550)</b>	<b>(12,275)</b>	<b>(605,198)</b>	<b>(744,134)</b>	<b>1,283,205</b>	<b>1,089,084</b>	<b>834,132</b>
<b>Fund balances (deficits) - beginning of year</b>	<b>8,147,371</b>	<b>745,369</b>	<b>1,545,195</b>	<b>7,257,138</b>	<b>(6,062,489)</b>	<b>10,557,515</b>	<b>22,190,099</b>
<b>Fund balances (deficits) - end of year</b>	<b>\$ 7,970,821</b>	<b>\$ 733,094</b>	<b>\$ 939,997</b>	<b>\$ 6,513,004</b>	<b>\$ (4,779,284)</b>	<b>\$ 11,646,599</b>	<b>\$ 23,024,231</b>

*The notes to the financial statements are an integral part of these statements.*  
2007 totals for General Government decreased by \$88,170 and Public Safety increased by \$88,170 to reflect change in how KP&F Equalization was categorized.  
2007 bond information restated to properly reflect refunding transaction.  
\*\*Bridges did not qualify as a major fund in 2008. The other governmental beginning fund balance were restated to reflect the change.

**City of Topeka, Kansas**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2008**

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balances of governmental funds differs from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

<p>Net change in fund balances - total from the preceding <i>Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds</i></p>	<p>\$ 834,132</p>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	<p>(7,741,994)</p>
<p>Issuance of long-term debt, such as bonds and leases, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas in the statement of activities, those amounts are deferred and estimated. The City issued \$24,570,000 of bonds, retired \$12,690,000 and refunded \$4,510,000 bonds and had a change in interest of \$219,082. The effect of the capital lease was \$90,415. The net effect of these differences is this amount.</p>	<p>(7,498,667)</p>
<p>Compensated absences, such as vacation time and estimated insurance claims of \$1,076,956, along with the OPEB liability of \$1,259,464 are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported in</p>	<p>(2,336,420)</p>
<p>Internal service funds are used by management to charge the costs of certain activities, such as fleet service, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities, but not included in governmental funds.</p>	<p><u>717,379</u></p>
<p>Change in net assets of governmental activities as shown on the government-wide <i>Statement of Activities</i></p>	<p><u><u>\$ (16,025,570)</u></u></p>

*The notes to financial statements are an integral part of these statements.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property tax	\$ 12,009,061	\$ 12,009,061	\$ 12,019,590	\$ 10,529
Auto ad volorem tax	1,200,956	1,200,956	1,194,683	(6,273)
Local retail sales tax	27,500,000	27,500,000	27,991,780	491,780
Payment in lieu of debt service	300,000	300,000	300,000	-
Payment in lieu of taxes	5,145,829	5,145,829	5,190,521	44,692
Licenses	349,861	349,861	307,501	(42,360)
Permits	1,349,039	1,349,039	1,189,020	(160,019)
Franchise fees	10,772,600	10,772,600	11,656,474	883,874
Intergovernmental	689,196	689,196	761,448	72,252
Fees for services	4,396,200	4,396,200	4,478,337	82,137
Municipal court	2,732,850	2,732,850	2,194,196	(538,654)
Special assessments	100,000	100,000	147,381	47,381
Interest	718,000	718,000	431,521	(286,479)
Other	326,500	326,500	457,574	131,074
Total revenues	<u>67,590,092</u>	<u>67,590,092</u>	<u>68,320,026</u>	<u>729,934</u>
<b>Expenditures</b>				
General government:				
City Council	290,236	290,236	274,725	15,511
Executive	1,307,369	1,262,443	1,157,407	105,036
Legal Services	1,470,903	1,470,903	1,549,129	(78,226)
Administrative and Financial Services	1,826,420	1,871,346	1,962,152	(90,806)
Municipal Court	1,794,422	1,794,422	1,687,019	107,403
Human Resources	800,089	800,089	820,096	(20,007)
Human Relations Commission	292,108	292,108	255,387	36,721
Contributions to Agencies	1,156,316	1,156,316	1,647,345	(491,029)
Public Safety:				
Police	28,473,562	28,473,562	28,308,383	165,179
Fire	19,806,345	19,806,345	20,480,883	(674,538)
Public Works:				
General	7,253,855	7,253,855	7,691,990	(438,135)
Transportation	1,670,967	1,670,967	1,407,299	263,668
Technical Services	1,134,629	1,134,629	1,224,313	(89,684)
Bridges	633,118	633,118	308,032	325,086
Planning	880,499	880,499	896,561	(16,062)
Miscellaneous Non-Departmental	5,379,451	5,379,451	(1,119,093)	6,498,544
Total expenditures	<u>74,170,289</u>	<u>74,170,289</u>	<u>68,551,628</u>	<u>5,618,661</u>
Excess (deficit) of revenues over expenditures	<u>(6,580,197)</u>	<u>(6,580,197)</u>	<u>(231,602)</u>	<u>6,348,595</u>
<b>Other financing sources (uses)</b>				
Transfers in	60,000	60,000	60,000	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Sale of property	15,000	15,000	58,368	43,368
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(81,632)</u>	<u>43,368</u>
Net change in fund balance	(6,705,197)	(6,705,197)	(313,234)	6,391,963
Beginning fund balance	<u>6,705,197</u>	<u>6,705,197</u>	<u>7,065,321</u>	<u>360,124</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,752,087</u>	<u>\$ 6,752,087</u>

*The notes to the financial statements are an integral part of these statements.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Parks and Recreation Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes & assessments	\$ 5,976,208	\$ 5,976,208	\$ 5,961,672	\$ (14,536)
Intergovernmental revenue	576,498	872,870	892,754	19,884
Fees for service	1,957,925	1,957,925	1,929,997	(27,928)
Miscellaneous	118,000	118,000	145,831	27,831
Other	33,000	33,000	11,639	(21,361)
Total revenues	<u>8,661,631</u>	<u>8,958,003</u>	<u>8,941,893</u>	<u>(16,110)</u>
<b>Expenditures</b>				
Parks:				
General Administration	218,633	218,633	508,841	(290,208)
Park Administration	787,391	787,391	458,393	328,998
Maintenance	1,935,080	1,935,080	2,127,437	(192,357)
Forestry	731,227	1,027,599	834,405	193,194
Horticulture	689,671	689,671	676,881	12,790
Concessions	147,884	147,884	112,242	35,642
Recreation:				
Administration	367,262	367,262	401,384	(34,122)
Community Arts	-	-	19,142	(19,142)
Special Services	461,074	461,074	445,640	15,434
Recreation Centers	1,385,107	1,385,107	1,328,962	56,145
Day Camps	267,186	267,186	247,294	19,892
Athletics	492,230	492,230	471,247	20,983
Aquatics	538,225	538,225	571,285	(33,060)
Mini Train and Carousel	83,388	83,388	88,959	(5,571)
Helen Hocker Theatre	360,372	360,372	342,911	17,461
Ward Meade Park	359,282	359,282	353,469	5,813
Total expenditures	<u>8,824,012</u>	<u>9,120,384</u>	<u>8,988,492</u>	<u>131,892</u>
Excess (deficit) of revenues over expenditures	<u>(162,381)</u>	<u>(162,381)</u>	<u>(46,599)</u>	<u>115,782</u>
<b>Other financing sources</b>				
Transfers in	145,000	145,000	145,000	-
Sale of property	-	-	900	900
Total other financing sources	<u>145,000</u>	<u>145,000</u>	<u>145,900</u>	<u>900</u>
Net change in fund balance	(17,381)	(17,381)	99,301	116,682
Beginning fund balance	<u>458,578</u>	<u>473,313</u>	<u>473,313</u>	<u>-</u>
Ending fund balance	<u>\$ 441,197</u>	<u>\$ 455,932</u>	<u>\$ 572,614</u>	<u>\$ 116,682</u>

**The notes to the financial statements are an integral part of these statements.**

*Ordinance 19197 - Budget amendment to increase expenditure authority to cover expenses for ice storm.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Street Repairs Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 5,413,794	\$ 5,413,794	\$ 4,924,719	\$ (489,075)
Fees for service	-	-	48,863	48,863
Miscellaneous	136,356	136,356	94,583	(41,773)
Total revenues	<u>5,550,150</u>	<u>5,550,150</u>	<u>5,068,165</u>	<u>(481,985)</u>
<b>Expenditures</b>				
Transportation:				
Repair in-house	3,743,630	3,743,630	3,233,575	510,055
Administration	1,505,429	1,505,429	1,303,669	201,760
Contractual services	712,284	707,165	1,065,607	(358,442)
Total expenditures	<u>5,961,343</u>	<u>5,956,224</u>	<u>5,602,851</u>	<u>353,373</u>
Excess (deficit) of revenues over (under) expenditures	<u>(411,193)</u>	<u>(406,074)</u>	<u>(534,686)</u>	<u>(128,612)</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(5,119)	(5,119)	-
Sale of property	110,840	110,840	600	(110,240)
Total other financing sources (uses)	<u>110,840</u>	<u>105,721</u>	<u>(4,519)</u>	<u>(110,240)</u>
Net change in fund balance	(300,353)	(300,353)	(539,205)	(238,852)
Beginning fund balance	<u>459,337</u>	<u>459,337</u>	<u>999,020</u>	<u>539,683</u>
Ending fund balance	<u>\$ 158,984</u>	<u>\$ 158,984</u>	<u>\$ 459,815</u>	<u>\$ 300,831</u>

**The notes to the financial statements are an integral part of these statements.**

*Ordinance 19197 reclasses \$5,119 of expenditures to transfers out, to fund a capital improvement project.*

**City of Topeka, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2008**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Assets</b>				
<b>Current assets:</b>				
Cash and equity in Treasurer's Fund	\$ 7,520,435	\$ 1,313,885	\$ 8,834,320	\$ 14,166,582
Receivables (net of allowance for uncollectibles):				
Accounts receivable	9,790,935	64,196	9,855,131	59,042
Prepaid costs	2,110	5,718	7,828	60,000
Due from other funds	194,934	687	195,621	4,276
Inventory	2,580,228	-	2,580,228	75,543
Restricted assets:				
Cash and equity in Treasurer's Fund	4,926,071	-	4,926,071	-
<b>Total current assets</b>	<u>25,014,713</u>	<u>1,384,486</u>	<u>26,399,199</u>	<u>14,365,443</u>
<b>Non-current assets:</b>				
Restricted assets:				
Cash and equity in Treasurer's Fund	13,615,996	371,569	13,987,565	-
Other restricted assets	8,693,837	-	8,693,837	-
Capital assets:				
Land and infrastructure	27,588,791	1,106,331	28,695,122	-
Depreciable buildings, property, and equipment, net of depreciation	329,628,621	19,535,775	349,164,396	828,182
Other assets	422,758	-	422,758	-
<b>Total non-current assets</b>	<u>379,950,003</u>	<u>21,013,675</u>	<u>400,963,678</u>	<u>828,182</u>
<b>Total assets</b>	<u>404,964,716</u>	<u>22,398,161</u>	<u>427,362,877</u>	<u>15,193,625</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	3,937,706	34,068	3,971,774	293,563
Salaries & wages payable	628,663	55,683	684,346	142,765
Accrued interest	526,840	-	526,840	-
Due to other funds	3,296,822	635,165	3,931,987	-
Due to other governments	60,143	-	60,143	-
Due to others	-	90	90	-
Current portion of State revolving loan	5,926,246	-	5,926,246	-
Estimated insurance claims	-	-	-	2,201,457
Other	-	20,384	20,384	133,357
Liabilities payable from restricted assets:				
Revenue bonds payable	1,980,000	-	1,980,000	-
Accrued interest on revenue bonds	2,216,100	-	2,216,100	-
Customer deposits	729,971	-	729,971	-
Unearned Revenue	576,807	-	576,807	440,000
<b>Total current liabilities</b>	<u>19,879,298</u>	<u>745,390</u>	<u>20,624,688</u>	<u>3,211,142</u>
<b>Non-current liabilities:</b>				
Revenue bonds payable	115,275,000	-	115,275,000	-
Premium (loss) on redemption of bonds	(488,900)	-	(488,900)	-
Discount on issuance of bonds	1,903,592	-	1,903,592	-
Premium on issuance of bonds	-	(22,306)	(22,306)	-
Costs of issuance to be amortized	(1,444,484)	(119,834)	(1,564,318)	-
Deferred Loss on Bond Redemption/Amortized	(544,344)	-	(544,344)	-
State revolving loan payable	84,684,738	-	84,684,738	-
General obligation bonds payable	-	13,405,000	13,405,000	-
Accrued liabilities	472,109	33,336	505,445	116,544
Other	458,130	492	458,622	356,087
<b>Total non-current liabilities</b>	<u>200,315,841</u>	<u>13,296,688</u>	<u>213,612,529</u>	<u>472,631</u>
<b>Total liabilities</b>	<u>220,195,139</u>	<u>14,042,078</u>	<u>234,237,217</u>	<u>3,683,773</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	149,530,389	7,379,246	156,909,635	338,738
Restricted for debt service	8,319,620	-	8,319,620	-
Restricted for capital projects	6,377,458	371,569	6,749,027	-
Restricted for sinking funds	3,242,703	-	3,242,703	-
Restricted for deposits	602,286	-	602,286	-
Unrestricted	16,697,121	605,268	17,302,389	11,171,114
<b>Total net assets</b>	<u>\$ 184,769,577</u>	<u>\$ 8,356,083</u>	<u>\$ 193,125,660</u>	<u>\$ 11,509,852</u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	Business-Type Activities Enterprise Funds		Governmental Activities	
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Operating revenues:</b>				
Metered water	\$ 25,780,705	\$ -	\$ 25,780,705	\$ -
Sewer service charges	28,454,920	-	28,454,920	-
Parking fees	-	2,823,301	2,823,301	-
Meter fines	-	290,410	290,410	-
Greens fees	-	617,433	617,433	-
Fees for services	-	-	-	15,153,180
Other	1,804,181	28,404	1,832,585	326,490
<b>Total operating revenues</b>	<u>56,039,806</u>	<u>3,759,548</u>	<u>59,799,354</u>	<u>15,479,670</u>
<b>Operating expenses:</b>				
Salaries, wages, and benefits	11,323,496	899,550	12,223,046	2,213,343
Purchased services	12,423,389	1,410,967	13,834,356	3,446,189
Commodities	6,058,894	243,611	6,302,505	176,855
Insurance claims	-	-	-	9,092,626
Other payments	5,048,957	45,977	5,094,934	(3,466)
Depreciation	11,402,177	765,398	12,167,575	431,914
Payments in lieu of debt service	-	300,000	300,000	-
Payments in lieu of taxes	4,809,000	163,660	4,972,660	-
<b>Total operating expenses</b>	<u>51,065,913</u>	<u>3,829,163</u>	<u>54,895,076</u>	<u>15,357,461</u>
<b>Operating income (loss)</b>	<u>4,973,893</u>	<u>(69,615)</u>	<u>4,904,278</u>	<u>122,209</u>
<b>Non-operating revenues (expenses)</b>				
Interest income	1,068,878	38,324	1,107,202	247,428
Interest expense	(8,298,588)	(620,493)	(8,919,081)	(32,454)
Other income	2,595,017	-	2,595,017	380,196
Miscellaneous expenses	(240,406)	-	(240,406)	-
Gain on disposal of capital assets	1,095	698	1,793	-
<b>Total non-operating revenues (expenses)</b>	<u>(4,874,004)</u>	<u>(581,471)</u>	<u>(5,455,475)</u>	<u>595,170</u>
<b>Change in Net Assets</b>	99,889	(651,086)	(551,197)	717,379
<b>Total Net Assets Beginning of Year</b>	<u>184,669,688</u>	<u>9,007,169</u>	<u>193,676,857</u>	<u>10,792,473</u>
<b>Total Net Assets End of Year</b>	<u>\$ 184,769,577</u>	<u>\$ 8,356,083</u>	<u>\$ 193,125,660</u>	<u>\$ 11,509,852</u>

*The notes to the financial statements are an integral part of these statements.*

**City of Topeka, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 56,748,635	\$ 3,773,812	\$ 60,522,447	\$ 15,479,670
Payments to suppliers	(8,969,578)	(1,406,549)	(10,376,127)	(13,178,882)
Payments to employees	(11,323,496)	(899,550)	(12,223,046)	(2,213,343)
Payments for interfund services used	(4,809,000)	(463,660)	(5,272,660)	5,932
Other	(2,694,346)	(45,977)	(2,740,323)	460,336
Net cash provided by operating activities	<u>28,952,215</u>	<u>958,076</u>	<u>29,910,291</u>	<u>553,713</u>
<b>Cash flows from capital and related financing activities</b>				
Payment on capital debt	(1,885,000)	(275,000)	(2,160,000)	-
Payment of state revolving loan	(6,291,274)	-	(6,291,274)	-
Proceeds from state revolving loan	3,139,574	-	3,139,574	-
Payment of capital lease	-	-	-	(125,843)
Deposit with fiscal agent	(238,843)	-	(238,843)	-
Purchases of capital assets	-	-	-	(152,762)
Acquisition and construction of capital assets	(15,468,735)	(858,443)	(16,327,178)	-
Amortization of revenue bond discount	52,337	-	52,337	-
Interest paid on capital debt	(8,298,588)	(620,493)	(8,919,081)	(32,454)
Proceeds from sales of capital assets	1,094	698	1,792	-
Net cash provided (used) by capital and related financing activities	<u>(28,989,435)</u>	<u>(1,753,238)</u>	<u>(30,742,673)</u>	<u>(311,059)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	1,068,878	38,324	1,107,202	247,428
Net cash provided by investing activities	<u>1,068,878</u>	<u>38,324</u>	<u>1,107,202</u>	<u>247,428</u>
Net increase (decrease) in cash and cash equivalents	1,031,658	(756,838)	274,820	490,082
Cash and cash equivalents, January 1	25,030,844	2,442,292	27,473,136	13,676,500
Cash and cash equivalents, December 31	<u>\$ 26,062,502</u>	<u>\$ 1,685,454</u>	<u>\$ 27,747,956</u>	<u>\$ 14,166,582</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 4,973,893	\$ (69,615)	\$ 4,904,278	\$ 122,209
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Other	-	-	-	380,196
Depreciation expense	11,402,177	765,398	12,167,575	431,914
Other non operating income	2,354,611	-	2,354,611	-
Changes in assets and liabilities:				
Accounts receivable	438,467	8,422	446,889	-
Due from other funds	42,599	5,842	48,441	26,268
Inventories	3,752,239	39,406	3,791,645	(11,396)
Prepaid items	(265,906)	2,136	(263,770)	30,958
Customer deposits	38,434	-	38,434	-
Accounts payable	2,172,542	(19,265)	2,153,277	(873,208)
Accrued liabilities	523,143	17,911	541,054	40,569
Due to other funds	3,296,822	207,841	3,504,663	-
Due to other governments	33,865	-	33,865	-
Deferred revenue	189,329	-	189,329	406,203
Total adjustments	<u>23,978,322</u>	<u>1,027,691</u>	<u>25,006,013</u>	<u>431,504</u>
Net cash provided by operating activities	<u>\$ 28,952,215</u>	<u>\$ 958,076</u>	<u>\$ 29,910,291</u>	<u>\$ 553,713</u>

The notes to the financial statements are an integral part of these statements.

**City of Topeka, Kansas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	<b>Combined Agency Funds Totals</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and equity in Treasurer's Fund	\$ 1,291,473	\$ 1,339,393
Accounts receivable	732	707
	<b>Total Assets</b>	<b>1,340,100</b>
	<b>1,292,205</b>	<b>1,340,100</b>
<b>Liabilities</b>		
Accounts and contracts payable	\$ 38,143	\$ 43,586
Salaries & wages payable	2,496	2,107
Due to others	1,251,566	1,294,407
	<b>Total Liabilities</b>	<b>\$ 1,340,100</b>
	<b>\$ 1,292,205</b>	<b>\$ 1,340,100</b>

*The notes to the financial statements are an integral part of these statements.*

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**City of Topeka, Kansas**  
**Notes to the Financial Statements**  
**December 31, 2008**

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Topeka is a municipal corporation governed by a Council consisting of the Mayor, who is a non-voting member, and nine other members, all elected on a non-partisan basis. The City at large elects the Mayor, and the nine Council members are elected by district. The accompanying financial statements present the financial position of the City and its component unit at December 31, 2008. The City's financial statements include the accounts of all City operations. The financial information of the discretely presented component unit is reported in a separate column in the government-wide financial statements, to emphasize that it is legally separate from the City.

The accounting and reporting policies of the City of Topeka, Kansas, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

**Discretely presented component unit**

The criteria for including other organizations as component units within the City's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on this criterion, the City of Topeka has one component unit, which is the Topeka-Shawnee County Joint Economic Development Organization (JEDO). JEDO was created under a 2004 interlocal agreement between the City and Shawnee County, Kansas (the County). The City appoints a voting majority of JEDO's Board. Both the City and the County have apportioned specific sales tax revenues to JEDO for the purpose of fostering economic growth throughout the County. For additional information about JEDO, please refer to the *Notes to the Financial Statements, Other Information, Jointly Governed Organizations* section on page 65. JEDO Financial Statements can be obtained from the City Clerk's office @ 215 SE 7<sup>th</sup>, Topeka, Ks. 66603.

**B. Government-wide and fund financial statements**

The government-wide financial statements (*i.e.*, the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the non-fiduciary activities of the City of Topeka. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The *primary government* is reported separately from its legally separate *component unit*, for which the primary government is financially accountable.

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

## Notes to the Financial Statements (continued)

with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. While agency funds do not have a measurement focus and will only report assets and liabilities. Agency funds do use the accrual basis of accounting. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid to the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, fines, and parking meter revenues are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year-end, because statutory provisions prohibit their use until the year for which they were levied and budgeted. Instead, they are offset by deferred revenue accounts.

The City of Topeka reports the following major governmental funds:

The *general fund* is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

The *parks and recreation fund* is the fiscal and accounting entity used to record financial transactions and balances related to the operation and maintenance of the City's parks and recreation programs, horticulture, performing arts center, and for care of trees on public property.

The *special street repairs fund* accounts for resources and expenditures for repair, minor reconstruction, alteration, and maintenance - including snow removal and sweeping - of all streets and thoroughfares.

## Notes to the Financial Statements (continued)

The *debt service fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved, to signify that amounts are restricted exclusively for debt service expenditures.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City has five groups of capital project funds and currently one fund which is considered a major fund. The major group is Streets and Trafficways.

The City of Topeka reports the following major proprietary funds:

The combined *water, water pollution control, and stormwater utility fund* provides accountability for all phases of operation and maintenance of the City's public water supply, water pollution control functions (*i.e.*, wastewater treatment), and storm-water utility systems.

The City reports the following types of non-major governmental funds:

*Special revenue funds* are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

*Capital projects funds* are used to account for the acquisition or construction of major capital assets, other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Topeka reports the following types of non-major proprietary funds:

*Enterprise funds* are used for activities which are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Internal service funds* are used to report any activity that provides goods or services to other funds, departments, or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's internal service funds include *information technology, fleet services, and risk management*. The statements for the internal service funds can be found in the *Other Fund Statements and Schedules* section, beginning on page 110.

Additionally, the City reports the following fund type:

*Fiduciary funds* are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Topeka has no fiduciary trust funds, but maintains fourteen fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations. The City's agency funds consist of state mandated collections through the Municipal Court and payroll taxes and deductions. A more detailed list of these funds and their purposes can be found in the *Other Fund Financial Statements* section, beginning on page 97.

Private-sector standards of accounting and financial reporting issued before December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements, to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected *not* to follow subsequent private-sector guidance.

## Notes to the Financial Statements (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses 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 City's policy to use restricted resources first, and then unrestricted resources as they are needed.

### D. Assets, liabilities, and net assets or equity

#### 1. Deposits and investments

The City of Topeka considers *cash and cash equivalents* to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

The City's Financial Services Department, Cash Management Division, maintains and administers a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet or statement of net assets as *Cash and equity in treasurer's fund*.

Kansas statutes authorize the City, with certain restrictions, to deposit or invest directly in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State's Municipal Investment Pool (MIP). The MIP operates in accordance with applicable State laws and regulations. The reported value of the City's investment in the MIP is the same as the fair value of its pool shares. Other investments of the City are also reported at fair value.

Statutes require that collateral, which has a fair value equal to 100% of the investment (less Federally insured amounts), be assigned for the benefit of the City to secure an investment of City funds. The statutes provide for an exception for peak deposit periods during taxpaying time where, for a period of 60 days, the amount of required collateral may be reduced by one-half.

#### 2. Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown at 100% of budget. Property taxes are levied November 1 on property values assessed at the previous January 1, as certified by the County Appraiser on June 15 of each year. The tax levy can be paid by property owners in two installment payments. The first half is due on December 20 of the year levied, and the second half is due on the following May 10. The payment is considered past due on the day after the due date.

## Notes to the Financial Statements (continued)

### 3. Inventories and prepaid items

Inventories are valued at cost, which approximates market value, using the first in, first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

In both government-wide and fund financial statements, payments made to vendors for goods or services that will benefit periods beyond the current fiscal year, are recorded as prepaid items when they are deemed material, and it is considered appropriate.

### 4. Restricted assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the *statement of net assets*, because their use is limited by applicable bond covenants. The "revenue bond operations and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "revenue bond reserve for replacement" account is used to report resources set aside to meet unexpected contingencies, or to fund asset renewals and replacements. These accounts are included in the *Restricted assets: Cash and equity in treasurer's fund* account on the Combined Water, Water Pollution Control, and Stormwater Utility *statement of net assets*.

### 5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of the City's capital assets is computed using the straight-line method and the following useful life ranges:

Buildings and improvements	5	to	50	years
Furniture and office equipment	3	to	20	years
Motor vehicles	3	to	6	years
Tools and equipment	5	to	20	years
Infrastructure	20	to	100	years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when those projects are debt financed. The amount of interest to be capitalized is calculated by netting any investment earnings from unexpended debt proceeds against the related interest expense incurred from the date of debt issuance until completion of the project.

## Notes to the Financial Statements (continued)

### **6. Compensated absences**

It is the City's policy to permit benefit-eligible employees to accumulate earned, but unused annual leave benefits. Accumulated and vested annual leave (comp time and personal leave) that can be estimated with reasonable accuracy, and which is expected to be liquidated with current, available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested and accumulated annual leave (vacation) in governmental funds that have not matured by either resignation or retirement are only reported on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees.

The City does not recognize a liability for payment of accumulated sick leave, because the City policy is to pay only a portion of such leave in excess of a minimum number of hours, which varies according to the various employee bargaining units' contracts, making the dollar amount unsusceptible to estimate.

### **7. Long-term obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **8. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

### **9. Comparative data/reclassifications**

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements.

The 2007 totals on the *Combining Balance Sheet Non-major Governmental Funds* were restated to reflect the change of the Capital Project Fund for Bridges to a non-major fund. This increased the assets and liability and fund balance to \$21,401,957. On the *Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Governmental Funds*, this decreased the net change in fund balances by \$783,277.

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## Notes to the Financial Statements (continued)

### II. Reconciliation of government-wide and fund financial statements

#### A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation (on page 32) between *fund balance—total governmental funds* in the amount of \$23,024,231, and *net assets—governmental activities* as reported in the government-wide statement of net assets in the amount of \$293,237,968. This difference results primarily from the difference in measurement focus between those statements. The government-wide statement of net assets has a long-term economic focus, versus the current financial resources focus of the governmental funds balance sheet. Elements of the reconciliation are explained below.

##### Capital asset differences

When capital assets (property, plant, equipment) to be used in governmental activities are acquired or constructed, the costs of those assets are reported as expenditures in governmental funds and not as capitalized assets net of related accumulated depreciation on the governmental fund balance sheet. However, the government-wide statement of net assets includes the value of those capital assets, net of accumulated depreciation, among the assets of the City as a whole. Using the GASB Statement 34 format, this represents a difference of \$460,700,428, to be added to the *fund balance—total governmental funds* amount of \$23,024,231.

##### Long-term liabilities

Long-term liabilities, including bonds payable, which are applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities on the governmental fund balance sheet. All liabilities, both current and long-term, are reported in the government-wide statement of net assets. The net difference, which includes bonds payable and compensated absences payable, is a deduction of \$192,195,000 and \$4,153,957, respectively, from the *fund balance—total governmental funds* amount. Also, accrued liabilities in the government-wide statement of net assets differ from the amount reported in the governmental funds balance sheet, because accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. This represents a deduction of \$2,588,072 from the *fund balance—total governmental funds* amount. The City acquired some fire equipment through a capital lease for a deduction of \$190,817. The remaining difference in the area of the long-term liability is estimated insurance claims for a deduction of \$956,318 and for the OPEB liability of \$1,912,379. 2007 was the first year for the City to report this liability as per GASB 45.

##### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to the individual funds deriving a benefit from such services. The net of assets and liabilities of these internal service funds are included in governmental activities in the government-wide statement of net assets, because they primarily serve governmental activities of the City, so these assets and liabilities, in the amount of \$11,509,852, are added to the *fund balance—total governmental funds* amount.

#### B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

A reconciliation of the \$834,132 *net changes in fund balances* reported in the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, to the \$16,025,570 *changes in net assets* for governmental activities reported in the government-wide *Statement of Activities* is included with the financial statements on page 34. The differences arise primarily from the long-term economic focus of the government-wide statement of activities versus the current financial resources focus of the governmental funds statement of revenues, expenditures, and changes in fund balances. The details of the differences are discussed in the following paragraphs.

## Notes to the Financial Statements (continued)

### Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease only by the amount of depreciation expense charged for the year. Also, in the statement of activities, only the gain on the sale of capital assets is reported, but in the governmental funds, the gross sales proceeds increase fund balances. These differences in capital asset transactions result in a net decrease to governmental funds of \$7,741,994, as follows:

Capitalized construction	\$ 17,423,213
Capitalized fees on construction	4,391,813
Capital project adjustments (excluding internal service funds)	(64,288)
Sales of capital assets	(59,868)
Depreciation expense	<u>(29,432,864)</u>
Net adjustment to fund balances	<u>\$ (7,741,994)</u>

### Long-term debt transactions

The issuance of long-term debt, including bonds payable and leases, provides current financial resources to governmental funds, and the repayment of long-term debt uses current financial resources of governmental funds. However, neither issuance nor payment of long-term debt has any effect on net assets. Also, governmental funds report the effects of original issue premiums and discounts and certain other related costs at the time debt is issued, whereas in the statement of activities, those amounts are deferred and amortized. The net effect of these transactions is to decrease the net change in fund balances by \$7,498,667, as follows:

- Proceeds from the issuance of long-term bonds are included in *other financing sources* of the governmental funds, but have the effect of increasing long-term liabilities as reported in the statement of activities, a decrease from the net change in fund balances in the amount of \$20,039,890.
- Repayment of bond principal is reported in *other financing uses* in the governmental funds, thus having the effect of reducing fund balance, because current financial resources have been used. However, for the City as a whole, the principal payments reduce the liabilities in the government-wide statement of net assets and do not result in an expense in the government-wide statement of activities, an increase to net change in fund balances of \$12,690,000.
- The existence of a capital lease, results in an decrease to net change in fund balances of \$90,415,
- The net change in accrued interest on general obligation bonds is included in the statement of activities, but is not a current source or use of financial resources, and so is an increase to the governmental funds of \$219,082.

### Accrued liabilities

Some expenses, such as accrued compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in

## Notes to the Financial Statements (continued)

### Accrued liabilities (continued)

governmental funds, a net increase of \$2,336,420. Consisting of the following:

Change in compensated absences	\$ 377,138
Change in OPEB liability	1,259,464
Change in tort claims	699,818
Net adjustment to fund balances	<u>\$2,336,420</u>

Starting in 2007, the City was required to report an OPEB liability, per GASB 45.

### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to the individual funds deriving a benefit from such services. The adjustments for internal service funds “closes” those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds’ costs for the year, a net increase of \$717,379.

### Reclassification and eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. The governmental transfers in of \$7,281,374, will net against the governmental transfers out of \$7,281,374. Amounts involving fiduciary funds should be reported as external transactions and are not reported in the governmental funds. Any interfund charges must be eliminated, so that expenses are reported only once - in the governmental funds. This accounts for \$15,147,874.

## III. Stewardship, compliance, and accountability

### A. Budgetary information

Kansas state statutes require that an annual operating budget be legally adopted for all governmental fund types, unless specifically exempted by statute. The statutes provide for the following sequence and timetable in the adoption of the City’s legal annual operating budget:

1. Preparation of the proposed budget for the succeeding calendar year, on or before August 1<sup>st</sup>.
2. Publication in the entity's official, local newspaper of the proposed budget and of the notice of public hearing on the budget, on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but no sooner than ten days after publication of the notice of hearing.
4. Adoption of the final budget and certification to the office of the relevant County Clerk, on or before August 25<sup>th</sup>.

The statutes allow the governing body to increase the originally adopted budget only for previously unanticipated increases in revenue, other than those attributed to *ad valorem* property taxes. To do this, a notice of public hearing to amend the budget must be published in the official, local newspaper. No sooner than ten days after publication, the hearing may be held, and the governing body may amend the budget at that time.

In 2008, the City had two amendments to the originally adopted budget which effected the Parks and Recreation Fund, Historic Preservation Fund, Transient Guest Tax Fund, Half-cent Sales Tax Fund, and Special Street Fund. The first amendment was passed in April 2008. This amendment approved to increase the amount of expenditures from the Transient Guest Tax Fund by \$365,003, to be allocated by the Council. It also approved the increased transfer to the Historic Preservation Fund by \$21,159.

The second amendment was passed in December 2008, increasing the spending level for contractual services in the Parks and Recreation Fund, which resulted in receipt of Federal money for a 2007 ice

**Notes to the Financial Statements (continued)**

storm, of \$296,372. It also approved two transfers, one from the ½ % Sales Tax Fund for capital projects of \$2,643,140 and one from the Special Street Fund of \$5,119 for a capital project.

Under Kansas statutes, management cannot amend the budget without approval of the governing body. The level of budgetary control or expenditure limit is at the fund level, except for the General Fund, which also has established expenditure limits for each Department financed. The statutes permit transferring budgeted amounts within a General Fund department or other funds, line item by line item, to be made administratively.

Budget comparison statements are presented for each budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

The City’s legal, annual, operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Normally, revenues are recognized when cash is received, if not susceptible to accruals. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments, which are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent years.

The funds with legally adopted, annual budgets consist of the General Fund, General Improvement Fund, Special Liability Fund, Parks and Recreation Fund, Zoo Fund, General Bond and Interest Fund, Special Alcohol Fund, Transient Guest Tax Fund, Unsafe Structure Fund, Retirement Reserve Fund, KP & F Equalization Fund, Neighborhood Revitalization Fund, Historic Asset Preservation Fund, Special Street Repair Fund, 1/2 % Sales Tax Fund, which are all Special Revenue funds. A legal annual operating budget is not required for capital projects funds (such as bridges, streets and trafficways), but each project is taken before the governing body for approval, trust funds, proprietary funds, and certain special revenue funds. Spending in funds that are not subject to legal, annual, operating budget requirements is controlled by Federal regulations, other statutes, Council approved budgets or by the use of internal spending limits established by the governing body.

The following table provides reconciliation between the legally adopted basis of budgeting and the GAAP prescribed basis of accounting presented in the financial statements for the City’s major governmental funds:

Fund	Expenditures & Transfer Out per Fund Statement	Less Beginning Encumbrances	Plus Ending Encumbrances	Expenditures & Transfers Out per Budget Basis
General Fund	\$ 68,614,944	\$ 1,082,050	\$ 1,218,734	\$ 68,751,628
Parks and Recreation Fund	9,100,068	272,056	160,480	8,988,492
Special Street Repairs Fund	5,673,963	546,175	480,182	5,607,970
Debt Service Fund	19,879,171	-	-	19,879,171
Streets and Trafficways	14,932,998	-	-	14,932,998

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## Notes to the Financial Statements (continued)

### B. Excess of expenditures over appropriations

There was no known instances of excess expenditures over appropriations in 2008

### C. Deficit fund equity

Bridges, a non-major special revenue fund and closed out the year with a cash deficit of \$367,353 (violating K.S.A. 10-1113 and 10-1121) and a fund deficit of \$459,217. The City anticipates funding such deficits through the issuance of debt in subsequent accounting periods, when the construction projects are completed and the associated assets are capitalized.

Streets and Trafficways, considered a major special revenue fund and closed out the year with a fund deficit of \$4,779,284. The City anticipates funding such deficits through the issuance of debt in subsequent accounting periods, when the construction projects are completed and the associated assets are capitalized.

Sanitary Sewers and Water Mains is considered a non-major special revenue fund and closed out the year with a cash deficit of \$315,192 (violating K.S.A. 10-1113 and 10-1121) and a fund deficit of \$3,799,248. The City anticipates funding such deficits through the issuance of debt in subsequent accounting periods, when the construction projects are completed and the associated assets are capitalized.

The Public Golf Course Fund ended 2008 with a deficit in cash of \$635,165 (violating K.S.A. 10-1113 and 10-1121) and a deficit net assets of \$367,372. The Golf Course just finished a five year contract for course maintenance and has entered into a new contract to have the golf course run by an outside party. There were slight increases in revenues, but cash went down by \$207,841. Management made the decision to place the golf course under the Parks and Recreation fund in 2009.

## IV. Detailed notes on all funds

**A. Deposits and investments** At December 31, 2008, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
State Treasurer's Municipal Investment Pool	\$ 21,907,579	0.028
U.S. government and agency securities	<u>42,977,390</u>	4.174
Total fair value of investments	<u>\$ 64,884,969</u>	
Weighted average maturity of portfolio		<u>4.203 years</u>

*Interest rate risk*—In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months, not including the investments held in accordance with specific bond covenants.

*Credit risk*—Kansas state law (K.S.A. 10-301 and K.S.A. 12-1675 to 12-1677) specifies the types of investments in which a municipality may invest. State law also provides for investment of City funds in the Municipal Investment Pool (MIP) within the State Treasury. At December 31, 2008, the City's investment in the MIP and Federal Home Loan Bank was rated AAf/S1+ and AAA by Standard & Poor's, respectively.

*Concentration of credit risk*—The City's Investment Policy limits investment of idle funds to 30% with any single financial institution, except for investments in U.S. Treasury or Agency obligations. Investments are made in consideration of safety, liquidity, rate of return, and diversification.

*Custodial credit risk on deposits*—In the case of deposits of cash and cash equivalents, custodial credit risk is the risk that in the event of failure of a financial institution, the City's deposits may not be returned. State law (K.S.A. 9-1402) mandates that a bank must pledge collateral equal to 100% of the market value of the City's deposits, using those types of collateral allowed by the law. At December 31, 2008, the City had deposits totaling \$11,475,487 in financial institutions, with collateral assets pledged to the City by the institutions having a fair market value of \$20,270,420.

**Notes to the Financial Statements (continued)**

State law (K.S.A. 12-1675 to 12-1677) allows monies not otherwise regulated by statute, to be invested in the following types of securities:

1. Temporary notes of the City of Topeka;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than two years;
3. Repurchase agreements with commercial banks and state or federally chartered savings and loan associations, which have offices located in Topeka;

**A. Deposits and investments (continued)**

4. United States Treasury bills or notes with maturities not exceeding two years;
5. U.S. Government Agency securities with a maturity of not more than two years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the Kansas State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Topeka.

State law (K.S.A. 10-131) allows investment of proceeds of bonds and temporary notes in the following instruments, in addition to those listed above:

1. U.S. Government and Agency obligations;
2. Time deposits with banks and trust companies located in Shawnee County;
3. FNMA, FHLB and FHLMC obligations;
4. Collateralized repurchase agreements;
5. Investment agreements with financial institutions including brokers/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's;
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC;
7. Certain Kansas municipal bonds.

The City has a formal Investment Policy that adheres to Kansas State Statutes.

**B. Receivables**

Receivables at year-end for the government's individual major funds and non-major and internal service funds in the aggregate, including any related allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>Parks and Recreation</b>	<b>Special Street Repairs</b>	<b>Debt Service</b>	<b>Business-type Activities</b>	<b>Non-major and Other Funds</b>	<b>Total</b>
<b>Receivables:</b>							
Taxes	\$ 16,337	\$ 6,027	\$ 804	\$ 14,131	\$ -	\$ 3,644	\$ 40,944
Accounts	121	-	\$ 38	-	9,855	369	10,383
Notes	-	-	-	-	-	24	24
Sp. assessments	-	-	-	24,171	-	-	24,171
Intergovernmental	77	-	-	-	-	319	395
Component Unit	-	-	-	-	-	4,860	4,860
<b>Gross receivables</b>	<b>\$ 16,535</b>	<b>\$ 6,027</b>	<b>\$ 842</b>	<b>\$ 38,302</b>	<b>\$ 9,855</b>	<b>\$ 9,216</b>	<b>\$ 80,777</b>

*(Amounts Expressed in Thousands)*

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

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**Notes to the Financial Statements (continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
<b><u>Current Property Taxes Receivable:</u></b>	
General Fund	11,698,483
Debt service fund	12,860,840
Parks & Recreation Fund	5,453,866
Other, non-major funds	2,833,742
<b><u>Special Assessments, Debt Service Fund:</u></b>	
Not yet due	24,170,513
<b><u>Motor Vehicle <i>ad valorem</i> Taxes Receivable:</u></b>	
General Fund	1,270,225
Debt service fund	1,270,000
Parks & Recreation Fund	573,182
Other, non-major funds	269,070
<b>Grants, other, non-major funds</b>	691,323
<b>Total deferred revenue for governmental funds</b>	<u><u>\$ 61,091,244</u></u>

Depreciation expense was charged to activities as follows:

<b>Governmental activities:</b>	
General Government	\$ 464,979
Public Safety	1,624,935
Public Works	26,083,765
Parks and Recreation	1,259,185
Internal Service	431,914
<b>Total depreciation expense - Governmental</b>	<u><u>\$ 29,864,778</u></u>
<b>Business-type activities:</b>	
Parking Garages	\$ 716,543
Water, WPC, & Stormwater Utility	11,402,177
Other business-type activities	48,855
<b>Total depreciation expense - Business-type</b>	<u><u>\$ 12,167,575</u></u>

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**Notes to the Financial Statements (continued)**

**Construction commitments**

The City had open, active construction projects on December 31, 2008. The projects include bridge repairs, building and facility updates, repairs of existing streets and traffic signals, new zoo exhibits and facilities, bike trails, water mains, and the construction of additional wastewater facilities. At year-end, the City's open project expenditures and remaining commitments with contractors, by category were as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
General Government	\$ 4,883,481	\$ 2,468,769
Public Safety - Fire	962,214	444,026
Public Safety - Police	800,000	91,075
Public Works - Administration	32	397,043
Public Works - Traffic	8,439,736	8,468,516
Public Works - Transportation	25,878,635	18,743,780
Public Works - Bridges	31,414,302	6,430,470
Parks and Recreation	3,756,206	3,845,449
<b>Total</b>	<u>\$ 76,134,606</u>	<u>\$ 40,889,128</u>

In order to fund some of the expenditures above, the City has issued \$16,350,000 worth of temporary notes, which will be paid off in November 2009. See a complete listing of projects on the *Schedule of Temporary Notes* on page 137.

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**Notes to the Financial Statements (continued)**

**C. Capital assets**

Capital asset activity for the year ended December 31, 2008, including Internal Service Funds, was as follows:

**Primary Government**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
Non-depreciable capital assets:				
Land	\$ 6,319,861	\$ -	\$ -	\$ 6,319,861
Construction in progress	95,718,690	22,045,245	(41,629,329)	76,134,606
Total non-depreciable capital assets	<u>102,038,551</u>	<u>22,045,245</u>	<u>(41,629,329)</u>	<u>82,454,467</u>
Depreciable capital assets:				
Buildings, improvements, infrastructure	878,907,762	41,140,203	-	920,047,965
Furniture and fixtures	6,961,604	138,954	-	7,100,558
Vehicles	17,734,438	645,326	(1,807,092)	16,572,672
Machinery and equipment	7,475,725	216,497	(77,491)	7,614,731
Total depreciable capital assets	<u>911,079,529</u>	<u>42,140,980</u>	<u>(1,884,583)</u>	<u>951,335,926</u>
Less accumulated depreciation for:				
Buildings, improvements, infrastructure	(520,840,683)	(27,311,272)	(387,317)	(548,539,272)
Furniture and fixtures	(5,404,413)	(721,354)	-	(6,125,767)
Vehicles	(13,035,129)	(1,302,710)	1,300,842	(13,036,997)
Machinery and equipment	(4,066,423)	(529,442)	36,118	(4,559,747)
Less accumulated depreciation	<u>(543,346,648)</u>	<u>(29,864,778)</u>	<u>949,643</u>	<u>(572,261,783)</u>
Depreciable capital assets, net of accumulated depreciation	<u>367,732,881</u>	<u>12,276,202</u>	<u>(934,940)</u>	<u>379,074,143</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 469,771,432</u>	<u>\$ 34,321,447</u>	<u>\$ (42,564,269)</u>	<u>\$ 461,528,610</u>
	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-type activities:</b>				
Non-depreciable capital assets:				
Land	\$ 1,595,573	\$ -	\$ -	\$ 1,595,573
Construction in progress	33,323,100	13,556,790	(19,780,341)	27,099,549
Total non-depreciable capital assets	<u>34,918,673</u>	<u>13,556,790</u>	<u>(19,780,341)</u>	<u>28,695,122</u>
Depreciable capital assets:				
Buildings and improvements	464,497,388	21,942,577	-	486,439,965
Furniture and fixtures	928,932	1,300	-	930,232
Vehicles	6,572,153	522,961	(295,055)	6,800,059
Machinery and equipment	4,758,160	111,742	(4,100)	4,865,802
Total depreciable capital assets:	<u>476,756,633</u>	<u>22,578,580</u>	<u>(299,155)</u>	<u>499,036,058</u>
Less accumulated depreciation for:				
Buildings and Improvements	(128,109,147)	(11,514,267)	-	(139,623,414)
Furniture and Fixtures	(822,804)	(48,823)	-	(871,627)
Vehicles	(5,262,389)	(447,870)	267,205	(5,443,054)
Machinery and Equipment	(3,781,052)	(156,615)	4,100	(3,933,567)
Less accumulated depreciation	<u>(137,975,392)</u>	<u>(12,167,575)</u>	<u>271,305</u>	<u>(149,871,662)</u>
Depreciable capital assets, net of accumulated depreciation	<u>338,781,241</u>	<u>10,411,005</u>	<u>(27,850)</u>	<u>349,164,396</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 373,699,914</u>	<u>\$ 23,967,795</u>	<u>\$ (19,808,191)</u>	<u>\$ 377,859,518</u>

**Notes to the Financial Statements (continued)**

**D. Interfund receivables and transfers**

The composition of interfund balances as of December 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Undistributed Investment Earnings	Distribute investment interest	\$ 12,296
General	Golf Course	Operating Subsidy	635,165
General	Sanitary Sewers and Water Mains	Operating Subsidy	315,192
General	Water Utility	Operating Subsidy	3,296,822
General	Bridges	Operating Subsidy	367,353
Debt Service	Undistributed Investment Earnings	Distribute investment interest	502
<b>Total Governmental Funds</b>			<b>4,627,330</b>
Public Parking Facilities	Undistributed Investment Earnings	Distribute investment interest	687
Water, WPC, & Stormwater Utility	Undistributed Investment Earnings	Distribute investment interest	194,934
<b>Total Proprietary Funds: Business-Type</b>			<b>195,621</b>
Employee Health Insurance	Undistributed Investment Earnings	Distribute investment interest	2,907
Self-Insurance	Undistributed Investment Earnings	Distribute investment interest	728
Risk Management	Undistributed Investment Earnings	Distribute investment interest	641
<b>Total Proprietary Funds: Governmental-Internal Service Funds</b>			<b>4,276</b>
<b>Grand Total</b>			<b>\$ 4,827,227</b>

The outstanding balances between funds result mainly from the time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund transfers:**

	<u>Transfer In:</u>					<u>Total Transfers out</u>
	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Debt Service Fund</u>	<u>Streets and Trafficways</u>	<u>Non-major Governmental</u>	
<b>Transfer out:</b>						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Special Street Repairs	-	-	-	5,118	-	5,118
Bridges	-	-	24,059	-	-	24,059
Streets and Trafficways	-	-	(4,948)	-	-	(4,948)
Nonmajor Governmental	60,000	145,000	3,395,083	2,643,139	813,923	7,057,145
<b>Total transfers in</b>	<b>\$ 60,000</b>	<b>\$ 145,000</b>	<b>\$ 3,414,194</b>	<b>\$ 2,648,257</b>	<b>\$ 1,013,923</b>	<b>\$ 7,281,374</b>

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**Notes to the Financial Statements (continued)**

**Transfers in consisted of the following:**

General Fund received from Transient Guest Tax for operating expenses	\$ 60,000
General Improvement Fund received from Park Improvement Fund for closed projects	1,990
Parks and Recreation received from Transient Guest Tax for operating expenses	145,000
Zoo received from Transient Guest Tax for operating expenses	55,000
Transient Guest Tax received from bridge repair	10,509
Unsafe Structures received from the General Fund for demolitions	200,000
Historic Asset Tourism received from Transient Guest Tax	106,159
Debt Service received from JEDO Sales Tax	3,261,980
Debt Service received from Capital Projects for closed projects	152,214
Capital Projects received from Transient Guest Tax for renovation of train station	199,715
Capital Projects received from General Improvement Fund for facility improvements	230,000
Capital Projects received from General Improvement Fund for public safety vehicles	182,150
Capital Projects received from General Improvement Fund for sidewalks	25,000
Capital Projects received from Special Street Repair	5,119
Capital Projects received from 1/2 % sales tax for street projects	2,646,538
	<u><u>\$ 7,281,374</u></u>

**E. Leases**

Operating Leases

The City has operating leases for computers and golf carts. The expenditures for these operating leases for the year ended December 31, 2008, were \$569,813. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 367,935
2010	13,296
2011	-
2012 and thereafter	-
<b>Total</b>	<u><u>\$ 381,231</u></u>

Capital Leases

The City has entered into capital lease agreements, as lessee, for financing the acquisition of a storage area network, software and server equipment, telecommunications equipment, fire equipment, and an enterprise resource planning software. The enterprise resource planning lease was signed in 2007, but possession did not occur in 2008 due to some legal issues. Therefore the asset table below does not reflect the value of this asset. These capital leases have been recorded at the present value of their future minimum lease payments as of the inception date, in accordance with generally accepted accounting principles.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities - Internal Service &amp; Other Gov Funds</u>	<u>Business Activities - Enterprise Funds</u>
Asset information:		
Machinery and equipment	\$ 1,639,418	\$ -
Less accumulated depreciation	(1,156,546)	-
<b>Total</b>	<u><u>\$ 482,872</u></u>	<u><u>\$ -</u></u>

**Notes to the Financial Statements (continued)**

There are currently no capital leases attributable to business-type activities.. The future minimum lease obligations for governmental activities, and the net present value of these minimum lease payments at December 31, 2008, were as follows:

<b>Year Ending December 31</b>	<b>Governmental Activities - Internal Service &amp; Other Gov Funds</b>
2009	\$ 257,304
2010	257,304
2011	158,298
2012	65,956
2013	-
2014 and thereafter	-
Total minimum lease payments	<u>738,862</u>
Less: amount representing interest	<u>(58,602)</u>
Net present value of minimum lease payments	<u><u>\$ 680,260</u></u>

The City also entered into a capital lease for a police helicopter, but early in 2008 found the contract to be void. Neither of the above tables include amounts for this lease.

**F. Long-term debt**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction or improvement of major capital assets. General obligation bonds have been issued for both governmental and business-type activities. The principal amount of general obligation bonds outstanding at January 1, 2008, was \$153,840,000. During the year, general obligation bonds totaling \$10,650,000 were retired, \$4,510,000 were refunded, and \$24,570,000 of general obligation bonds were issued, bringing the December 31, 2008, outstanding balance to \$163,250,000.

General obligation bonds are direct obligations of the government, and the full faith and credit of the City are pledged to their repayment. These bonds generally are issued as 20-year serial bonds with nearly level debt service payments due each year. General obligation bonds currently outstanding, by purpose and type, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.70 - 5.60%	\$ 89,749,890
Governmental activities – refunding	1.80 - 5.60%	60,095,110
Business-type activities	4.00 - 5.13%	<u>13,405,000</u>
		<u><u>\$163,250,000</u></u>

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 9,925,000	\$ 6,578,385
2010	10,275,000	6,492,148
2011	11,090,000	6,136,930
2012	12,340,000	5,690,348
2013	12,625,000	5,218,066
2014-2018	44,755,000	19,556,981
2019-2023	32,630,000	11,608,770
2024-2036	29,610,000	5,772,426
<b>Total</b>	<u><u>\$163,250,000</u></u>	<u><u>\$67,054,054</u></u>

**Notes to the Financial Statements (continued)**

Revenue bonds

The City also issues revenue bonds. The City pledges income derived from the fees and charges to users of the related assets to pay debt service on revenue bonds. The principal amount of revenue bonds outstanding at January 1, 2008, was \$119,140,000. In 2008, the City did not issue revenue bonds while \$1,885,000 of revenue bonds were retired. Revenue bonds outstanding at year-end are \$117,255,000, as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water, Water Pollution Control & Stormwater	2.00 - 7.50%	\$117,255,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending December 31 *</u>	<u>Principal</u>	<u>Interest</u>
2009	\$1,980,000	\$5,319,718
2010	2,050,000	5,219,517
2011	2,105,000	5,115,918
2012	2,175,000	5,009,417
2013	2,275,000	4,922,468
2014-2018	20,370,000	22,365,207
2019-2023	25,795,000	17,511,500
2024-2038	60,505,000	14,817,575
<b>Total</b>	<b>\$117,255,000</b>	<b>\$80,281,320</b>

\* See note V. section C regarding subsequent events

Advance and current refundings

**General Obligation Bonds** – On October 29, 2008, the City issued its General Obligation Improvement and Refunding Bonds, Series 2008-A in the principal amount of \$24,570,000. Of that total, \$4,530,110 currently refunded the City's Series 2001-B General Obligation Improvement and Refunding Bonds and a portion of the City's Series 2003-B General Obligation Refunding Bonds debt service for the years 2009 and 2011. The interest rates on the bonds range from 3.50% to 5.60% and the final maturity date is August 15, 2030. The refunding was for restructuring debt, rather than for economic savings. The City realized a net present value loss of \$115,620

**Revenue Bonds** – No refunding revenue bonds were issued in 2008.

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**Notes to the Financial Statements (continued)**

Changes in long-term liabilities

The following paragraphs are a summary of long-term liability activity for 2008.

	<b>Balance 12/31/07</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/08</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 140,160,000	\$ 24,570,000	\$ (14,885,000)	\$ 149,845,000	\$ 6,670,000
Tax increment and other bonds	44,665,000	-	(2,315,000)	42,350,000	2,970,000
Capital leases	896,518	-	(216,258)	680,260	227,061
OPEB liability	652,915	1,625,358	(365,894)	1,912,379	-
Compensated absences	3,873,565	433,936	(36,999)	4,270,502	4,270,501
Governmental activity					
<b>Long-term liabilities</b>	<b>\$ 190,247,998</b>	<b>\$ 26,629,294</b>	<b>\$ (17,819,151)</b>	<b>\$ 199,058,141</b>	<b>\$ 14,137,562</b>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	13,680,000	-	(275,000)	13,405,000	285,000
Revenue bonds	119,140,000	-	(1,885,000)	117,255,000	1,980,000
Less deferred amounts:					
For issuance prem/discounts	1,435,866	62,963	(106,444)	1,392,385	-
Cost of issuance amortized	(1,628,471)	64,153	-	(1,564,318)	-
Defer. gain(loss) bond redemp	(576,008)	43,608	(11,944)	(544,344)	-
Total bonds payable	132,051,387	170,724	(2,278,388)	129,943,723	2,265,000
State revolving loan	93,762,685	3,139,574	(6,291,274)	90,610,985	5,926,246
Other liabilities	-	440,000	-	440,000	-
OPEB liability	-	18,622	-	18,622	-
Compensated absences	515,172	4,053	(13,780)	505,445	505,445
Business-type activity					
<b>Long-term liabilities</b>	<b>\$ 226,329,244</b>	<b>\$ 3,772,973</b>	<b>\$ (8,583,442)</b>	<b>\$ 221,518,775</b>	<b>\$ 8,696,691</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included in the preceding table, as part of the totals for *governmental activities*. At year-end, there were no general obligation bonds, \$116,544 of the compensated absences, and \$489,444 of capital leases are attributable to internal service funds. For the governmental activities, compensated absences are generally liquidated by the general fund.

With the issuance of GASB 45, the City has determined a liability for the governmental funds of \$1,912,379. Of the amount \$277,476 is attributable to the general government and \$1,634,903 for public safety.

The government-wide statement of net assets includes \$1,980,000 of the long-term liabilities due within one year for *business-type activities* in current *liabilities payable from restricted assets*. The remaining amount of \$115,275,000 is categorized as *non-current liabilities, due in more than one year* on that same statement.

The City has issued revenue bonds and has also entered into long-term agreements with the Kansas Department of Health and Environment for loans from its Water Pollution Control and Public Water Supply State Revolving Loan Funds. Proceeds from both types of long-term debt are used to finance the City's water, water pollution control, and stormwater utilities, which are responsible for all phases of operation and maintenance of the City's public water supply, wastewater treatment, and stormwater activities. The water, water pollution control, and stormwater debt transactions are reported in separate funds for internal accounting purposes. However, the revenue generated by the Combined Water, Water Pollution Control, and Stormwater Utility Fund is pledged in loan agreements and in bond covenants for repayment of debt.

At January 1, 2008, the City owed \$72,535,217 to the Kansas Water Pollution Control State Revolving Loan Fund (WPC-SRF); during the year, the City borrowed an additional \$2,050,643, from

## Notes to the Financial Statements (continued)

the WPC-SRF and repaid loan principal of \$5,107,312. The total balance owed for the WPC-SRF at December 31, 2008, was \$69,478,548.

At January 1, 2008, the City owed \$21,227,468 to the Kansas Public Water Supply State Revolving Loan Fund (PWS-SRF); during the year, the City borrowed an additional \$1,088,931 from PWS-SRF and repaid loan principal of \$1,183,963. The total balance owed for the WPS-SRF at December 31, 2007 was \$21,132,436.

The City has entered into agreements to receive loans up to \$121,124,667 from WPC-SRF and up to \$24,019,966 from PWS-SRF. The City's procedure was to back the SRF loans through bond insurance instead of full faith and credit of the City. At this point with the upheaval in the bond insurance market the City has not been able to find a bond insurer that meets the State's requirements to back any further loans. Currently the City is not willing to change its policy regarding the use of full faith and credit of the City for SRF loans.

### G. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Bond reserve - Water	\$ 5,358,883
Bond reserve - Water Pollution Control	2,080,176
Bond reserve - Stormwater	880,561
Renewal & replacement - Water	1,500,000
Construction proceeds - Water	1,871,285
Construction proceeds - Water Pollution Control	1,992,331
Construction proceeds - Parking	371,569
Sinking fund - Water	1,831,625
Sinking fund - Water Pollution Control	1,054,573
Sinking fund - Stormwater	356,505
Water consumer deposits - Water	525,009
Water consumer deposits flushing meters - Water	77,277
Internal restriction principal on SRF loans – Water	571,370
Internal restriction principal on SRF loans – Water Pollution Control	442,472
Deposits with fiscal agent - Water	2,313,159
Deposits with fiscal agent - Water Pollution Control	6,380,678
<b>Total restricted assets</b>	<b><u><u>\$ 27,607,473</u></u></b>

### H. Short-term Debt – Tax Anticipation Notes

The City issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its capital improvement funds. These notes are necessary because the City receives the biggest part of its mill levy twice each year – January and July.

Short-term debt activity for the year ended December 31, 2008, was as follows (amounts in 000s):

	Beginning <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	Ending <u>Balance</u>
Tax anticipation notes	\$9,200	\$16,350	\$9,200	\$16,350

## V. Other information

### A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Under the Kansas Tort Claims Act, K.S.A. 75-6105, general liability claims against the City are limited within the scope of the act to \$500,000. The City self-insures for general liability claims up to this statutory dollar limit.

## Notes to the Financial Statements (continued)

The City purchases commercial insurance coverage for physical damage to City property. For each of the past three years, settlements have not exceeded coverage.

The City is also self-insured for several other categories of potential loss. As part of its self-insurance program, the City has established internal self-insurance funds for employee health insurance, workers' compensation, and unemployment compensation (jointly, the internal self-insurance funds). There has been no significant reduction in commercial or self-insurance coverage from the prior year.

The internal self-insurance funds accrue the required amounts for the payment of anticipated claims by imposing rate charges to various City departments. Rates are based on historical and expected future expenses. These rate charges are reported as expenditures in the applicable funds. Risks attributable to the workers' compensation self-insurance fund have excess reinsurance coverage. The health self-insurance fund has catastrophic stop-loss reinsurance for all claims, except those for prescription drugs, to help protect the City against extraordinary losses.

A reconciliation of changes in liabilities for claims, including claims incurred but not reported, for the past two years follows:

	2008	2007
Claims liabilities at beginning of the year	\$ 2,765,798	\$ 2,538,978
Claims incurred during the year	9,092,626	7,191,179
Claims paid during the year	(9,656,967)	(6,964,359)
Claims liabilities at end of the year	<u>\$ 2,201,457</u>	<u>\$ 2,765,798</u>

### B. Related party transactions

There were no significant related party transactions in 2008.

### C. Subsequent events

On April 7, 2009 the voters passed Charter Ordinance No 98. This ordinance allows the Mayor to vote on any legislation for which state law requires adoption by a majority or such other greater vote of the governing body. It also took away his veto power on any legislation on which he is entitled to vote. The ordinance also gave the Council the right to override a Mayoral veto on any council legislation whether by resolution or ordinance by a two-third (2/3) vote of the entire council that number being six (6).

On September 21, 2007 the City executed contract number 37729, with Municipal Service Group for the lease purchase of an Enterprise Resource Planning Software System in the amount of \$3,857,239. This purchase was authorized by the City Council on August 28, 2007. Due to concerns of Kansas Cash Basis violations a revised contract was approved on April 1, 2008 by the Council in Resolution 8051. The Mayor vetoed the resolution on April 4, 2008. The Council overrode the veto on April 15, 2008 on a 7-2 vote. The District Court found that the lease agreement did not meet Kansas Cash Basis requirements. The lease agreement was void. On June 9, 2009 the City Council by a vote of 6 to 4 of the governing body voted to approve a new lease agreement dating back to the original date.

### D. Contingent liabilities

On December 4, 2007, five members of the City Council authorized a lease purchase agreement with Municipal Service Group in the amount of \$820,372 to purchase a police helicopter. Contract 37914 was entered into on December 6, 2007. The lease payments were to extend over 5 years. On May 20, 2008 the City Council passed resolution 8064 stating that "Contract 37914 is void and of no legal effect pursuant to K.S.A. 10-1119. It is subject to the pending suit brought by Comerica Leasing.

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service

## Notes to the Financial Statements (continued)

the debt repayment of the related bonds. The bonds and related interest costs are payable solely from lessee rentals and do not constitute general liabilities of the City.

The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. Industrial revenue bonds outstanding at December 31, 2008, totaled \$67,626,162.

Costs to complete construction contracts to which the City was committed at December 31, 2008 are estimated at \$40,889,128 for the governmental funds and \$24,905,036 for Enterprise Funds.

The City is party to various claims, legal actions, and complaints arising in the ordinary course of business. The City has insurance that covers some claims, up to statutory limits, and has set aside money in a special liability fund for payment of non-insured settlements and judgments.

### E. Jointly governed organizations

The Topeka-Shawnee County Landmarks Commission, comprised of nine members, is jointly governed by the City and Shawnee County. The Topeka City Council appoints five members of the Commission, and four are appointed by the Shawnee County Commission. The Landmarks Commission is responsible to advise the city council or county commissioners on historic resources and to safeguard the architectural and cultural heritage of the community through the preservation of historic landmarks and historic districts. The Landmarks Commission may carry out these duties through the identification, documentation and designation of historic resources; development and implementation of a historic preservation plan; administration of ordinances/resolutions governing the designation, alteration and removal of historic resources; assistance with educational programs, economic development and tourism, and coordination of public and private historic preservation activities. The Landmarks Commission is an advisory entity with no financial activity.

On December 9, 2004, Shawnee County and the City entered into an interlocal agreement, pursuant to the provisions of *K.S.A. 12 2901 et seq.*, as amended. Pursuant to the terms of the interlocal agreement the County and the City agreed to continue the Joint Economic Development Organization (the "JEDO"), a separate legal entity, created by the County and the City in 2001, to provide the economic development program for the County and the City.

The JEDO is comprised of a seven (7)-member board, which includes three County Commissioners, the Mayor and Deputy Mayor of the City, and two City Council members. The Chair of the JEDO rotates between the County and the City on a yearly basis. Under the terms of the interlocal agreement, the JEDO must remain in existence during the term of the one-half of one percent countywide sales tax approved by the voters to be imposed from January 1, 2005, through December 31, 2015, plus one year. The revenues derived from the sales tax are deposited with the JEDO, which administers the monies as directed by the vote and under the terms of the interlocal agreement. An annual audit of the JEDO is required to be provided to the City and the County and filed with the City Clerk, the County Clerk and at the Topeka-Shawnee County Public Library. The JEDO is considered a component unit of the City as explained in *Note A* on page 43.

### F. Other post employment benefits

Other Post Employment Retirement Benefits (GASB 45) reporting requirements became effective for the City of Topeka on December 15, 2007.

**Plan Description** The City of Topeka's health insurance plan is self insured by the City. The City of Topeka has a single employer plan for retirees' health insurance benefit. The benefit plan is authorized by Personnel Code Article III, Section 4 Group Insurance B and K.S.A. 12-5040. Retirees have the option to continue with the city plan and pay the monthly premium. However once the retiree drops the coverage they forfeit their right to future coverage. The City offers major medical health insurance, dental coverage and prescription coverage.

**Notes to the Financial Statements (continued)**

**Funding Policy** The current plan is financed on a pay as you go basis. The retirees pay the same premium established for active employees. In 2008 the City had 258 retirees, contributing \$1,356,306. The total cost of health insurance claims and administrative costs for retirees was \$1,772,169. Resulting in the City supplementing the retirees health insurance plan by \$415,863 for 2008. See the chart below for costs paid by employees and retirees on a monthly basis.

	Employees Base Plan	Employees Buy-up Plan	Retirees Base Plan	Employees Buy-up Plan
Single	\$ -	\$ 34.67	\$ 336.00	\$ 368.00
With Children	179.83	247.00	572.00	681.00
With Spouse	247.00	331.50	646.00	770.00
Family	405.17	535.17	809.00	978.00

**Annual OPEB Cost and Net OPEB Obligation** The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), 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 thirty years. This number was established by an independent actuarial study done by Milliman, Inc. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligations.

Annual required contribution	\$ 1,704,763
City's contribution to retiree's costs	(415,863)
Increase in net OPEB obligation	\$ 1,288,900
Net OPEB obligation - beginning of year	640,807
Net OPEB obligation - end of year	\$ 1,929,707

*Note: The beginning of 2008 was restated by \$140,126, due to discovery of additional retiree contributions*

**Funding Status and Funding Progress** The funded status of the plan as of December 31, 2008 , was as follows:

Actuarial accrued liability	\$ 1,929,707
Actual value of plan assets	-
Unfunded actuarial accrued liability	\$ 1,929,707
Funded ratio	0%
Covered payroll (active members)	\$ 63,252,144
Unfunded accrued liability as Percentage of covered payroll	3.05%

**Actuarial Methods and Assumptions** The cost of the plan is derived by making certain specific assumptions as to the rate of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true cost of the Plan. The City used the following assumptions in their valuation:

**Method Used:** Unit Credit Actuarial Cost Method

**Interest Rate:** 3.21%

**Amortization Factor:** 25.36%

**Mortality Rate:** RP-2000 Mortality Table for Healthy Annuitants and Employees for Males and Females with generational projection, ages set forward one year.

**Withdrawal Rates:** Used City past history to establish rates

**Retirement Rates:** Used City past history to establish rates

**Marriage and Family Assumptions:** 45% of KP&F members and 40% of KPERS members will have spouses that will elect coverage.

## Notes to the Financial Statements (continued)

**Price Inflation:** 3.5%

**Payroll Growth:** 4.0% per year

**Health Care Cost Trend Rate:** Medical – 7% avg; Drug-9% avg; Dental – 4.5% avg; other expenses 4.5 avg

**Participation Rate:** 65% of KP&F members and 50% of KPERS members

### G. Employee retirement systems and pension plans

In 2004, the City entered into an agreement with ING Group to be the exclusive third-party provider under the City's *Internal Revenue Code Section 457* (deferred compensation) plan. Costs of the Section 457 Plan are borne by the participants. The deferred compensation plan administered by ING, which is available to all benefit eligible employees, permits employees to defer taxes on the portion of their salary designated for deposit with the third-party provider until future years. The deferred compensation is not subsequently available to employees until the occurrence of a defined "qualifying event," which includes separation from employment, retirement, death, or certain unforeseeable emergencies.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights "are held in trust for the exclusive benefit of [employee] participants and their beneficiaries". The City, which does not have access to those properties or rights, provides neither administrative services to nor investment advice for the plan, and therefore does not include the balances and activities of the plan in the City's financial statements.

The City of Topeka participates in the Kansas Public Employees Retirement System (KPERS) and in the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer, defined benefit pension plan, as defined by Federal regulations. As provided by K.S.A. 74-4901, *et seq.*, KPERS and KP&F provide retirement benefits, term life insurance, disability income benefits, and death benefits. Kansas state law establishes and amends all KPERS and KP&F benefit provisions. KPERS and KP&F issue a publicly available, combined, annual financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS, 611 S Kansas Avenue, Suite 100, Topeka, Kansas, 66603-3925, or by calling 1-800-228-0366.

Currently, K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary, and K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually, based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limit on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2008 was 4.93%. The City of Topeka employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were \$1,400,337, \$1,217,923, and \$1,044,241 respectively, equal to the statutorily required contributions for each year.

Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. Including such past service costs' amortization, the City's KP&F uniform participating employer rate for calendar year 2008 was 13.88%. The City's employer contributions to KP&F for the years ending December 31, 2008, 2007, and 2006 were \$4,268,558, \$4,079,863, and \$3,551,539, respectively, equal to the statutorily required contributions for each year.

### H. Accounting Changes

The City of Topeka came under a new accounting and auditing standard in 2007. The new auditing standard dealt with documentation of internal controls. Basically, the governmental sector is being pushed towards coming into compliance with Sarbanes-Oxley standards. This will mean more documentation, auditing and testing of internal controls. While the City does have an extensive internal control system we do not have the documentation required to meet the new auditing

**Notes to the Financial Statements (continued)**

standard. Our goal is to prepare the required documentation of our internal control system for our new Lawson Enterprise Resource System instead of spending valuable staff time to document the current system. Since the Lawson System is not scheduled to be fully implemented until December 2010, we will not be able to meet this new standard until then.

**City of Topeka, Kansas**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**  
**For the Retirees Health Plan**

**Municipal Retired Employees Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of overed Payroll
12/31/2007	\$ -	\$ 318,447	\$ 59,349	0.00%	\$ 18,416,920	0.32%
12/31/2008	\$ -	\$ 631,675	\$ 277,476	0.00%	\$ 18,850,332	1.47%

**Fire and Police Retired Employees Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of covered Payroll
12/31/2007	\$ -	\$ 1,228,812	\$ 695,742	0.00%	\$ 32,513,817	2.14%
12/31/2008	\$ -	\$ 2,438,766	\$ 1,634,903	0.00%	\$ 33,646,190	4.86%

**Enterprise Funds Retired Employees Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of overed Payroll
12/31/2007	\$ -	\$ 179,942	\$ (114,284)	0.00%	\$ 11,609,446	-0.98%
12/31/2008	\$ -	\$ 361,523	\$ 17,328	0.00%	\$ 10,755,622	0.16%

*Note: 2007 unfunded actuarial accrued liability was updated due to discovery of additional retiree contributions, which in turn reduced allowable deduction from unfunded liability.*

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# Nonmajor Governmental Funds

## Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

National Council on Governmental Accounting,  
Statement 1, Principle 3,  
Governmental Accounting, Auditing, and Financial Reporting

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Downtown Business Improvement District	Topeka Ordinance #15701	Accounts for assessments levied against property owners and tenants within the downtown business improvement district to provide for improvements and promotion of the downtown business area.
Special Alcohol Program	K.S.A. 79-41a04	Accountability and use of one-third of City's distributable portion of special tax on sales of alcoholic beverages in private clubs. The resources of this fund may be used only for services or programs for prevention, education, or treatment of alcohol or drug abuse.
General Improvement	Topeka Charter Ordinance #7	Controls and accounts for the proceeds of a property tax levy which is authorized to permit the City to pay cash in lieu of issuing bonds to pay the cost of public improvements.
Special Liability Expense	K.S.A. 75-6110	Provides resources from a property tax levy to pay costs of defending the City and its officers and employees against tort or civil rights claims, and to pay judgments or settlements resulting from such claims.
Zoo Improvement	Administrative City Code 2-328	Accounts for revenues set aside from zoo admissions. The funds are used for capital improvements at the zoo.
Zoo	Administrative K.S.A. 12-1301	Administers the maintenance and operation of the City's zoological park. Accounts for revenues received from zoo admissions and concessions.
Golf Improvement	City Code 2-333 Topeka Ordinance #17783	Accounts for seven percent of golf course revenues to be used for capital improvements for the city golf course.
Transient Guest Tax	K.S.A. 12-1697 Topeka Resolution #4045 Topeka Charter Ordinance #69	Accounts for revenues received from a transient guest tax imposed on hotel and motel room rentals. Used for promotion of conventions and tourism in Topeka.
Unsafe Structures Removal	K.S.A 12-1750 & K.S.A. 12-4758 Topeka Ordinance #16918	Accounts for resources and expenditures for repair, alteration, removal or demolishing those structures determined to be unfit for habitation or endangering health and safety of the public.

## Special Revenue Funds (Continued...)

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Retirement Reserve	Administrative Action	Provides funding for and absorbs those accrued sick leave, vacation, and other related costs of City employees upon their retirement.
KP & F Equalization	Administrative Action Topeka Ordinance #18269 & #18290	Provides funding for retirement of the KP & F liabilities and a reserve fund for any future excess contribution liabilities.
Neighborhood Revitalization	Administrative Action Topeka Ordinance #18222	Provides funding for the redevelopment of designated revitalization areas and dilapidated structures.
Historic Asset Preservation	Administrative Action Topeka Ordinance #17238	Provides funding for acquisition, rehabilitation and preservation of historic landmarks or historic resources located within the City.
1/2 % Sales Tax	City (# 34790)/County (C334-2004) Interlocal Agreement & Approved by Voters on 08-03-04	Provides funding for economic development and countywide infrastructure development.
Governmental and Miscellaneous Grants	Public Law 93-838 City Code Chapter 42 Various Grant Contracts	Accounts for the receipts and expenditures of proceeds provided by various governmental departments for Community Development Block Grant Programs, various other grants related to health and social service programs, and law enforcement programs. Other grants Included are miscellaneous grants from all sources to provide for things such as community clean up, recreational equipment and public safety.
Park Land Acquisition	Administrative Topeka Ordinance #17226/18065	Reserves funds transferred from City departments and contibuted by other entities for future land acquisitions for park improvements and developments.
Undistributed Investment Earnings	Administrative	Accounts for investment earnings on all pooled City funds before actual distribution to various recipient funds.
TCI/CEC	Administrative Contract with TCI Topeka Ordinance #16560	Receives and holds contributions by Topeka Cablevision Inc. for use in purchasing equipment for and operation of a public education and governmental access TV channel, run by City staff.
Police Equipment Fund	Topeka Ordinance #18726 - vetoed October 17, 2006      See Ordinance 18734	Funds transferred to General Fund in 2008 to clean out fund

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## **Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds.)

National Council on Governmental Accounting,  
Statement 1, Principle 3,  
Governmental Accounting, Auditing, and Financial Reporting

Capital Projects Funds are classified and grouped by the type of public improvement involved as follows:

- (1) Bridges
- (2) Public Buildings and Facilities
- (3) Sanitary Sewers & Water Mains
- (4) Streets and Trafficways (Major)
- (5) Park Improvements

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**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2008**  
 With comparative totals for December 31, 2007

	Special Revenue Funds							
	Downtown Improvement District	Special Alcohol Program	General Improvement	Special Liability Expense	Zoo Improvement	Zoo	Golf Improvement	Transient Guest Tax
<b>Assets</b>								
Cash and equity in Treasurer's Fund	\$ 26,372	\$ 481,274	\$ 482,025	\$ 726,478	\$ 6,934	\$ 334,315	\$ 57,003	\$ 340,783
Receivables (net of allowance for uncollectibles):								
Accounts receivable	5,924	-	-	-	-	-	-	-
General property taxes	-	-	948,334	509,346	-	1,645,132	-	541,034
Notes	-	-	-	-	-	-	-	-
Component unit	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	2,596	-	-
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and equity in Treasurer's Fund	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,296</b>	<b>\$ 481,274</b>	<b>\$ 1,430,359</b>	<b>\$ 1,235,824</b>	<b>\$ 6,934</b>	<b>\$ 1,982,043</b>	<b>\$ 57,003</b>	<b>\$ 881,817</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities:</b>								
Accounts and contracts payable	7,280	-	5,450	1,723	-	26,053	-	-
Salaries & wages payable	-	-	-	1,776	-	93,985	-	-
Accrued interest	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Temporary notes payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	948,334	509,346	-	1,645,132	-	-
<b>Total liabilities</b>	<b>7,280</b>	<b>-</b>	<b>953,784</b>	<b>512,845</b>	<b>-</b>	<b>1,765,170</b>	<b>-</b>	<b>-</b>
Fund Balances Reserved for:								
Encumbrances	-	49,493	78,995	30,106	-	-	-	354,577
Unreserved, reported in:								
Special Revenue Funds	25,016	431,781	397,580	692,873	6,934	216,873	57,003	527,240
Capital Projects Funds	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>25,016</b>	<b>481,274</b>	<b>476,575</b>	<b>722,979</b>	<b>6,934</b>	<b>216,873</b>	<b>57,003</b>	<b>881,817</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,296</b>	<b>\$ 481,274</b>	<b>\$ 1,430,359</b>	<b>\$ 1,235,824</b>	<b>\$ 6,934</b>	<b>\$ 1,982,043</b>	<b>\$ 57,003</b>	<b>\$ 881,817</b>

continued...

**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2008**  
 With comparative totals for December 31, 2007

...continued

	Unsafe Structure Removal	Retirement Reserve	KP & F Equalization	Neighborhood Revitalization	Historic Asset Preservation	1/2 % Sales Tax	Governmental & Miscellaneous Grants	Park Land Acquisition
<b>Assets</b>								
Cash and equity in Treasurer's Fund	\$ 269,373	\$ 747,843	\$ 1,444,853	\$ 61,840	\$ 265,416	\$ -	\$ 479,156	\$ 216,542
Receivables (net of allowance for uncollectibles):								
Accounts receivable	41,011	-	-	-	-	-	25,247	25,500
General property taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	24,322	-
Component unit	-	-	-	-	-	4,860,145	-	-
Prepaid costs	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	318,465	-
Restricted assets:								
Cash and equity in Treasurer's Fund	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 310,384</b>	<b>\$ 747,843</b>	<b>\$ 1,444,853</b>	<b>\$ 61,840</b>	<b>\$ 265,416</b>	<b>\$ 4,860,145</b>	<b>\$ 847,190</b>	<b>\$ 242,042</b>

**Liabilities and fund balances**

<b>Liabilities:</b>								
Accounts and contracts payable	-	-	-	-	-	-	107,549	-
Salaries & wages payable	-	5,290	-	-	-	-	48,318	-
Accrued interest	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Temporary notes payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	691,323	-
<b>Total liabilities</b>	<b>-</b>	<b>5,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>847,190</b>	<b>-</b>
Fund Balances								
Reserved for:								
Encumbrances	1,100	-	-	-	-	-	-	-
Unreserved, reported in:								
Special Revenue Funds	309,284	742,553	1,444,853	61,840	265,416	4,860,145	-	242,042
Capital Projects Funds	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>310,384</b>	<b>742,553</b>	<b>1,444,853</b>	<b>61,840</b>	<b>265,416</b>	<b>4,860,145</b>	<b>-</b>	<b>242,042</b>
<b>Total liabilities and fund balances</b>	<b>\$ 310,384</b>	<b>\$ 747,843</b>	<b>\$ 1,444,853</b>	<b>\$ 61,840</b>	<b>\$ 265,416</b>	<b>\$ 4,860,145</b>	<b>\$ 847,190</b>	<b>\$ 242,042</b>

continued...

**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2008**

With comparative totals for December 31, 2007

	Special Revenue Funds		Capital Project Funds					Totals	
	Investment Earnings	TCI/CEC	Police Equipment	Bridges	Public Buildings and Facilities	Sanitary Sewers & Water Mains	Park Improvements	2008	2007
<b>Assets</b>									
Cash and equity in Treasurer's Fund	\$ 2	\$ 1,503	\$ -	\$ -	\$ 3,711,000	\$ -	\$ 1,725,692	\$ 11,378,404	\$ 9,098,862
Receivables (net of allowance for uncollectibles)									
Accounts receivable	212,695	-	-	-	-	-	-	310,377	395,204
General property taxes	-	-	-	-	-	-	-	3,643,846	3,675,421
Notes	-	-	-	-	-	-	-	24,322	24,322
Component unit	-	-	-	-	-	-	-	4,860,145	6,549,671
Prepaid costs	-	-	-	-	-	-	-	2,596	2,596
Due from other governments	-	-	-	-	-	-	-	318,465	742,618
Restricted assets:									
Cash and equity in Treasurer's Fund	-	-	-	-	-	-	-	-	913,263
<b>Total assets</b>	<b>\$ 212,697</b>	<b>\$ 1,503</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,711,000</b>	<b>\$ -</b>	<b>\$ 1,725,692</b>	<b>\$ 20,538,155</b>	<b>\$ 21,401,957</b>
<b>Liabilities and fund balances</b>									
<b>Liabilities:</b>									
Accounts and contracts payable	2	-	-	91,864	288,757	20,289	40,078	589,045	583,693
Salaries & wages payable	-	-	-	-	-	-	-	149,369	143,848
Accrued interest	-	-	-	-	-	27,064	-	27,064	7,455
Due to other funds	212,695	-	-	367,353	-	315,192	-	895,240	3,222,942
Due to other governments	-	-	-	-	-	-	-	-	664,482.00
Temporary notes payable	-	-	-	-	-	-	-	3,436,703	2,398,873
Unearned Revenue	-	-	-	-	-	-	-	3,794,135	3,823,149
<b>Total liabilities</b>	<b>212,697</b>	<b>-</b>	<b>-</b>	<b>459,217</b>	<b>288,757</b>	<b>3,799,248</b>	<b>40,078</b>	<b>8,891,556</b>	<b>10,844,442</b>
Fund Balances Reserved for:									
Encumbrances	-	-	-	-	-	-	-	514,271	581,070
Unreserved, reported in:									
Special Revenue Funds	-	1,503	-	-	-	-	-	10,282,936	10,907,848
Capital Projects Funds	-	-	-	(459,217)	3,422,243	(3,799,248)	1,685,614	849,392	(931,403)
<b>Total fund balances</b>	<b>-</b>	<b>1,503</b>	<b>-</b>	<b>(459,217)</b>	<b>3,422,243</b>	<b>(3,799,248)</b>	<b>1,685,614</b>	<b>11,646,599</b>	<b>10,557,515</b>
<b>Total liabilities and fund balances</b>	<b>\$ 212,697</b>	<b>\$ 1,503</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,711,000</b>	<b>\$ -</b>	<b>\$ 1,725,692</b>	<b>\$ 20,538,155</b>	<b>\$ 21,401,957</b>

\*\*\*Bridges did not qualify as a major fund in 2008. 2007 numbers were restated for accounts receivable for \$3,399, restricted cash for \$913,263, accounts payable for \$68,198, and due other funds for \$1,611,740, resulting in a decrease in fund balance of (\$783,277).

TCI/CEC has a negative fund balance due to the money brought in was posted to a liability and the purchases were taken through an expenditure. This will be corrected in 2008.

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Downtown Improvement District	Special Revenue Funds							Transient Guest Tax	
		Special Alcohol Program	General Improvement	Special Liability Expense	Zoo Improvement	Zoo	Zoo Improvement	Golf Improvement		
<b>Revenues:</b>										
Taxes and assessments	\$ 177,121	\$ -	\$ 909,365	\$ 110,324	\$ -	\$ 1,843,271	\$ -	\$ 2,070,271		
Intergovernmental	-	533,858	15,057	2,045	-	16,746	-	-		
Licenses and permits	-	-	-	-	-	-	-	-		
Charges for services	-	-	-	-	-	481,660	-	19,699		
Interest from investments	18	-	-	-	141	-	-	-		
Other	-	-	-	-	50	55,392	-	-		
<b>Total revenues</b>	<b>177,139</b>	<b>533,858</b>	<b>924,422</b>	<b>112,369</b>	<b>191</b>	<b>2,397,069</b>	<b>19,699</b>	<b>2,070,271</b>		
<b>Expenditures:</b>										
General government	-	-	-	263,612	-	-	-	-	1,437,927	
Public safety	-	-	90,415	-	-	-	-	-	-	
Public works	166,101	-	-	-	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	2,239,615	-	33,227	-	
Public housing	-	-	155,347	-	-	-	-	-	-	
Social services	-	485,285	-	-	-	-	-	-	-	
Construction	-	-	-	-	-	-	-	-	-	
Interest	-	-	8,592	-	-	-	-	-	-	
Engineering and others	-	-	-	-	-	-	-	-	-	
<b>Total expenditures</b>	<b>166,101</b>	<b>485,285</b>	<b>254,354</b>	<b>263,612</b>	<b>-</b>	<b>2,239,615</b>	<b>33,227</b>	<b>1,437,927</b>		
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>11,038</b>	<b>48,573</b>	<b>670,068</b>	<b>(151,243)</b>	<b>191</b>	<b>157,454</b>	<b>(13,528)</b>	<b>632,344</b>		
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	-	-	-	-	-	-	
Original issue premium on bonds	-	-	-	-	-	-	-	-	-	
Original issue discount on bonds	-	-	-	-	-	-	-	-	-	
Transfers in	-	-	1,990	-	-	55,000	-	10,509	-	
Transfers out	-	-	(437,150)	-	-	-	-	(565,874)	-	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(435,160)</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>-</b>	<b>(555,365)</b>		
<b>Net change in fund balances</b>	<b>11,038</b>	<b>48,573</b>	<b>234,908</b>	<b>(151,243)</b>	<b>191</b>	<b>212,454</b>	<b>(13,528)</b>	<b>76,979</b>		
<b>Fund balances (deficits) - beginning</b>	<b>13,978</b>	<b>432,701</b>	<b>241,667</b>	<b>874,222</b>	<b>6,743</b>	<b>4,419</b>	<b>70,531</b>	<b>804,838</b>		
<b>Fund balances (deficits) - ending</b>	<b>\$ 25,016</b>	<b>\$ 481,274</b>	<b>\$ 476,575</b>	<b>\$ 722,979</b>	<b>\$ 6,934</b>	<b>\$ 216,873</b>	<b>\$ 57,003</b>	<b>\$ 881,817</b>		

*continued...*

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

... continued

	Special Revenue Funds									
	Unsafe Structure Removal	Retirement Reserve	KP & F Equalization	Neighborhood Revitalization	Historic Asset Preservation	1/2 % Sales Tax	Governmental & Miscellaneous Grants	Park Land Acquisition		
<b>Revenues:</b>										
Taxes and assessments	\$ 2,343	\$ -	\$ -	\$ -	\$ -	\$ 7,617,164	\$ -	\$ -		
Intergovernmental	-	-	-	36,344	-	-	4,331,079	-		68,730
Licenses and permits	-	-	-	-	-	-	-	-		-
Charges for services	-	610,951	305,575	-	-	-	-	-		-
Interest from investments	-	-	-	-	-	68,890	-	-		-
Other	-	-	-	-	-	-	10,507	-		-
<b>Total revenues</b>	<b>2,343</b>	<b>610,951</b>	<b>305,575</b>	<b>36,344</b>	<b>-</b>	<b>7,686,054</b>	<b>4,761,490</b>	<b>-</b>		<b>68,730</b>
<b>Expenditures:</b>										
General government	91,840	532,279	-	-	-	3,467,062	1,094,693	-		-
Public safety	-	-	72,495	-	-	-	660,970	-		-
Public works	-	-	-	-	-	-	281,890	-		-
Parks and recreation	-	-	-	-	-	-	13,941	-		-
Public housing	-	-	-	-	-	-	2,231,275	-		-
Social services	-	-	-	-	-	-	478,721	-		-
Construction	-	-	-	-	-	-	-	-		-
Interest	-	-	-	-	-	-	-	-		-
Engineering and others	-	-	-	-	-	-	-	-		-
<b>Total expenditures</b>	<b>91,840</b>	<b>532,279</b>	<b>72,495</b>	<b>-</b>	<b>-</b>	<b>3,467,062</b>	<b>4,761,490</b>	<b>-</b>		<b>-</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(89,497)</b>	<b>78,672</b>	<b>233,080</b>	<b>36,344</b>	<b>-</b>	<b>4,218,992</b>	<b>-</b>	<b>-</b>		<b>68,730</b>
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	-	-	-	-	-		-
Original issue premium on bonds	-	-	-	-	-	-	-	-		-
Original issue discount on bonds	-	-	-	-	-	-	-	-		-
Transfers in	200,000	-	-	-	106,159	-	-	-		-
Transfers out	-	-	-	-	-	(5,908,518)	-	-		-
<b>Total other financing sources (uses)</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,159</b>	<b>(5,908,518)</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Net change in fund balances</b>	<b>110,503</b>	<b>78,672</b>	<b>233,080</b>	<b>36,344</b>	<b>106,159</b>	<b>(1,689,526)</b>	<b>-</b>	<b>-</b>		<b>68,730</b>
<b>Fund balances (deficits) - beginning</b>	<b>199,881</b>	<b>663,881</b>	<b>1,211,773</b>	<b>25,496</b>	<b>159,257</b>	<b>6,549,671</b>	<b>-</b>	<b>-</b>		<b>173,312</b>
<b>Fund balances (deficits) - ending</b>	<b>\$ 310,384</b>	<b>\$ 742,553</b>	<b>\$ 1,444,853</b>	<b>\$ 61,840</b>	<b>\$ 265,416</b>	<b>\$ 4,860,145</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 242,042</b>

continued...

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

...continued

	Special Revenue Funds			Capital Project Funds					Totals	2007
	Undistributed Investment Earnings	TC/CEC	Police Equipment	Bridges	Buildings and Facilities	Public Sanitary Sewers & Water Mains	Park Improvements	2008		
<b>Revenues:</b>										
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 20,753	\$ 23,101	\$ -	\$ -	\$ 12,773,713	12,943,442
Intergovernmental	-	-	-	-	500	-	332,644	-	5,268,273	8,634,776
Licenses and permits	-	-	-	-	-	-	-	-	68,730	65,917
Charges for services	-	-	-	-	-	-	-	-	1,417,885	1,370,949
Interest from investments	-	-	(55,045)	-	-	-	-	-	79,556	482,128
Other	-	-	(55,045)	120,484	-	-	75,749	-	616,534	771,992
<b>Total revenues</b>	-	-	(55,045)	120,484	21,253	23,101	408,393	-	20,224,691	24,269,204
<b>Expenditures:</b>										
General government	-	-	-	-	-	-	-	-	6,887,413	7,462,717
Public safety	-	-	-	-	-	-	-	-	823,880	929,130
Public works	-	-	-	-	-	-	-	-	447,991	414,235
Parks and recreation	-	-	-	-	-	-	-	-	2,286,783	2,355,441
Public housing	-	-	-	-	-	-	-	-	2,386,622	4,864,393
Social services	-	-	-	-	-	-	-	-	964,006	778,614
Construction	-	-	-	(315,886)	1,771,861	1,813,345	1,407,716	-	4,677,036	25,216,413
Interest	-	-	-	-	-	94,833	20,790	-	124,215	83,824
Engineering and others	-	-	-	198,210	1,635,333	493,450	153,648	-	2,480,641	1,705,109
<b>Total expenditures</b>	-	-	-	(117,676)	3,407,194	2,401,628	1,582,154	-	21,078,587	43,809,876
<b>Excess (deficit) of revenues over (under) expenditures</b>	-	-	(55,045)	238,160	(3,385,941)	(2,378,527)	(1,173,761)	-	(853,896)	(19,540,672)
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	106,903	5,121,736	2,304,052	503,392	-	8,036,083	4,082,639
Original issue premium on bonds	-	-	-	-	-	-	(56)	-	(56)	-
Original issue discount on bonds	-	-	-	(343)	(16,458)	(7,404)	(1,562)	-	(25,767)	(14,436)
Transfers in	-	-	-	3,399	606,866	-	30,000	-	1,013,923	2,242,961
Transfers out	-	-	-	(24,059)	(10,509)	(2,528)	(132,565)	-	(7,081,203)	(6,569,848)
<b>Total other financing sources (uses)</b>	-	-	-	85,900	5,701,635	2,294,120	399,209	-	1,942,980	(258,684)
<b>Net change in fund balances</b>	-	-	(55,045)	324,060	2,315,694	(84,407)	(774,552)	-	1,089,084	(19,799,356)
<b>Fund balances (deficits) - beginning</b>	-	1,503	55,045	(783,277)	1,106,549	(3,714,841)	2,460,166	-	10,557,515	30,356,871
<b>Fund balances (deficits) - ending</b>	\$ -	\$ 1,503	\$ -	\$ (459,217)	\$ 3,422,243	\$ (3,799,248)	\$ 1,685,614	\$ -	\$ 11,646,599	\$ 10,557,515

Note: Police Equipment fund eliminated by veto of Mayor - See Ordinance 18726

\*\*Bridges did not qualify as a major fund in 2008. 2007 numbers were restated for revenues of \$865,247, expenses of \$17,923,225, and beginning fund balance of \$16,274,701.

2007 totals for General Government decreased by \$88,170 and Public Safety increased by \$88,170 to reflect change in how KP&F Equalization was categorized.

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & assessments:				
Property taxes - current	\$ 12,677,711	\$ 12,677,711	\$ 12,384,635	\$ (293,076)
Property taxes - delinquent	125,000	125,000	173,876	48,876
Neighborhood Revitalization Act rebates	(221,672)	(221,672)	-	221,672
Motor vehicle ad valorem tax	1,261,815	1,261,815	1,255,224	(6,591)
Sales Tax	140,000	140,000	73,882	(66,118)
Assessments - current	1,225,000	1,225,000	1,211,334	(13,666)
Assessments - delinquent	-	-	24,255	24,255
Payment in lieu of taxes	82,799	82,799	90,474	7,675
Intergovernmental	122,902	122,902	137,965	15,063
Interest from investments	345,957	345,957	370,428	24,471
Miscellaneous	-	-	5,716	5,716
Total revenues	<u>15,759,512</u>	<u>15,759,512</u>	<u>15,727,789</u>	<u>(31,723)</u>
<b>Expenditures</b>				
Principal retirement	12,559,000	12,559,000	12,690,000	(131,000)
Interest	7,524,849	7,524,849	7,107,490	417,359
Interest to refunded bond escrow agent	-	-	36,680	(36,680)
Fiscal agent fees	6,000	6,000	2,800	3,200
Refunding bond issuance costs	-	-	42,201	(42,201)
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>21,089,849</u>	<u>21,089,849</u>	<u>19,879,171</u>	<u>1,210,678</u>
Excess (deficiency) of revenues over expenditures	(5,330,337)	(5,330,337)	(4,151,382)	1,178,955
<b>Other financing sources</b>				
Refunding bonds issued	-	-	4,530,110	4,530,110
Payment to refunded bond escrow agent	-	-	(4,522,500)	(4,522,500)
Original issue premium on bonds	-	-	541	541
Original issue discount on bonds	-	-	(15,097)	(15,097)
Transfers in	3,405,799	3,405,799	3,414,194	8,395
Total other financing sources	<u>3,405,799</u>	<u>3,405,799</u>	<u>3,407,248</u>	<u>1,449</u>
Net change in fund balances	(1,924,538)	(1,924,538)	(744,134)	1,180,404
Beginning fund balance	<u>1,924,538</u>	<u>1,924,538</u>	<u>7,257,138</u>	<u>5,332,600</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,513,004</u>	<u>\$ 6,513,004</u>

Note: Debt Service's fund balance is restricted in the amount of \$4,990,862 for required bond reserves.

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Streets and Trafficways**  
**From Inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ -	\$ -	\$ -	\$ 2,282,610
Intergovernmental revenue	517,421	867,932	1,385,353	5,626,926
Miscellaneous income	89,951	734,777	824,728	-
Total revenues	<u>607,372</u>	<u>1,602,709</u>	<u>2,210,081</u>	<u>7,909,536</u>
<b>Expenditures</b>				
Construction	32,853,431	12,746,177	45,599,608	52,449,982
Interest	727,186	280,597	1,007,783	2,938,225
Engineering and others	7,549,793	1,911,172	9,460,965	17,502,856
Total expenditures	<u>41,130,410</u>	<u>14,937,946</u>	<u>56,068,356</u>	<u>72,891,063</u>
Excess (deficit) of revenues over (under) expenditures	<u>(40,523,038)</u>	<u>(13,335,237)</u>	<u>(53,858,275)</u>	<u>(64,981,527)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	34,176,023	12,003,807	46,179,830	60,990,820
Original issue premium on bonds	157,227	(587)	156,640	-
Original issue discount on bonds	(24,099)	(37,983)	(62,082)	-
Transfer in	1,143,888	2,648,257	3,792,145	3,990,707
Transfer out	(992,490)	4,948	(987,542)	-
Total other financing sources (uses)	<u>34,460,549</u>	<u>14,618,442</u>	<u>49,078,991</u>	<u>64,981,527</u>
Net change in fund balance	<u>\$ (6,062,489)</u>	1,283,205	<u>\$ (4,779,284)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		(6,062,489)		
Fund balance (deficit) - ending		<u>\$ (4,779,284)</u>		

*Note: Prior year amounts will be different from the prior year CAFR, due to lifting balances of closed projects.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Alcohol Program Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 520,800	\$ 520,800	\$ 533,858	\$ 13,058
Total revenues	<u>520,800</u>	<u>520,800</u>	<u>533,858</u>	<u>13,058</u>
<b>Expenditures</b>				
Social Services	730,000	730,000	433,257	296,743
Total Expenditures	<u>730,000</u>	<u>730,000</u>	<u>433,257</u>	<u>296,743</u>
Excess (deficit) of revenues over expenditures	<u>(209,200)</u>	<u>(209,200)</u>	<u>100,601</u>	<u>309,801</u>
Beginning fund balance	245,555	245,555	331,180	85,625
Ending fund balance	<u><u>\$ 36,355</u></u>	<u><u>\$ 36,355</u></u>	<u><u>\$ 431,781</u></u>	<u><u>\$ 395,426</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Improvement Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ 925,000	\$ 925,000	\$ 909,365	\$ (15,635)
Intergovernmental Revenue	-	-	15,057	15,057
Total revenues	<u>925,000</u>	<u>925,000</u>	<u>924,422</u>	<u>(578)</u>
<b>Expenditures</b>				
General Government	-	-	3,930	(3,930)
Public Safety	91,000	91,000	90,415	585
Public Housing	200,000	200,000	190,457	9,543
Miscellaneous interest	9,000	9,000	8,592	408
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>293,394</u>	<u>6,606</u>
<b>Other financing sources (uses)</b>				
Transfer In	-	-	1,990	1,990
Transfer Out	(825,000)	(825,000)	(437,150)	387,850
Total other financing sources (uses)	<u>(825,000)</u>	<u>(825,000)</u>	<u>(435,160)</u>	<u>389,840</u>
Excess (deficit) of revenues over expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>195,868</u>	<u>395,868</u>
Beginning fund balance	225,135	225,135	201,712	(23,423)
Ending fund balance	<u>\$ 25,135</u>	<u>\$ 25,135</u>	<u>\$ 397,580</u>	<u>\$ 372,445</u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Liability Expense Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ 106,843	\$ 106,843	\$ 110,324	\$ 3,481
Intergovernmental Revenue	-	-	2,045	2,045
Total revenues	<u>106,843</u>	<u>106,843</u>	<u>112,369</u>	<u>5,526</u>
<b>Expenditures</b>				
General Government	696,887	696,887	248,493	448,394
Total Expenditures	<u>696,887</u>	<u>696,887</u>	<u>248,493</u>	<u>448,394</u>
Excess (deficit) of revenues over expenditures	<u>(590,044)</u>	<u>(590,044)</u>	<u>(136,124)</u>	<u>453,920</u>
Beginning fund balance	590,044	590,044	828,997	238,953
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 692,873</u></u>	<u><u>\$ 692,873</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Zoo Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ 1,845,956	\$ 1,845,956	\$ 1,843,271	\$ (2,685)
Intergovernmental Revenue	14,918	14,918	16,746	1,828
Fees For Service	386,500	386,500	481,660	95,160
Other Financing Sources	133,559	133,559	55,392	(78,167)
 Total revenues	 <u>2,380,933</u>	 <u>2,380,933</u>	 <u>2,397,069</u>	 <u>16,136</u>
 <b>Expenditures</b>				
Parks and recreation	2,323,954	2,323,954	2,239,415	84,539
 Total Expenditures	 <u>2,323,954</u>	 <u>2,323,954</u>	 <u>2,239,415</u>	 <u>84,539</u>
 Transfer In	 55,000	 55,000	 55,000	 -
 Excess (deficit) of revenues over expenditures and transfers	 <u>111,979</u>	 <u>111,979</u>	 <u>212,654</u>	 <u>100,675</u>
 Beginning fund balance	 4,219	 4,219	 4,219	 -
 Ending fund balance	 <u><u>\$ 116,198</u></u>	 <u><u>\$ 116,198</u></u>	 <u><u>\$ 216,873</u></u>	 <u><u>\$ 100,675</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Transient Guest Tax Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ 1,643,000	\$ 1,643,000	\$ 2,070,271	\$ 427,271
Total revenues	<u>1,643,000</u>	<u>1,643,000</u>	<u>2,070,271</u>	<u>427,271</u>
<b>Expenditures</b>				
General Government	1,098,000	1,463,003	1,456,004	6,999
Total Expenditures	<u>1,098,000</u>	<u>1,463,003</u>	<u>1,456,004</u>	<u>6,999</u>
<b>Other financing sources (uses)</b>				
Transfer In	-	-	10,509	10,509
Transfer Out	(545,000)	(566,159)	(565,874)	285
Total other financing sources (uses)	<u>(545,000)</u>	<u>(566,159)</u>	<u>(555,365)</u>	<u>10,794</u>
Excess (deficit) of revenues over expenditures and transfers	<u>-</u>	<u>(386,162)</u>	<u>58,902</u>	<u>445,064</u>
Beginning fund balance	82,175	468,337	468,338	1
Ending fund balance	<u>\$ 82,175</u>	<u>\$ 82,175</u>	<u>\$ 527,240</u>	<u>\$ 445,065</u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Unsafe Structure Removal Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ -	\$ -	\$ 2,343	\$ 2,343
Total revenues	<u>-</u>	<u>-</u>	<u>2,343</u>	<u>2,343</u>
<b>Expenditures</b>				
General Government	216,302	216,302	35,271	181,031
Total Expenditures	<u>216,302</u>	<u>216,302</u>	<u>35,271</u>	<u>181,031</u>
<b>Other financing sources</b>				
Transfer In	200,000	200,000	200,000	-
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficit) of revenues over expenditures and transfers	<u>(16,302)</u>	<u>(16,302)</u>	<u>167,072</u>	<u>183,374</u>
Beginning fund balance	16,302	16,302	142,212	125,910
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 309,284</u></u>	<u><u>\$ 309,284</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Retirement Reserve Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees For Service	\$ 400,000	\$ 400,000	\$ 610,951	\$ 210,951
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>610,951</u>	<u>210,951</u>
<b>Expenditures</b>				
General Government	878,967	878,967	532,279	346,688
Total Expenditures	<u>878,967</u>	<u>878,967</u>	<u>532,279</u>	<u>346,688</u>
Excess (deficit) of revenues over expenditures	<u>(478,967)</u>	<u>(478,967)</u>	<u>78,672</u>	<u>557,639</u>
Beginning fund balance	478,967	478,967	663,881	184,914
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 742,553</u></u>	<u><u>\$ 742,553</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**KP & F Equalization Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees For Service	\$ 285,000	\$ 285,000	\$ 305,575	\$ 20,575
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>305,575</u>	<u>20,575</u>
<b>Expenditures</b>				
Public Safety	1,277,647	1,277,647	72,495	1,205,152
Total Expenditures	<u>1,277,647</u>	<u>1,277,647</u>	<u>72,495</u>	<u>1,205,152</u>
Excess (deficit) of revenues over expenditures	<u>(992,647)</u>	<u>(992,647)</u>	<u>233,080</u>	<u>1,225,727</u>
Beginning fund balance	992,647	992,647	1,211,773	219,126
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,444,853</u>	<u>\$ 1,444,853</u>

*Note: Expenditures were reclassified to be Public Safety versus General Government, since this fund was created to provide funds Fire and Police retirements.*

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Neighborhood Revitalization Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 45,904	\$ 45,904	\$ 36,344	\$ (9,560)
Total revenues	<u>45,904</u>	<u>45,904</u>	<u>36,344</u>	<u>(9,560)</u>
<b>Expenditures</b>				
General Government	91,808	91,808	-	91,808
Total Expenditures	<u>91,808</u>	<u>91,808</u>	<u>-</u>	<u>91,808</u>
Excess (deficit) of revenues over expenditures	<u>(45,904)</u>	<u>(45,904)</u>	<u>36,344</u>	<u>82,248</u>
Beginning fund balance	45,904	45,904	25,496	(20,408)
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,840</u></u>	<u><u>\$ 61,840</u></u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Historic Asset Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
General Government	123,885	123,885	-	123,885
Total Expenditures	123,885	123,885	-	123,885
<b>Other financing sources</b>				
Transfer In	85,000	85,000	106,159	21,159
Transfer Out	(23,034)	(23,034)	-	(23,034)
Total other financing sources	61,966	61,966	106,159	(1,875)
Excess (deficit) of revenues over expenditures	(61,919)	(61,919)	106,159	122,010
Beginning fund balance	61,919	61,919	159,257	97,338
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,416</u>	<u>\$ 219,348</u>

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**1/2 % Sales Tax**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes & Assessments	\$ 8,900,000	\$ 8,900,000	\$ 7,617,164	\$ (1,282,836)
Interest on investments	-	-	68,890	68,890
 Total revenues	<u>8,900,000</u>	<u>8,900,000</u>	<u>7,686,054</u>	<u>(1,213,946)</u>
 <b>Expenditures</b>				
General Government	8,332,980	5,689,840	3,467,062	2,222,778
 Total Expenditures	<u>8,332,980</u>	<u>5,689,840</u>	<u>3,467,062</u>	<u>2,222,778</u>
 <b>Other financing sources (uses)</b>				
Transfer Out	<u>(3,405,799)</u>	<u>(6,048,939)</u>	<u>(5,908,518)</u>	<u>140,421</u>
Total other financing sources (uses)	<u>(3,405,799)</u>	<u>(6,048,939)</u>	<u>(5,908,518)</u>	<u>140,421</u>
 Excess (deficit) of revenues over expenditures	<u>(2,838,779)</u>	<u>(2,838,779)</u>	<u>(1,689,526)</u>	<u>1,149,253</u>
 Beginning fund balance	2,838,779	2,838,779	6,549,671	3,710,892
 Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,860,145</u>	<u>\$ 4,860,145</u>

*Budget was amended to reduce general government and increase transfers out per Ordinance 19197*

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Bridges**  
**From Inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 99,465	\$ -	\$ 99,465	\$ 128,392
Miscellaneous income	889,206	120,484	1,009,690	-
Total revenues	<u>988,671</u>	<u>120,484</u>	<u>1,109,155</u>	<u>128,392</u>
<b>Expenditures</b>				
Construction	29,512,876	(315,886)	29,196,990	22,798,101
Interest	200,238	-	200,238	337,298
Engineering and others	1,818,864	198,210	2,017,074	14,709,373
Total expenditures	<u>31,531,978</u>	<u>(117,676)</u>	<u>31,414,302</u>	<u>37,844,772</u>
Excess (deficit) of revenues over (under) expenditures	<u>(30,543,307)</u>	<u>238,160</u>	<u>(30,305,147)</u>	<u>(37,716,380)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	32,613,353	106,903	32,720,256	37,537,730
Original issue premium on bonds	471,095	-	471,095	-
Original issue discount on bonds	(7,250)	(343)	(7,593)	-
Transfer in	1,112,338	3,399	1,115,737	178,650
Transfer out	(4,429,506)	(24,059)	(4,453,565)	-
Total other financing sources (uses)	<u>29,760,030</u>	<u>85,900</u>	<u>29,845,930</u>	<u>37,716,380</u>
Net change in fund balance	<u>\$ (783,277)</u>	324,060	<u>\$ (459,217)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		(783,277)		
Fund balance (deficit) - ending		<u>\$ (459,217)</u>		

*Note: Prior year amounts will be different from the prior year CAFR, due to lifting balances of closed projects.*

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Buildings and Facilities**  
**From Inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 854,384	\$ 20,753	\$ 875,137	\$ 512,825
Intergovernmental revenue	2,646,339	500	2,646,839	3,435,235
Miscellaneous income	-	-	-	697,298
Total revenues	<u>3,500,723</u>	<u>21,253</u>	<u>3,521,976</u>	<u>4,645,358</u>
<b>Expenditures</b>				
Construction	5,633,067	1,771,861	7,404,928	10,509,491
Interest	-	-	-	416,928
Engineering and others	1,673,827	1,635,333	3,309,160	6,261,458
Total expenditures	<u>7,306,894</u>	<u>3,407,194</u>	<u>10,714,088</u>	<u>17,187,877</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,806,171)</u>	<u>(3,385,941)</u>	<u>(7,192,112)</u>	<u>(12,542,519)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	1,281,071	5,121,736	6,402,807	7,596,240
Original issue premium on bonds	4,425	-	4,425	-
Original issue discount on bonds	(3,467)	(16,458)	(19,925)	-
Transfer in	3,651,945	606,866	4,258,811	4,946,279
Transfer out	(21,254)	(10,509)	(31,763)	-
Total other financing sources (uses)	<u>4,912,720</u>	<u>5,701,635</u>	<u>10,614,355</u>	<u>12,542,519</u>
Net change in fund balance	<u>\$ 1,106,549</u>	2,315,694	<u>\$ 3,422,243</u>	<u>\$ -</u>
Fund balance - beginning		1,106,549		
Fund balance - ending		<u>\$ 3,422,243</u>		

*Note: Prior year amounts will be different from the prior year CAFR, due to lifting balances of closed projects.*

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sanitary Sewers and Water Mains**  
**From Inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 12,746	\$ 23,101	\$ 35,847	\$ 1,236,203
Intergovernmental revenue	77,546	-	77,546	-
Total revenues	<u>90,292</u>	<u>23,101</u>	<u>113,393</u>	<u>1,236,203</u>
<b>Expenditures</b>				
Construction	2,963,402	1,813,345	4,776,747	7,689,125
Interest	148,905	94,833	243,738	571,255
Engineering and others	692,826	493,450	1,186,276	2,098,878
Total expenditures	<u>3,805,133</u>	<u>2,401,628</u>	<u>6,206,761</u>	<u>10,359,258</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,714,841)</u>	<u>(2,378,527)</u>	<u>(6,093,368)</u>	<u>(9,123,055)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	-	2,304,052	2,304,052	9,123,055
Original issue discount on bonds	-	(7,404)	(7,404)	-
Transfer out	-	(2,528)	(2,528)	-
Total other financing sources (uses)	<u>-</u>	<u>2,294,120</u>	<u>2,294,120</u>	<u>9,123,055</u>
Net change in fund balance	<u>\$ (3,714,841)</u>	(84,407)	<u>\$ (3,799,248)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(3,714,841)</u>		
Fund balance (deficit) - ending		<u>\$ (3,799,248)</u>		

*Note: Prior year amounts will be different from the prior year CAFR, due to lifting balances of closed projects.*

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Park Improvements**  
**From Inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 1,284,256	\$ 332,644	\$ 1,616,900	\$ 2,965,450
Miscellaneous income	-	75,749	75,749	895,015
Total revenues	<u>1,284,256</u>	<u>408,393</u>	<u>1,692,649</u>	<u>3,860,465</u>
<b>Expenditures</b>				
Construction	4,774,219	1,407,716	6,181,935	8,737,159
Interest	-	20,790	20,790	333,100
Engineering and others	551,601	153,648	705,249	1,822,050
Total expenditures	<u>5,325,820</u>	<u>1,582,154</u>	<u>6,907,974</u>	<u>10,892,309</u>
Excess (deficit) of revenues over (under) expenditures	<u>(4,041,564)</u>	<u>(1,173,761)</u>	<u>(5,215,325)</u>	<u>(7,031,844)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	6,431,104	503,392	6,934,496	6,979,343
Original issue premium on bonds	28,068	(56)	28,012	-
Original issue discount on bonds	(7,442)	(1,562)	(9,004)	-
Transfer in	50,000	30,000	80,000	52,501
Transfer out	-	(132,565)	(132,565)	-
Total other financing sources (uses)	<u>6,501,730</u>	<u>399,209</u>	<u>6,900,939</u>	<u>7,031,844</u>
Net change in fund balance	<u>\$ 2,460,166</u>	<u>(774,552)</u>	<u>\$ 1,685,614</u>	<u>\$ -</u>
Fund balance - beginning		2,460,166		
Fund balance - ending		<u>\$ 1,685,614</u>		

*Note: Prior year amounts will be different from the prior year CAFR, due to lifting balances of closed projects.*

## FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by governmental units in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. All City of Topeka fiduciary funds are Agency Funds.

National Council on Governmental Accounting,  
Statement 1, Principle 3,  
Governmental Accounting, Auditing, and Financial Reporting

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Alcohol and Drug Safety	Contract with Grantee	Receives certain fees collected by the Municipal Court in connection with alcohol or drug related offenses pending their payment to the National Council on Alcoholism.
Court Bond	Administrative	Receives, holds, and disburses bonds posted by individuals at the Municipal Court.
Crime Prevention	Topeka Ordinance #17796 & #18676	Collects money from court costs and tobacco/novelty licenses to be used for crime prevention programs in the City.
Fire Insurance Proceeds	Topeka Ordinance #16276	Temporarily and partially restricts the payment of insurance proceeds on fire damaged buildings to the insured until certain health and building code conditions are met.
Judges Training	K.S.A. 12-4116 Topeka Ordinance #16635	Holds fees collected from cases filed in Municipal Court pending remittance to State Treasury for use by State in training, testing, and continuing judicial education of municipal judges.
Kansas Trauma Fund	K.S.A. 75-5670	Collects fees for purpose of financing the activities and expenses in the administration of the statewide trauma system.
Law Enforcement Trust	K.S.A. 28-172a	Receives, holds and accounts for the Municipal Court fees which, under the provisions of Kansas Law, are payable to the State to fund the Kansas Law Enforcement Training Center.
Local Law Enforcement Training Center	K.S.A. 74-5607 & K.S.A. 28-172a	Receives, holds, and disburses fees collected by the State for the purpose of training law enforcement personnel from various law enforcement agencies throughout the State.

**FIDUCIARY FUNDS (Continued...)**

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Motor Vehicle Reinstatement	K.S.A. 12-4416	Receives and holds a portion of the diversion fees collected by the Municipal Court in DUI cases, pending payment to the State of Kansas.
Payroll Clearing	Administrative	Accounts for receipts and disbursements of the City payroll withholding amounts, such as income taxes.
Police Benefit	Topeka City Code Section 106: 226 - 229 (1981 code)	Receives, holds, and disburses fees collected by the Municipal Court. Disbursements are by order of the Police Benefit Association.
Softball Trust Fund	Topeka City Ordinance # 16269 Resolution 7996	Collects a portion of softball league registration fees to be paid to Topeka Park & Recreation Foundation for future improvements to City softball facilities.
Topeka Metropolitan Transit Authority	Topeka City Code Section A9-2	Receives, holds, and pays to the TMTA the proceeds of a special tax collected by the City for the benefit of that entity.
Water Customer Round Up	Administrative	Utility mutual assistance fund that passes the money derived from customers who offer to round up their payments to assist others.

**City of Topeka, Kansas**  
**Combining Statement of Fiduciary Net Assets**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	Alcohol and Drug Safety	Court Bond	Crime Prevention	Fire Insurance Proceeds	Judges Training	Kansas Trauma Fund	Law Enforcement Trust	Local Law Enforcement Training Center
<b>Assets</b>								
Cash and equity in Treasurer's Fund	\$ 250,274	\$ 98,214	\$ 19,406	\$ 56,004	\$ 842	\$ 1,282	\$ 676,734	\$ 18,648
Receivables (net of allowance for uncollectibles):								
Accounts receivable	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 250,274</u>	<u>\$ 98,214</u>	<u>\$ 19,406</u>	<u>\$ 56,004</u>	<u>\$ 842</u>	<u>\$ 1,282</u>	<u>\$ 676,734</u>	<u>\$ 18,648</u>
<b>Liabilities</b>								
Accounts and contracts payable	\$ 162	\$ 1,355	\$ 21	\$ 29,714	\$ -	\$ -	\$ 4,809	\$ -
Salaries & wages payable	2,496	-	-	-	-	-	-	-
Due to others	247,616	96,859	19,385	26,290	842	1,282	671,925	18,648
<b>Total liabilities</b>	<u>\$ 250,274</u>	<u>\$ 98,214</u>	<u>\$ 19,406</u>	<u>\$ 56,004</u>	<u>\$ 842</u>	<u>\$ 1,282</u>	<u>\$ 676,734</u>	<u>\$ 18,648</u>

*continued...*

**NET ASSETS**

Held in trust for other purposes

**Total net assets**

**City of Topeka, Kansas**  
**Combining Statement of Fiduciary Net Assets**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

...continued

	Motor Vehicle Reinstatement	Payroll Clearing	Police Benefit	Softball Trust Fund	Topeka Metropolitan Transit Authority	Water Customer Round-Up	Totals
							2008
<b>Assets</b>							
Cash and equity in Treasurer's Fund	\$ 15,925	\$ 2,025	\$ 146,889	\$ -	\$ -	\$ 5,230	\$ 1,291,473
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	57	-	-	-	675	732
<b>Total assets</b>	<u>\$ 15,925</u>	<u>\$ 2,082</u>	<u>\$ 146,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,905</u>	<u>\$ 1,292,205</u>
<b>Liabilities</b>							
Accounts and contracts payable	\$ -	\$ 2,082	\$ -	\$ -	\$ -	\$ -	\$ 38,143
Salaries & wages payable	-	-	-	-	-	-	2,496
Due to others	15,925	-	146,889	-	-	5,905	1,251,566
<b>Total liabilities</b>	<u>\$ 15,925</u>	<u>\$ 2,082</u>	<u>\$ 146,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,905</u>	<u>\$ 1,292,205</u>
<b>NET ASSETS</b>							
Held in trust for other purposes							
<b>Total net assets</b>							<u>\$ 1,340,100</u>

**City of Topeka, Kansas**  
**Fiduciary Funds**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year ended December 31, 2008**

	Balance 31-Dec 2007	Additions	Deductions	Balance 31-Dec 2008
<b>Alcohol and Drug Safety</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 264,295	\$ 43,812	\$ 57,833	\$ 250,274
Total Assets	<u>\$ 264,295</u>	<u>\$ 43,812</u>	<u>\$ 57,833</u>	<u>\$ 250,274</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 716	\$ 9,764	\$ 9,210	\$ 162
Salaries & wages payable	2,107	19,919	20,308	2,496
Due to others	261,472	56,257	42,401	247,616
Total Liabilities	<u>\$ 264,295</u>	<u>\$ 85,940</u>	<u>\$ 71,919</u>	<u>\$ 250,274</u>
<b>Court Bond</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 202,933	\$ 225,297	\$ 330,016	\$ 98,214
Total Assets	<u>\$ 202,933</u>	<u>\$ 225,297</u>	<u>\$ 330,016</u>	<u>\$ 98,214</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 565	\$ 79,122	\$ 79,912	\$ 1,355
Due to others	202,368	208,899	103,390	96,859
Total Liabilities	<u>\$ 202,933</u>	<u>\$ 288,021</u>	<u>\$ 183,302</u>	<u>\$ 98,214</u>
<b>Crime Prevention</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 24,644	\$ 51,279	\$ 56,517	\$ 19,406
Total Assets	<u>\$ 24,644</u>	<u>\$ 51,279</u>	<u>\$ 56,517</u>	<u>\$ 19,406</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 7,991	\$ 56,276	\$ 48,306	\$ 21
Due to others	16,653	47,898	50,630	19,385
Total Liabilities	<u>\$ 24,644</u>	<u>\$ 104,174</u>	<u>\$ 98,936</u>	<u>\$ 19,406</u>
<b>Fire Insurance Proceeds</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 19,011	\$ 112,340	\$ 75,347	\$ 56,004
Total Assets	<u>\$ 19,011</u>	<u>\$ 112,340</u>	<u>\$ 75,347</u>	<u>\$ 56,004</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 7,704	\$ 75,346	\$ 97,356	\$ 29,714
Due to others	11,307	97,356	112,339	26,290
Total Liabilities	<u>\$ 19,011</u>	<u>\$ 172,702</u>	<u>\$ 209,695</u>	<u>\$ 56,004</u>

*continued...*

**City of Topeka, Kansas**  
**Fiduciary Funds**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year ended December 31, 2008**

	Balance 31-Dec 2007	Additions	Deductions	Balance 31-Dec 2008
<b>Judges Training</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 676	\$ 5,584	\$ 5,418	\$ 842
Total Assets	<u>\$ 676</u>	<u>\$ 5,584</u>	<u>\$ 5,418</u>	<u>\$ 842</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 324	\$ 5,389	\$ 5,065	\$ -
Due to others	352	4,731	5,221	842
Total Liabilities	<u>\$ 676</u>	<u>\$ 10,120</u>	<u>\$ 10,286</u>	<u>\$ 842</u>
<b>Kansas Trauma Fund</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 635	\$ 6,435	\$ 5,788	\$ 1,282
Total Assets	<u>\$ 635</u>	<u>\$ 6,435</u>	<u>\$ 5,788</u>	<u>\$ 1,282</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 53	\$ 5,760	\$ 5,707	\$ -
Due to others	582	5,142	5,842	1,282
Total Liabilities	<u>\$ 635</u>	<u>\$ 10,902</u>	<u>\$ 11,549</u>	<u>\$ 1,282</u>
<b>Law Enforcement Trust</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 669,178	\$ 303,014	\$ 295,458	\$ 676,734
Total Assets	<u>\$ 669,178</u>	<u>\$ 303,014</u>	<u>\$ 295,458</u>	<u>\$ 676,734</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 8,880	\$ 273,714	\$ 269,643	\$ 4,809
Due to others	660,298	484,103	495,730	671,925
Total Liabilities	<u>\$ 669,178</u>	<u>\$ 757,817</u>	<u>\$ 765,373</u>	<u>\$ 676,734</u>
<b>Local Law Enforcement Training Center</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 14,028	\$ 141,328	\$ 136,708	\$ 18,648
Total Assets	<u>\$ 14,028</u>	<u>\$ 141,328</u>	<u>\$ 136,708</u>	<u>\$ 18,648</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 8,594	\$ 135,997	\$ 127,403	\$ -
Due to others	5,434	122,414	135,628	18,648
Total Liabilities	<u>\$ 14,028</u>	<u>\$ 258,411</u>	<u>\$ 263,031</u>	<u>\$ 18,648</u>

*continued...*

**City of Topeka, Kansas**  
**Fiduciary Funds**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year ended December 31, 2008**

	Balance 31-Dec 2007	Additions	Deductions	Balance 31-Dec 2008
<b>Motor Vehicle Reinstatement</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 10,753	\$ 133,153	\$ 127,981	\$ 15,925
Total Assets	<u>\$ 10,753</u>	<u>\$ 133,153</u>	<u>\$ 127,981</u>	<u>\$ 15,925</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 6,654	\$ 127,375	\$ 120,721	\$ -
Due to others	4,099	116,859	128,685	15,925
Total Liabilities	<u>\$ 10,753</u>	<u>\$ 244,234</u>	<u>\$ 249,406</u>	<u>\$ 15,925</u>
<b>Payroll Clearing</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 2,015	\$ 27,901,612	\$ 27,901,602	\$ 2,025
Accounts receivable	90	1,652	1,685	57
Total Assets	<u>\$ 2,105</u>	<u>\$ 27,903,264</u>	<u>\$ 27,903,287</u>	<u>\$ 2,082</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 2,105	\$ 27,908,451	\$ 27,908,428	\$ 2,082
Total Liabilities	<u>\$ 2,105</u>	<u>\$ 27,908,451</u>	<u>\$ 27,908,428</u>	<u>\$ 2,082</u>
<b>Police Benefit</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 126,439	\$ 75,568	\$ 55,118	\$ 146,889
Total Assets	<u>\$ 126,439</u>	<u>\$ 75,568</u>	<u>\$ 55,118</u>	<u>\$ 146,889</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ -	\$ 54,410	\$ 54,410	\$ -
Due to others	126,439	-	20,450	146,889
Total Liabilities	<u>\$ 126,439</u>	<u>\$ 54,410</u>	<u>\$ 74,860</u>	<u>\$ 146,889</u>
<b>Softball Trust Fund</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ -	\$ 14,760	\$ 14,760	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 14,760</u>	<u>\$ 14,760</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ -	\$ 14,760	\$ 14,760	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 14,760</u>	<u>\$ 14,760</u>	<u>\$ -</u>

*continued...*

**City of Topeka, Kansas**  
**Fiduciary Funds**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year ended December 31, 2008**

	Balance 31-Dec 2007	Additions	Deductions	Balance 31-Dec 2008
<b>Topeka Metropolitan Transit Authority</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ -	\$ 3,367,709	\$ 3,367,709	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 3,367,709</u>	<u>\$ 3,367,709</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ -	\$ 3,367,709	\$ 3,367,709	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 3,367,709</u>	<u>\$ 3,367,709</u>	<u>\$ -</u>
<b>Water Customer Round-UP</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 4,786	\$ 14,059	\$ 13,615	\$ 5,230
Accounts receivable	617	13,463	13,405	675
Total Assets	<u>\$ 5,403</u>	<u>\$ 27,522</u>	<u>\$ 27,020</u>	<u>\$ 5,905</u>
<b>LIABILITIES</b>				
Due to others	\$ 5,403	\$ -	\$ 502	\$ 5,905
Total Liabilities	<u>\$ 5,403</u>	<u>\$ -</u>	<u>\$ 502</u>	<u>\$ 5,905</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and equity in Treasurer's Fund	\$ 1,339,393	\$ 32,395,950	\$ 32,443,870	\$ 1,291,473
Accounts receivable	707	15,115	15,090	732
Total Assets	<u>\$ 1,340,100</u>	<u>\$ 32,411,065</u>	<u>\$ 32,458,960</u>	<u>\$ 1,292,205</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 43,586	\$ 32,114,073	\$ 32,108,630	\$ 38,143
Salaries & wages payable	2,107	19,919	20,308	2,496
Due to others	1,294,407	1,143,659	1,100,818	1,251,566
Total Liabilities	<u>\$ 1,340,100</u>	<u>\$ 33,277,651</u>	<u>\$ 33,229,756</u>	<u>\$ 1,292,205</u>

*The notes to the financial statements are an integral part of these statements.*

## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

National Council on Governmental Accounting,  
Statement 1, Principle 3,  
Governmental Accounting, Auditing, and Financial Reporting

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Water, Water Pollution Control, and Stormwater Utility	K.S.A. 13-1254 & K.S.A. 12-6311 Topeka Ordinance #17985	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the City's public water, water pollution control, and stormwater utility system. (The utility fund is considered a major enterprise fund and shown on pages 38 - 40)
Public Parking Facilities	K.S.A. 13-1379	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the City's public parking meters and facilities.
Public Golf Course	Topeka City Code Section 29-207	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the Public Golf Course.

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Non-major Enterprise Funds**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	<b>Public Parking Facilities</b>	<b>Public Golf Course</b>	<b>Totals</b>	
			<b>2008</b>	<b>2007</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and equity in Treasurer's Fund	\$ 1,313,885	\$ -	\$ 1,313,885	\$ 2,070,723
Receivables (net of allowance for uncollectibles):				
Accounts receivable	35,430	28,766	64,196	56,415
Prepaid costs	2,718	3,000	5,718	7,747
Due from other funds	687	-	687	6,529
Inventory	-	-	-	39,406
<b>Total current assets</b>	<b>1,352,720</b>	<b>31,766</b>	<b>1,384,486</b>	<b>2,180,820</b>
<b>Non-current assets:</b>				
Restricted assets:				
Cash and equity in Treasurer's Fund	371,569	-	371,569	371,569
Capital assets:				
Land and infrastructure	1,058,331	48,000	1,106,331	7,438,274
Depreciable buildings, property, and equipment, net depreciation	19,326,348	209,427	19,535,775	13,110,786
Other assets	-	-	-	16,311
<b>Total non-current assets</b>	<b>20,756,248</b>	<b>257,427</b>	<b>21,013,675</b>	<b>20,936,940</b>
<b>Total assets</b>	<b>22,108,968</b>	<b>289,193</b>	<b>22,398,161</b>	<b>23,117,760</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	29,317	4,751	34,068	53,333
Salaries & wages payable	39,034	16,649	55,683	39,531
Due to other funds	-	635,165	635,165	427,324
Due to others	90	-	90	90
Other	20,384	-	20,384	13,016
<b>Total current liabilities</b>	<b>88,825</b>	<b>656,565</b>	<b>745,390</b>	<b>533,294</b>
<b>Non-current liabilities:</b>				
Premium on issuance of bonds	(22,306)	-	(22,306)	(22,306)
Costs of issuance to be amortized	(119,834)	-	(119,834)	(119,834)
General obligation bonds payable	13,405,000	-	13,405,000	13,680,000
Accrued liabilities	33,336	-	33,336	39,437
Other	492	-	492	-
<b>Total non-current liabilities</b>	<b>13,296,688</b>	<b>-</b>	<b>13,296,688</b>	<b>13,577,297</b>
<b>Total liabilities</b>	<b>13,385,513</b>	<b>656,565</b>	<b>14,042,078</b>	<b>14,110,591</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related	7,121,819	257,427	7,379,246	7,011,200
Restricted for capital projects	371,569	-	371,569	371,569
Unrestricted	1,230,067	(624,799)	605,268	1,624,400
<b>Total net assets</b>	<b>\$ 8,723,455</b>	<b>\$ (367,372)</b>	<b>\$ 8,356,083</b>	<b>\$ 9,007,169</b>

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Non-major Enterprise Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	<b>Public Parking Facilities</b>	<b>Public Golf Course</b>	<b>Totals</b>	
			<b>2008</b>	<b>2007</b>
<b>Operating revenues:</b>				
<b>Charges for services:</b>				
Parking fees	\$ 2,823,301	\$ -	\$ 2,823,301	\$ 2,513,838
Meter fines	290,410	-	290,410	297,917
Green fees	-	617,433	617,433	611,603
Other	12,626	15,778	28,404	25,454
<b>Total operating revenues</b>	<b>3,126,337</b>	<b>633,211</b>	<b>3,759,548</b>	<b>3,448,812</b>
<b>Operating expenses before depreciation and payments in lieu of taxes and debt service:</b>				
Salaries, wages, and benefits	774,724	124,826	899,550	894,241
Purchased services	832,911	578,056	1,410,967	1,552,628
Commodities	116,684	126,927	243,611	170,184
Other	15,711	30,266	45,977	22,672
<b>Total operating expenses before depreciation and payments in lieu of taxes and debt service</b>	<b>1,740,030</b>	<b>860,075</b>	<b>2,600,105</b>	<b>2,639,725</b>
<b>Operating income (loss) before depreciation and payments in lieu of taxes and debt service</b>	<b>1,386,307</b>	<b>(226,864)</b>	<b>1,159,443</b>	<b>809,087</b>
Depreciation expense	716,543	48,855	765,398	661,874
Payments in lieu of debt service	300,000	-	300,000	400,000
Payments in lieu of taxes	160,660	3,000	163,660	184,062
<b>Operating income (loss)</b>	<b>209,104</b>	<b>(278,719)</b>	<b>(69,615)</b>	<b>(436,849)</b>
<b>Other income (expense):</b>				
Interest income	38,324	-	38,324	176,101
Interest expense	(620,493)	-	(620,493)	(534,560)
Gain on disposal of capital assets	698	-	698	1,050
<b>Total non-operating revenues (expenses)</b>	<b>(581,471)</b>	<b>-</b>	<b>(581,471)</b>	<b>(357,409)</b>
<b>Income (loss)</b>	<b>(372,367)</b>	<b>(278,719)</b>	<b>(651,086)</b>	<b>(794,258)</b>
<b>Change in net assets</b>	<b>(372,367)</b>	<b>(278,719)</b>	<b>(651,086)</b>	<b>(794,258)</b>
<b>Net assets (deficits) beginning of year</b>	<b>9,095,822</b>	<b>(88,653)</b>	<b>9,007,169</b>	<b>9,801,427</b>
<b>Net assets (deficits) end of year</b>	<b>\$ 8,723,455</b>	<b>\$ (367,372)</b>	<b>\$ 8,356,083</b>	<b>\$ 9,007,169</b>

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Public Parking Facilities	Public Golf Course	Totals	
			2008	2007
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 3,168,101	\$ 605,711	\$ 3,773,812	3,456,458
Payments to suppliers	(958,930)	(447,619)	(1,406,549)	(2,058,421)
Payments to employees	(774,724)	(124,826)	(899,550)	(894,241)
Payments for interfund services used	(460,660)	(3,000)	(463,660)	(584,062)
Other	(15,711)	(30,266)	(45,977)	(22,672)
Net cash provided by operating activities	<u>958,076</u>	<u>-</u>	<u>958,076</u>	<u>(102,938)</u>
<b>Cash flows from capital and related financing activities</b>				
Debt issuance cost	-	-	-	(2,673)
Acquisition and construction of capital assets	(858,443)	-	(858,443)	(1,957,600)
Principal paid on capital debt	(275,000)	-	(275,000)	(130,000)
Interest paid on capital debt	(620,493)	-	(620,493)	(534,560)
Proceeds from sales of capital assets	698	-	698	1,050
Net cash provided (used) by capital and related financing activities	<u>(1,753,238)</u>	<u>-</u>	<u>(1,753,238)</u>	<u>(2,623,783)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	38,324	-	38,324	176,101
Net cash provided by investing activities	<u>38,324</u>	<u>-</u>	<u>38,324</u>	<u>176,101</u>
Net increase (decrease) in cash and cash equivalents	(756,838)	-	(756,838)	(2,550,620)
Cash and cash equivalents, beginning	2,442,292	-	2,442,292	4,992,912
Cash and cash equivalents, ending	<u>\$ 1,685,454</u>	<u>\$ -</u>	<u>\$ 1,685,454</u>	<u>\$ 2,442,292</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 209,104	\$ (278,719)	\$ (69,615)	\$ (436,849)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	716,543	48,855	765,398	661,874
Changes in assets and liabilities:				
Accounts receivable	35,922	(27,500)	8,422	(18,246)
Due from other funds	5,842	-	5,842	25,892
Inventories	-	39,406	39,406	(3,381)
Prepaid items	-	2,136	2,136	-
Accounts payable	(20,937)	1,672	(19,265)	(534,688)
Accrued liabilities	11,602	6,309	17,911	1,056
Due to other funds	-	207,841	207,841	201,404
Total adjustments	<u>748,972</u>	<u>278,719</u>	<u>1,027,691</u>	<u>333,911</u>
Net cash provided (used) by operating activities	<u>\$ 958,076</u>	<u>\$ -</u>	<u>\$ 958,076</u>	<u>\$ (102,938)</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

National Council on Governmental Accounting,  
Statement 1, Principle 3,  
Governmental Accounting, Auditing, and Financial Reporting

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Information Technology	Topeka City Code Section 2-144	Accounts for assets, liabilities, revenues, and expenses in the operation of the Information Technology Department.
Fleet Services	Topeka Ordinance #15665	Accounts for the assets, liabilities, revenues, and expenses of fleet services for Public Works Department vehicles and also for other City departments' vehicles as needed.
Combined Risk Management, including:		
Workers' Compensation	K.S.A. 12-2615	Administered by the Risk Management Division of the Legal Department, provides accountability for expenditures and revenues for workers compensation claims.
Vehicle Physical Damage - Self Insurance	K.S.A. 12-2615	Administered by the Risk Management Division, provides accountability of expenditures and revenues for physical damage to City vehicles and aircraft.
Employees Health Insurance	Administrative	Provides fiscal and accounting control for the City Employee Health Self-Insurance Plan.
Risk Management Reserve	K.S.A. 12-2615	Administered by the Risk Management Division of the Legal Department, provides moneys to reimburse the City from insurable losses not otherwise insured.
Unemployment Compensation	Administrative	Administered by the Risk Management Division of the Legal Department, established to account for assessments made against compensation paid to City employees, to be used only to reimburse the State for unemployment compensation payments.

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2008	2007
<b>Assets</b>					
<b>Current assets:</b>					
Cash and equity in Treasurer's Fund	\$ 713,516	\$ 892,234	\$ 12,560,832	\$ 14,166,582	\$ 13,676,500
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	59,042	59,042	-
Prepaid costs	-	-	60,000	60,000	150,000
Due from other funds	-	-	4,276	4,276	30,544
Inventory	-	75,543	-	75,543	64,147
<b>Total current assets</b>	<u>713,516</u>	<u>967,777</u>	<u>12,684,150</u>	<u>14,365,443</u>	<u>13,921,191</u>
<b>Non-current assets:</b>					
Capital assets:					
Depreciable buildings, property, and equipment, net of depreciation	687,159	141,023	-	828,182	1,107,334
<b>Total non-current assets</b>	<u>687,159</u>	<u>141,023</u>	<u>-</u>	<u>828,182</u>	<u>1,107,334</u>
<b>Total assets</b>	<u>1,400,675</u>	<u>1,108,800</u>	<u>12,684,150</u>	<u>15,193,625</u>	<u>15,028,525</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts and contracts payable	28,792	118,190	146,581	293,563	604,956
Salaries & wages payable	60,276	70,897	11,592	142,765	119,469
Estimated insurance claims	-	-	2,201,457	2,201,457	2,765,798
Other	133,357	-	-	133,357	125,843
Unearned Revenue	-	-	440,000	440,000	33,797
<b>Total current liabilities</b>	<u>222,425</u>	<u>189,087</u>	<u>2,799,630</u>	<u>3,211,142</u>	<u>3,649,863</u>
<b>Non-current liabilities:</b>					
Accrued liabilities	61,812	54,732	-	116,544	96,745
Other	356,087	-	-	356,087	489,444
<b>Total non-current liabilities</b>	<u>417,899</u>	<u>54,732</u>	<u>-</u>	<u>472,631</u>	<u>586,189</u>
<b>Total liabilities</b>	<u>640,324</u>	<u>243,819</u>	<u>2,799,630</u>	<u>3,683,773</u>	<u>4,236,052</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	197,715	141,023	-	338,738	492,047
Unrestricted	562,636	723,958	9,884,520	11,171,114	10,300,426
<b>Total net assets</b>	<u>\$ 760,351</u>	<u>\$ 864,981</u>	<u>\$ 9,884,520</u>	<u>\$ 11,509,852</u>	<u>\$ 10,792,473</u>

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2008	2007
<b>Operating revenues:</b>					
Charges for services	\$ 3,173,299	\$ 1,414,155	\$ 10,565,726	\$ 15,153,180	\$ 15,616,571
Other	136,599	8,755	181,136	326,490	244,272
<b>Total operating revenues</b>	<u>3,309,898</u>	<u>1,422,910</u>	<u>10,746,862</u>	<u>15,479,670</u>	<u>15,860,843</u>
<b>Operating expenses before depreciation:</b>					
Salaries, wages, and benefits	1,081,176	1,075,148	57,019	2,213,343	2,102,566
Purchased services	1,630,539	154,590	1,661,060	3,446,189	4,482,610
Commodities	120,723	54,997	1,135	176,855	157,282
Insurance claims	-	-	9,092,626	9,092,626	7,191,179
Other payments	646	(4,112)	-	(3,466)	14,080
<b>Total operating expenses before depreciation</b>	<u>2,833,084</u>	<u>1,280,623</u>	<u>10,811,840</u>	<u>14,925,547</u>	<u>13,947,717</u>
<b>Operating income (loss) before depreciation</b>	476,814	142,287	(64,978)	554,123	1,913,126
Depreciation	368,504	63,410	-	431,914	541,777
<b>Operating income (loss)</b>	108,310	78,877	(64,978)	122,209	1,371,349
Interest income	-	-	247,428	247,428	641,819
Interest expense	(32,454)	-	-	(32,454)	(39,544)
Other income	-	-	380,196	380,196	49,862
<b>Total non-operating income (expense) before transfers</b>	75,856	78,877	562,646	717,379	2,023,486
Transfers out	-	-	-	-	(500,000)
<b>Net income</b>	75,856	78,877	562,646	717,379	1,523,486
<b>Increase in net assets</b>	75,856	78,877	562,646	717,379	1,523,486
<b>Total Net Assets Beginning of Year</b>	684,495	786,104	9,321,874	10,792,473	9,268,987
<b>Total Net Assets End of Year</b>	<u>\$ 760,351</u>	<u>\$ 864,981</u>	<u>\$ 9,884,520</u>	<u>\$ 11,509,852</u>	<u>\$ 10,792,473</u>

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2008	2007
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 3,309,898	\$ 1,422,910	\$ 10,746,862	\$ 15,479,670	\$ 15,815,617
Receipts from interfund services provided	-	-	-	-	(259,775)
Payments to suppliers	(1,761,285)	(233,516)	(11,184,081)	(13,178,882)	(11,409,501)
Payments to employees	(1,081,176)	(1,075,148)	(57,019)	(2,213,343)	(2,102,566)
Payments for interfund services used	-	-	5,932	5,932	14,265
Other	-	-	460,336	460,336	35,829
Net cash provided (used) by operating activities	<u>467,437</u>	<u>114,246</u>	<u>(27,970)</u>	<u>553,713</u>	<u>2,093,869</u>
<b>Cash flows from non-capital financing activities</b>					
Transfer to other funds	-	-	-	-	(500,000)
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
<b>Cash flows from capital and related financing activities</b>					
Interest expense	(32,454)	-	-	(32,454)	(39,544)
Payment of capital lease	(125,843)	-	-	(125,843)	(131,251)
Purchases of capital assets	(129,505)	(23,257)	-	(152,762)	(19,540)
Net cash provided (used) by capital and related financing activities	<u>(287,802)</u>	<u>(23,257)</u>	<u>-</u>	<u>(311,059)</u>	<u>(190,335)</u>
<b>Cash flows from investing activities</b>					
Interest received	-	-	247,428	247,428	641,819
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>247,428</u>	<u>247,428</u>	<u>641,819</u>
Net increase in cash and cash equivalents	179,635	90,989	219,458	490,082	2,045,353
Cash and cash equivalents, January 1	533,881	801,245	12,341,374	13,676,500	11,631,147
Cash and cash equivalents, December 31	<u>\$ 713,516</u>	<u>\$ 892,234</u>	<u>\$ 12,560,832</u>	<u>\$ 14,166,582</u>	<u>\$ 13,676,500</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 108,310	\$ 78,877	\$ (64,978)	\$ 122,209	\$ 1,371,349
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Other	-	-	380,196	380,196	49,862
Depreciation expense	368,504	63,410	-	431,914	541,777
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	(45,226)
Due from other funds	-	-	26,268	26,268	232
Inventories	4,588	(15,984)	-	(11,396)	26,122
Prepaid items	-	-	30,958	30,958	-
Accounts payable	(42,866)	(23,725)	(806,617)	(873,208)	710,093
Accrued liabilities	28,901	11,668	-	40,569	(194,139)
Due to other funds	-	-	-	-	(259,775)
Deferred Revenue	-	-	406,203	406,203	(106,426)
Total adjustments	<u>359,127</u>	<u>35,369</u>	<u>37,008</u>	<u>431,504</u>	<u>722,520</u>
Net cash provided (used) by operating activities	<u>\$ 467,437</u>	<u>\$ 114,246</u>	<u>\$ (27,970)</u>	<u>\$ 553,713</u>	<u>\$ 2,093,869</u>

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Risk Management Funds**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	Workers' Compensation Self-Insurance		Vehicle Physical Damage Self-Insurance		Employees Health Insurance		Risk Management Reserve		Unemployment Compensation		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Assets</b>												
<b>Current assets:</b>												
Cash and equity in Treasurer's Fund	\$ 1,852,808		\$ 1,037,846		\$ 7,573,954		\$ 1,659,142		\$ 437,082		\$ 12,560,832	\$ 12,341,374
Receivables (net of allowance for uncollectibles):												
Accounts receivable	-		-		59,042		-		-		59,042	-
Prepaid costs	-		60,000		-		-		-		60,000	150,000
Due from other funds	728		-		2,907		641		-		4,276	30,544
<b>Total current assets</b>	<b>1,853,536</b>		<b>1,097,846</b>		<b>7,635,903</b>		<b>1,659,783</b>		<b>437,082</b>		<b>12,684,150</b>	<b>12,521,918</b>
<b>Total assets</b>	<b>1,853,536</b>		<b>1,097,846</b>		<b>7,635,903</b>		<b>1,659,783</b>		<b>437,082</b>		<b>12,684,150</b>	<b>12,521,918</b>
<b>Liabilities</b>												
<b>Current liabilities:</b>												
Accounts and contracts payable	-		3,874		142,707		-		-		146,581	391,383
Salaries & wages payable	11,592		-		-		-		-		11,592	9,066
Estimated insurance claims	1,401,457		-		800,000		-		-		2,201,457	2,765,798
Unearned Revenue	-		440,000		-		-		-		440,000	33,797
<b>Total current liabilities</b>	<b>1,413,049</b>		<b>443,874</b>		<b>942,707</b>		<b>-</b>		<b>-</b>		<b>2,799,630</b>	<b>3,200,044</b>
<b>Total liabilities</b>	<b>1,413,049</b>		<b>443,874</b>		<b>942,707</b>		<b>-</b>		<b>-</b>		<b>2,799,630</b>	<b>3,200,044</b>
<b>Net assets</b>												
Unrestricted	440,487		653,972		6,693,196		1,659,783		437,082		9,884,520	9,321,874
<b>Total net assets</b>	<b>\$ 440,487</b>		<b>\$ 653,972</b>		<b>\$ 6,693,196</b>		<b>\$ 1,659,783</b>		<b>\$ 437,082</b>		<b>\$ 9,884,520</b>	<b>\$ 9,321,874</b>

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Risk Management Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	<b>Workers' Compensation Self-Insurance</b>	<b>Vehicle Physical Damage Self-Insurance</b>	<b>Employees Health Insurance</b>	<b>Risk Management Reserve</b>	<b>Unemployment Compensation</b>	<b>Totals</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
<b>Operating revenues:</b>						
Fees for service	\$ 1,241,674	\$ 156,398	\$ 9,050,863	\$ -	\$ 116,791	\$ 10,693,389
Miscellaneous	144,457	36,528	151	-	-	48,802
<b>Total operating revenues</b>	<b>1,386,131</b>	<b>192,926</b>	<b>9,051,014</b>	<b>-</b>	<b>116,791</b>	<b>10,746,862</b>
<b>Operating expenses</b>						
Personnel	57,019	-	-	-	-	55,341
Purchased services	686,469	29,400	934,191	-	11,000	2,630,998
Commodities	1,135	-	-	-	-	843
Insurance claims	704,716	277,574	8,015,109	-	95,227	7,191,179
<b>Total operating expenses</b>	<b>1,449,339</b>	<b>306,974</b>	<b>8,949,300</b>	<b>-</b>	<b>106,227</b>	<b>9,878,361</b>
<b>Operating income (loss)</b>	<b>(63,208)</b>	<b>(114,048)</b>	<b>101,714</b>	<b>-</b>	<b>10,564</b>	<b>863,830</b>
<b>Non-operating revenues</b>						
Interest income	45,165	-	166,028	36,235	-	641,819
Other income	-	380,196	-	-	-	49,862
<b>Total non-operating income</b>	<b>45,165</b>	<b>380,196</b>	<b>166,028</b>	<b>36,235</b>	<b>-</b>	<b>691,681</b>
<b>Income (loss) before transfers</b>	<b>(18,043)</b>	<b>266,148</b>	<b>267,742</b>	<b>36,235</b>	<b>10,564</b>	<b>1,555,511</b>
Transfers in (out)	-	-	-	-	-	(500,000)
<b>Change in net assets</b>	<b>(18,043)</b>	<b>266,148</b>	<b>267,742</b>	<b>36,235</b>	<b>10,564</b>	<b>1,055,511</b>
<b>Beginning net assets</b>	<b>458,530</b>	<b>387,824</b>	<b>6,425,454</b>	<b>1,623,548</b>	<b>426,518</b>	<b>8,266,363</b>
<b>Ending net assets</b>	<b>\$ 440,487</b>	<b>\$ 653,972</b>	<b>\$ 6,693,196</b>	<b>\$ 1,659,783</b>	<b>\$ 437,082</b>	<b>\$ 9,321,874</b>

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Risk Management Funds**  
**For the Year Ended December 31, 2008**  
*With comparative totals for December 31, 2007*

	<b>Workers' Compensation Self-insurance</b>	<b>Vehicle Physical Damage Self-insurance</b>	<b>Employees Health Insurance</b>	<b>Risk Management Reserve</b>	<b>Unemployment Compensation</b>	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ 1,386,131	\$ 192,926	\$ 9,051,014	\$ -	\$ 116,791	\$ 10,746,862	\$ 10,696,965
Payments to suppliers	(1,954,135)	(301,829)	(8,821,890)	-	(106,227)	(11,184,081)	(9,475,056)
Payments to employees	(57,019)	-	-	-	-	(57,019)	(55,341)
Payments for interfund services used	5,932	-	-	-	-	5,932	14,265
Other	-	440,000	16,602	3,734	-	460,336	35,800
Net cash provided (used) by operating activities	(619,091)	331,097	245,726	3,734	10,564	(27,970)	1,216,633
<b>Cash flows from non-capital financing activities</b>							
Transfer to other funds	-	-	-	-	-	-	(500,000)
Net cash provided (used) by non-capital financing activities	-	-	-	-	-	-	(500,000)
<b>Cash flows from investing activities</b>							
Interest received	45,165	-	166,028	36,235	-	247,428	641,819
Net cash provided by investing activities	45,165	-	166,028	36,235	-	247,428	641,819
Net increase (decrease) in cash and cash equivalents	(573,926)	331,097	411,754	39,969	10,564	219,458	1,358,452
Cash and cash equivalents, January 1	2,426,734	706,749	7,162,200	1,619,173	426,518	12,341,374	10,982,922
Cash and cash equivalents, December 31	\$ 1,852,808	\$ 1,037,846	\$ 7,573,954	\$ 1,659,142	\$ 437,082	\$ 12,560,832	\$ 12,341,374
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ (63,208)	\$ (114,048)	\$ 101,714	\$ -	\$ 10,564	\$ (64,978)	863,830
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Other	-	380,196	-	-	-	380,196	49,862
Changes in assets and liabilities:							
Accounts receivable	-	-	-	-	-	-	(45,226)
Due from (to) other funds	5,932	-	16,602	3,734	-	26,268	203
Prepaid items	-	(60,000)	90,958	-	-	30,958	-
Accounts payable	(561,815)	(315,051)	70,249	-	-	(806,617)	654,390
Accrued liabilities	-	-	-	-	-	-	(200,000)
Deferred Revenue	-	440,000	(33,797)	-	-	406,203	(106,426)
Total adjustments	(555,883)	445,145	144,012	3,734	-	37,008	352,803
Net cash provided (used) by operating activities	\$ (619,091)	\$ 331,097	\$ 245,726	\$ 3,734	\$ 10,564	\$ (27,970)	\$ 1,216,633

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31, 2008**

*With comparative totals for December 31, 2007*

	<b>2008</b>	<b>2007</b>
Governmental funds capital assets by category:		
Land	\$ 6,319,861	\$ 6,319,861
Buildings, Improvements, Infrastructure	919,810,717	878,684,062
Furniture and Fixtures	2,589,302	2,579,852
Vehicles	16,391,371	17,537,702
Machinery and Equipment	7,489,702	7,356,600
Construction in Progress	76,134,606	95,497,014
Total governmental funds capital assets	\$ 1,028,735,559	\$ 1,007,975,091
Investments in governmental funds capital assets by source:		
General fund	\$ 917,169,308	\$ 880,260,461
Special revenue funds	35,431,645	32,217,616
Capital projects funds	76,134,606	95,497,014
Total governmental funds capital assets	\$ 1,028,735,559	\$ 1,007,975,091

***The notes to the financial statements are an integral part of these statements***

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.*

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**December 31, 2008**  
*With comparative totals for December 31, 2007*

	Land	Buildings and Improvements	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Construction in Process	Totals	
							2008	2007
Function and activity								
General Government:								
City Council	\$ 3,087,998	\$ -	\$ 3,983	\$ -	\$ -	\$ -	\$ 3,983	\$ 3,983
Mayor/CAO	-	2,135,111	94,162	-	6,791	4,883,481	10,207,543	28,218,172
Legal Services	-	64,865	33,968	-	2,550	-	101,383	101,383
Administrative and Financial Services	-	-	751,875	-	-	-	751,875	751,875
Human resources	-	-	35,312	-	-	-	35,312	35,312
Municipal court	-	75,094	118,426	27,868	-	-	221,388	221,388
Total General Government	3,087,998	2,275,070	1,037,726	27,868	9,341	4,883,481	11,321,484	29,332,113
Public Safety:								
Police	446,152	15,160,922	626,702	4,296,526	355,867	800,000	21,686,169	21,861,761
Fire	53,136	5,050,435	453,056	6,735,591	1,658,248	962,214	14,912,680	14,199,721
Total Public Safety	499,288	20,211,357	1,079,758	11,032,117	2,014,115	1,762,214	36,598,849	36,061,482
Public Works:								
Administration	-	18,493,484	168,601	300,594	189,390	32	19,152,101	19,269,808
Engineering	-	44,140	57,212	359,733	125,362	-	586,447	558,800
Building inspection	-	-	21,343	216,465	-	-	237,808	237,808
Trafficways	-	728,021,818	74,429	363,856	333,340	8,439,737	737,233,180	703,495,923
Transportation	88,985	7,317,471	29,052	2,406,576	2,751,150	25,878,635	38,471,869	31,453,670
Bridges	-	114,531,669	-	-	-	31,414,302	145,945,971	149,766,403
Total Public Works	88,985	868,408,582	350,637	3,647,224	3,399,242	65,732,706	941,627,376	904,782,412
Parks and Recreation:								
Parks	2,643,590	28,286,899	93,374	1,646,542	1,905,903	3,611,430	38,187,738	36,249,357
Recreation	-	628,809	27,807	37,620	161,101	144,775	1,000,112	1,549,727
Total Parks and Recreation	2,643,590	28,915,708	121,181	1,684,162	2,067,004	3,756,205	39,187,850	37,799,084
Total governmental funds capital assets	\$ 6,319,861	\$ 919,810,717	\$ 2,589,302	\$ 16,391,371	\$ 7,489,702	\$ 76,134,606	\$ 1,028,735,559	\$ 1,007,975,091

**The notes to the financial statements are an integral part of these statements**

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.*

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the year ended December 31, 2008**

Function and activity	Governmental Fund Capital Assets 12/31/07	Additions	Deductions	Governmental Fund Capital Assets 12/31/08
<b>General Government:</b>				
City Council	\$ 3,983	\$ -	\$ -	\$ 3,983
Mayor/CAO	5,324,062	-	-	5,324,062
Legal Services	101,383	-	-	101,383
Administrative and Financial Services	751,875	-	-	751,875
Human resources	35,312	-	-	35,312
Municipal court	221,388	-	-	221,388
Total General Government	<u>6,438,003</u>	<u>-</u>	<u>-</u>	<u>6,438,003</u>
<b>Public Safety:</b>				
Police	21,735,620	351,521	1,200,972	20,886,169
Fire	14,166,412	-	215,946	13,950,466
Total Public Safety	<u>35,902,032</u>	<u>351,521</u>	<u>1,416,918</u>	<u>34,836,635</u>
<b>Public Works:</b>				
Administration	19,080,317	71,752	-	19,152,069
Engineering	558,800	27,647	-	586,447
Building inspection	237,808	-	-	237,808
Trafficways	696,767,007	32,074,857	48,421	728,793,443
Transportation	6,744,825	6,174,027	325,618	12,593,234
Bridges	114,531,669	-	-	114,531,669
Total Public Works	<u>837,920,426</u>	<u>38,348,283</u>	<u>374,039</u>	<u>875,894,670</u>
<b>Parks and Recreation:</b>				
Parks	31,362,279	3,288,414	74,385	34,576,308
Recreation	855,337	-	-	855,337
Total Parks and Recreation	<u>32,217,616</u>	<u>3,288,414</u>	<u>74,385</u>	<u>35,431,645</u>
<b>Governmental funds capital assets excluding construction in process</b>				
	912,478,077	41,988,218	1,865,342	952,600,953
<b>Governmental funds construction in process</b>				
	<u>95,497,014</u>	<u>22,045,245</u>	<u>41,407,653</u>	<u>76,134,606</u>
Total governmental funds capital assets	<u>\$ 1,007,975,091</u>	<u>\$ 64,033,463</u>	<u>\$ 43,272,995</u>	<u>\$ 1,028,735,559</u>

***The notes to the financial statements are an integral part of these statements***

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.*

# STATISTICAL SECTION

This part of the City of Topeka's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	120
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	125
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	130
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	140
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	143

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

**City of Topeka, Kansas**  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	2002	2003	2004	Fiscal Year			2008
				2005	2006	2007	
<b>Governmental Activities</b>							
Invested in capital assets, net of related debt	\$ 371,387,011	\$ 347,949,488	\$ 315,869,831	\$ 295,663,965	\$ 262,873,235	\$ 272,511,890	\$ 252,303,349
Restricted for debt service	1,612,599	1,756,004	1,202,328	2,812,438	4,436,969	5,320,200	4,990,862
Restricted for capital projects	-	-	-	-	40,853	1,014,474	104,676
Unrestricted	23,904,371	23,775,707	28,186,126	36,295,195	56,982,355	30,416,974	35,839,081
<b>Total Governmental Activities Net Assets</b>	<b>396,903,981</b>	<b>373,481,199</b>	<b>345,258,285</b>	<b>334,771,598</b>	<b>324,333,412</b>	<b>309,263,538</b>	<b>293,237,968</b>
<b>Business-Type Activities</b>							
Invested in capital assets, net of related debt	162,220,121	172,063,436	141,159,915	139,930,303	145,623,138	145,198,301	156,909,635
Restricted for debt service	4,661,853	4,661,853	7,613,165	8,630,840	8,290,825	8,398,593	8,319,620
Restricted for capital projects	1,500,000	1,500,000	1,500,000	1,500,000	15,845,404	11,276,138	6,749,027
Restricted for sinking funds	2,550,638	3,009,686	2,760,998	2,879,242	2,388,983	3,056,448	3,242,703
Restricted for deposits	472,846	472,046	472,393	467,588	524,529	569,686	602,286
Unrestricted	16,963,315	7,924,181	36,322,814	38,636,904	20,007,794	25,177,691	17,302,389
<b>Total Business-Type Activities Net Assets</b>	<b>188,368,773</b>	<b>189,631,202</b>	<b>189,829,285</b>	<b>192,044,877</b>	<b>192,680,673</b>	<b>193,676,857</b>	<b>193,125,660</b>
<b>Primary Government</b>							
Invested in capital assets, net of related debt	533,607,132	520,012,924	457,029,746	435,594,268	408,496,373	417,710,191	409,212,984
Restricted	10,797,936	11,399,589	13,548,884	16,290,108	31,527,563	29,635,539	24,009,174
Unrestricted	40,867,686	31,699,888	64,508,940	74,932,099	76,990,149	55,594,665	53,141,470
<b>Total Primary Government Net Assets</b>	<b>\$ 585,272,754</b>	<b>\$ 563,112,401</b>	<b>\$ 535,087,570</b>	<b>\$ 526,816,475</b>	<b>\$ 517,014,085</b>	<b>\$ 502,940,395</b>	<b>\$ 486,363,628</b>

**City of Topeka, Kansas**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
Governmental Activities:							
General Government	\$ 12,149,931	\$ 16,059,375	\$ 13,058,303	\$ 15,478,671	\$ 11,586,215	\$ 14,341,948	\$ 18,433,254
Public Safety	41,093,527	42,357,922	44,851,230	44,301,857	46,180,001	50,236,176	52,155,982
Public Works	42,230,107	40,349,669	40,509,135	43,308,612	43,453,681	42,801,152	42,769,762
Metropolitan Planning	-	-	-	-	852,604	997,806	908,365
Miscellaneous	2,675,531	1,078,991	13,686,232	602,031	1,137,603	436,371	(1,103,867)
Parks and Recreation	9,636,719	10,273,609	11,139,756	11,730,162	12,048,277	12,526,539	12,646,036
Public Housing	4,267,288	3,813,103	3,902,156	4,044,289	3,515,342	4,864,393	2,386,622
Social Services	984,714	668,354	697,203	664,335	758,097	778,614	964,006
Capital Leases	-	-	-	-	-	281,232	(90,415)
Interest	4,996,178	5,050,028	5,005,900	5,161,643	7,014,492	7,738,193	7,800,518
<b>Total Governmental Activities Expenses</b>	<b>118,033,995</b>	<b>119,651,051</b>	<b>132,849,915</b>	<b>125,291,600</b>	<b>126,546,312</b>	<b>135,002,424</b>	<b>136,870,263</b>
Business-Type Activities:							
Water, Water Pollution Control, & Stormwater Utility	37,416,758	39,436,709	43,462,577	46,018,492	49,704,499	52,085,653	59,604,907
Public Parking	2,892,977	3,273,200	3,616,803	3,291,919	3,198,078	3,566,490	3,537,726
Public Golf Course	825,052	897,809	804,042	790,552	793,221	853,731	911,930
Concessions	185,662	203,799	-	-	-	-	-
<b>Total Business-Type Activities Expenses</b>	<b>41,320,449</b>	<b>43,811,517</b>	<b>47,883,422</b>	<b>50,100,963</b>	<b>53,695,798</b>	<b>56,505,874</b>	<b>64,054,563</b>
<b>Total Primary Government Expenses</b>	<b>159,354,444</b>	<b>163,462,568</b>	<b>180,733,337</b>	<b>175,392,563</b>	<b>180,242,110</b>	<b>191,508,298</b>	<b>200,924,826</b>
<b>Program Revenues</b>							
Governmental Activities							
Charges for Services:							
General Government	3,437,357	4,842,720	8,029,066	7,185,457	1,725,530	11,130,288	10,065,179
Public Safety	109,096	113,169	765,400	153,671	365,736	385,906	329,998
Public Works	2,258,205	2,720,868	3,639,149	3,363,923	2,365,324	2,297,648	2,924,831
Miscellaneous	241,068	145,301	208,456	107,600	202,150	5,727	436,396
Parks and Recreation	1,934,611	2,025,330	2,309,285	2,393,364	2,300,624	2,592,634	2,720,158
Public Housing	-	-	-	-	-	48,551	49,695
Operating Grants and Contributions	12,614,896	7,851,537	7,245,247	9,009,008	11,427,462	7,697,626	5,471,840
Capital Grants and Contributions	2,010,122	5,784,892	3,140,374	2,316,994	5,555,889	1,503,751	1,344,661
<b>Total Gov. Activities Program Revenues</b>	<b>22,605,355</b>	<b>23,483,817</b>	<b>25,336,977</b>	<b>24,530,017</b>	<b>23,942,715</b>	<b>25,662,131</b>	<b>23,342,758</b>

continued...

**City of Topeka, Kansas**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
...continued							
Business-Type Activities:							
Charges for Services:							
Water, Water Pollution Control, & Stormwater Utility	39,510,788	41,080,327	43,419,997	47,291,010	48,614,312	51,209,242	56,435,887
Public Parking	2,823,329	2,847,252	2,736,464	2,695,983	2,655,614	2,822,807	3,126,337
Public Golf Course	828,181	802,887	647,178	644,859	652,507	626,005	633,211
Concessions	181,373	204,931	-	-	-	-	-
Operating Grants and Contributions	33,000	-	-	20,000	-	-	30,469
Capital Grants and Contributions	1,329,042	-	-	-	70,061	456,116	2,168,467
Total Business-Type Act. Program Revenues	44,705,713	44,935,397	46,803,639	50,651,852	51,992,494	55,114,170	62,394,371
Total Primary Government Program Revenues	\$ 67,311,068	\$ 68,419,214	\$ 72,140,616	\$ 75,181,869	\$ 75,935,209	\$ 80,776,301	\$ 85,737,129

Net (Expense) Revenue	\$ (95,428,640)	\$ (96,167,234)	\$ (107,512,938)	\$ (100,761,583)	\$ (102,603,597)	\$ (109,340,293)	\$ (113,527,505)
Governmental Activities:	3,385,264	1,123,880	(1,079,783)	550,889	(1,703,304)	(1,391,704)	(1,660,192)
Business-Type Activities:	\$ (92,043,376)	\$ (95,043,354)	\$ (108,592,721)	\$ (100,210,694)	\$ (104,306,901)	\$ (110,731,997)	\$ (115,187,697)

<b>General revenues:</b>							
Governmental Activities:							
Taxes							
Property taxes	\$ 33,683,841	\$ 35,368,108	\$ 37,551,521	\$ 38,621,393	\$ 37,393,649	\$ 39,142,343	\$ 41,454,387
Sales taxes	27,393,994	23,532,671	27,195,771	33,697,145	35,075,497	35,080,416	35,682,826
Franchise taxes	5,986,826	5,904,563	6,938,644	10,057,929	10,757,159	11,482,483	11,790,003
Motor fuel taxes	5,697,432	4,873,724	4,976,669	5,123,815	5,379,423	5,194,698	4,771,522
Alcoholic beverage taxes	1,220,592	1,260,704	1,237,716	1,292,445	1,468,050	1,441,932	1,601,574
Transient guest taxes	1,276,153	1,458,615	1,789,703	1,612,169	1,766,633	1,913,492	2,070,271
Grants/contrib not restricted to specific programs	2,163,903	-	-	-	-	-	131,352
Gain on sale of capital assets	5,092	-	-	-	-	-	-
Transfers in (out)	2,000,000	346,067	(400,000)	(130,000)	325,000	-	-
Total governmental activities	\$ 79,427,833	\$ 72,744,452	\$ 79,290,024	\$ 90,274,896	\$ 92,165,411	\$ 94,255,364	\$ 97,501,935

continued...

**City of Topeka, Kansas**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Business-Type Activities							
Unrestricted investment earnings	820,012	484,616	863,868	1,526,703	2,876,773	1,944,408	1,107,202
Gain (loss) on sale of capital assets	150,416	-	13,998	8,000	(212,673)	443,480	1,793
Transfers	(2,000,000)	(346,067)	400,000	130,000	(325,000)	-	-
Total Business-Type Activities	(1,029,572)	138,549	1,277,866	1,664,703	2,339,100	2,387,888	1,108,995
Total Primary Government	\$ 78,398,261	\$ 72,883,001	\$ 80,567,890	\$ 91,939,599	\$ 94,504,511	\$ 96,643,252	\$ 98,610,930
<b>Change in Net Assets</b>							
Governmental Activities:							
Business-Type Activities	\$ (16,000,807)	\$ (23,422,782)	\$ (28,222,914)	\$ (10,486,687)	\$ (10,438,186)	\$ (15,084,929)	\$ (16,025,570)
Total Primary Government	\$ 2,355,692	\$ 1,262,429	\$ 198,083	\$ 2,215,592	\$ 635,796	\$ 996,184	\$ (551,197)
	\$ (13,645,115)	\$ (22,160,353)	\$ (28,024,831)	\$ (8,271,095)	\$ (9,802,390)	\$ (14,088,745)	\$ (16,576,767)

\*Governmental Activities were restated to include the Regional Planning Commission.

\*\*Concession fund(Business-Type) was closed into the Public Golf Course fund

The capital outlay expense was reclassified for all years into the General Government Two fiduciary funds were converted to special revenue funds in 2007.

**City of Topeka, Kansas**  
**Fund Balances, Governmental Funds**  
**Last Seven Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>							
Reserved	\$ 562,459	\$ 897,170	\$ 788,765	\$ 1,063,692	\$ 689,185	\$ 1,082,050	\$ 1,218,734
Unreserved	8,226,144	4,192,045	9,139,605	10,872,739	8,087,568	7,065,321	6,752,087
<b>Total General Fund</b>	<b>\$ 8,788,603</b>	<b>\$ 5,089,215</b>	<b>\$ 9,928,370</b>	<b>\$ 11,936,431</b>	<b>\$ 8,776,753</b>	<b>\$ 8,147,371</b>	<b>\$ 7,970,821</b>
<b>All Other Governmental Funds</b>							
Reserved	\$ 2,771,567	\$ 2,792,770	\$ 2,906,380	\$ 4,191,997	\$ 8,780,502	\$ 8,656,439	\$ 7,667,937
Unreserved, reported in:							
Special Revenue Funds	5,230,847	5,576,823	6,556,675	9,953,325	12,778,211	12,380,181	11,315,365
Capital Projects Funds	(2,730,641)	(4,878,339)	(7,467,753)	(10,481,329)	14,944,597	(6,993,892)	(3,929,892)
<b>Total all other governmental funds</b>	<b>\$ 5,271,773</b>	<b>\$ 3,491,254</b>	<b>\$ 1,995,302</b>	<b>\$ 3,663,993</b>	<b>\$ 36,503,310</b>	<b>\$ 14,042,728</b>	<b>\$ 15,053,410</b>

*Two fiduciary funds were moved from special revenue funds in 2007.  
This report normally would disclose ten years of information, but will only report since GASB 34 was implemented in 2002.*

**City of Topeka, Kansas**  
**Changes in Fund Balances, Governmental Funds**  
**Last Seven Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>							
Taxes and assessments	\$ 64,342,266	\$ 62,045,216	\$ 68,634,320	\$ 75,806,083	\$ 75,653,375	\$ 77,663,208	\$ 80,793,020
Licenses and permits	7,220,562	7,167,543	8,566,896	11,682,029	12,393,096	13,093,705	13,221,725
Intergovernmental	16,695,475	15,129,905	13,834,393	13,485,071	12,448,639	14,895,471	12,853,091
Fees for service	5,682,954	6,139,352	8,593,706	7,697,417	7,530,038	7,710,858	7,875,082
Investment income	916,562	481,801	550,925	494,401	1,930,675	1,324,487	881,505
Fines and forfeitures	2,810,433	2,605,243	2,945,019	3,006,858	3,067,462	2,355,577	2,194,196
Rents	647	98,640	103,851	-	3,952	12,071	-
Other	1,462,123	1,972,268	1,730,312	2,246,069	1,830,075	1,920,956	2,066,654
Total revenues	99,131,022	95,639,968	104,959,422	114,417,928	114,857,312	118,976,333	119,885,273
<b>Expenditures:</b>							
Current:							
General government	13,862,851	14,336,221	14,491,502	16,107,096	16,461,418	15,980,267	16,229,447
Public safety	40,776,542	41,073,164	43,470,025	42,872,366	44,636,855	47,763,234	49,523,130
Public works	13,929,884	13,029,386	13,339,505	16,319,117	16,905,882	16,564,361	16,685,997
Metropolitan Planning	-	-	-	-	852,604	997,806	908,365
Miscellaneous	2,706,328	1,078,991	13,686,232	602,031	536,830	(28,610)	(1,103,867)
Parks and recreation	9,254,347	9,739,990	10,328,095	10,764,049	10,934,118	11,302,320	11,386,851
Public housing	4,267,288	3,813,103	3,902,156	4,044,289	3,515,342	4,864,393	2,386,622
Social services	984,714	668,354	697,203	664,335	758,097	778,614	964,006
Construction	3,903,533	12,087,729	7,158,585	17,590,173	30,654,057	34,415,024	17,423,213
Engineering and others	2,505,394	5,029,601	4,374,173	7,460,891	5,041,172	4,588,189	4,391,813
Capital leases	-	-	82,041	-	-	-	-
Underwriter's discount on bonds	-	-	332,250	-	-	-	-
Other costs of bond issuance	-	-	122,254	-	2,800	33,737	-
Refunding bond issuance costs	-	-	-	-	-	219,196	45,001
Debt service:							
Principal retirement	7,205,000	7,365,000	6,160,000	9,850,000	10,095,000	12,880,000	12,690,000
Interest	5,147,811	5,099,041	4,974,054	4,803,074	6,673,762	7,638,762	7,548,982
Administrative charges	-	-	-	-	-	-	-
Total expenditures	104,543,692	113,320,580	123,118,075	131,077,421	147,067,937	157,997,293	139,079,560
Excess (deficiency) of revenues over expenditures	(5,412,670)	(17,680,612)	(18,158,653)	(16,659,493)	(32,210,625)	(39,020,960)	(19,194,287)
<b>Other financing sources (uses):</b>							
Proceeds of general obligation bonds	-	42,335,000	59,385,000	20,115,000	60,540,000	15,085,000	20,039,890
Original issue premium on bonds	-	277,033	684,114	226,193	618,618	106,117	(102)
Original issue discount on bonds	-	-	(138,195)	-	-	(42,899)	(78,847)
Defeasance of bonds	-	(30,300,000)	(38,130,000)	-	-	-	-
Refunding bonds issued	-	-	-	-	-	14,135,000	4,530,110
Payment to refunded bond escrow agent	-	-	-	-	-	(13,965,000)	(4,522,500)
Redemption premium on defeased bonds	-	(520,956)	(379,200)	-	-	-	-
Transfers in	4,777,124	3,408,289	2,186,745	3,356,680	10,476,733	8,829,459	7,281,374
Transfers out	(3,709,668)	(3,062,222)	(2,609,501)	(3,492,247)	(10,406,930)	(8,329,459)	(7,281,374)
Capital leases	-	-	82,041	-	-	-	-
Contingency	-	-	-	-	-	-	-
Sale of property	64,754	63,561	420,852	130,619	661,843	97,723	59,868
Total other financing sources (uses)	1,132,210	12,200,705	21,501,856	20,336,245	61,890,264	15,915,941	20,028,419
Net change in fund balances	\$ (4,280,460)	\$ (5,479,907)	\$ 3,343,203	\$ 3,676,752	\$ 29,679,639	\$ (23,105,019)	\$ 834,132
Debt service as a percentage of noncapital expenditures	12.59%	12.96%	9.98%	13.82%	15.06%	17.28%	17.27%

See breakdown of taxes and assessments on page 126.

All years have been adjusted to reduce expenditures by Construction and Engineering and other amounts

Two fiduciary funds were moved into special revenue funds in 2007.

Starting in 2007 numbers have been restated to account properly for refunding of debt.

This report normally would disclose ten years of information, but will only report since GASB 34 was implemented in 2002.

2007-2008 debt was restated to reflect proper disclosure of premiums and discounts on bonds.

**City of Topeka, Kansas**  
**Tax Revenues by Source, Governmental Funds**  
**Last Seven Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Auto Ad Valorem</b>	<b>Sales Tax</b>	<b>Transient Guest Tax</b>	<b>Payments in Lieu of Taxes</b>	<b>Special Assessments</b>	<b>Total</b>
2002	25,680,271	3,245,558	27,393,994	1,276,153	4,843,557	1,902,733	64,342,266
2003	27,242,985	3,297,687	23,532,671	1,458,615	4,925,748	1,587,510	62,045,216
2004	28,501,243	3,679,898	27,470,539	1,789,703	5,424,022	1,768,915	68,634,320
2005	29,392,422	3,509,857	33,697,144	1,612,169	5,671,862	1,922,629	75,806,083
2006	28,595,710	3,458,719	35,075,497	1,766,633	5,339,220	1,417,596	75,653,375
2007	29,989,259	3,343,126	35,080,416	1,913,492	5,737,447	1,599,468	77,663,208
2008	32,469,562	3,326,312	35,682,826	2,070,271	5,637,762	1,606,287	80,793,020
Change 2002-2008	26.4%	2.5%	30.3%	62.2%	16.4%	-15.6%	25.6%

\*\*

*\*\*Payments in lieu of taxes are payments to the General Fund by proprietary funds to compensate the General Fund for the cost of services provided. The charge is based on property values.*

*This report normally would disclose ten years of information, but will only report since GASB 34 was implemented in 2002.*

**City of Topeka, Kansas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Levy Year	Real Property	Personal Property	Motor Vehicle	Corporation	Total	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1999	567,535,489	94,568,971	102,234,340	76,232,926	840,571,726	31.671	4,829,640,546	17.40%
2000	598,880,284	100,095,765	103,112,439	82,107,765	884,196,253	31.785	5,133,131,762	17.23%
2001	639,811,794	104,293,494	102,761,506	90,808,628	937,675,422	32.574	5,504,254,827	17.04%
2002	663,952,786	99,512,426	106,771,595	90,583,484	960,820,291	32.447	5,680,535,365	16.91%
2003	697,585,301	101,802,554	108,022,653	91,086,096	998,496,604	33.129	5,948,006,923	16.79%
2004 **	743,500,077	102,142,306	111,107,944 **	96,183,658	1,052,933,985 **	33.224	6,273,558,359 **	16.78%
2005	773,082,310	109,805,201	112,163,923	99,068,092	1,094,119,526	32.391	6,562,713,094	16.67%
2006	827,861,828	110,281,801	113,410,393	89,655,115	1,141,209,137	30.653	6,918,477,613	16.50%
2007	857,081,725	96,052,967	114,535,722	90,217,874	1,157,888,288	30.747	7,054,496,697	16.41%
2008	886,363,813	78,412,836	114,698,618	77,189,717	1,156,664,984	32.457	7,130,711,029	16.22%

Source: Shawnee County Clerk

The assessed value of each class is calculated by varying percentages of appraised or market value. The range varies from 11.5% for residential to 33% for public utilities.  
 \*\*Note the 2004 valuation for motor vehicles was revised in June 2006

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1999	22,052,495	21,179,420	96.04%	324,021	21,503,441	97.51%
2000	23,468,092	22,364,918	95.30%	30,848	22,395,766	95.43%
2001	24,710,652	24,285,629	98.28%	378,877	24,664,506	99.81%
2002	26,255,858	25,336,447	96.50%	343,824	25,680,271	97.81%
2003	27,343,275	26,780,238	97.94%	462,748	27,242,985	99.63%
2004	28,597,845	28,048,577	98.08%	452,666	28,501,243	99.66%
2005	29,449,181	28,984,901	98.42%	407,521	29,392,422	99.81%
2006	29,062,534	28,117,469	96.75%	478,241	28,595,710	98.39%
2007	30,513,054	29,650,544	97.17%	338,715	29,989,259	98.28%
2008	32,661,974	31,891,458	97.64%	578,104	32,469,562	99.41%

(1) As computed and certified by Shawnee County Clerk on November 1 of levy year.

**City of Topeka, Kansas**  
**Direct and Overlapping Property Tax Rates**  
**(Per \$1,000 of assessed value)**  
**Last Ten Fiscal Years**

Fiscal Year	City of Topeka					Other Overlapping Governments					Grand Total
	General Fund	Debt Service Fund	Parks and Recreation Fund	Others	Total	State of Kansas	Shawnee County	School District No 501	Washburn University	Others	
2000	10.432	13.077	7.581	0.695	<b>31.785</b>	1.500	37.014	51.984	3.313	12.849	<b>138.445</b>
2001	11.231	12.181	7.475	1.687	<b>32.574</b>	1.500	35.971	49.610	3.311	13.819	<b>136.785</b>
2002	13.222	10.246	8.013	0.966	<b>32.447</b>	1.500	40.592	52.563	3.312	12.848	<b>143.262</b>
2003	13.278	11.236	8.193	0.422	<b>33.129</b>	1.500	40.734	47.769	3.314	13.384	<b>139.830</b>
2004	17.220	7.680	6.105	2.219	<b>33.224</b>	1.500	43.043	46.198	3.308	13.967	<b>141.240</b>
2005	10.508	13.931	5.930	2.022	<b>32.391</b>	1.500	42.091	54.007	3.313	14.195	<b>147.497</b>
2006	10.855	12.060	5.763	1.975	<b>30.653</b>	1.500	41.850	53.295	3.313	13.118	<b>143.729</b>
2007	11.044	11.600	5.257	2.846	<b>30.747</b>	1.500	41.919	53.367	3.314	13.707	<b>144.554</b>
2008	11.944	12.598	5.388	2.527	<b>32.457</b>	1.500	41.662	53.423	3.315	13.272	<b>145.629</b>
2009	11.805	12.545	5.501	2.831	<b>32.682</b>	1.500	40.117	54.740	3.316	13.289	<b>145.644</b>

*Note: The city's property tax rates may be changed until August 25th of each year. A notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, a hearing may be held and the City Council may amend the budget. Once the rates have been certified to the State the rates can no longer be changed.*

**City of Topeka, Kansas**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy***	61,763,001	1	5.34%	57,282,681	1	6.81%
Southwestern Bell/Utility***	20,254,038	2	1.75%	31,254,707	2	3.72%
Burlington Northern/Santa Fe/Utility***	12,714,480	3	1.10%	10,768,547	4	1.28%
Kansas Gas Service/Utility***	12,336,516	4	1.07%	7,031,938	6	0.84%
Walmart Properties/Hypermart/Retail	10,808,164	5	0.93%	6,304,803	7	0.75%
Westridge Mall LLC/Retail (Simon Property Group)	9,798,924	6	0.85%	12,843,825	3	1.53%
Frito Lay/Manufacturing	6,760,508	7	0.58%	5,747,615	8	0.68%
Union Pacific/Utility ***	5,250,888	8	0.45%	8,519,415	5	1.01%
*Atrium Finance V LLC/Hotel	4,806,776	9	0.42%	-	-	-
IRET Properties	4,671,824	10	0.40%	-	-	-
Hallmark Cards/Manufacturing	-	-	-	5,210,032	10	0.62%
Payless Shoe Source(Collective Brands)/Mftg	-	-	-	5,054,242	9	0.60%
<b>Total</b>	<b>\$ 149,165,119</b>		<b>12.90%</b>	<b>\$ 150,017,805</b>		<b>17.86%</b>
<b>Total Assessed Value</b>	<b>\$ 1,156,664,984</b>			<b>\$ 840,571,726</b>		

Source: Shawnee County Clerk 2007 tax roll  
 In 2008 Atrium Finance took over John Q. Hammons Hotels.

\*Included in the NRA  
 \*\*\*State Assessed

**City of Topeka, Kansas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Temporary Notes	Other Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Temporary Notes	Department of Health & Environment Loans				Capital Leases
1999	109,516,500	11,240,000	-	-	828,500	42,435,000	2,000,000	25,498,259	-	191,518,259	3.41%	1,545
2000	108,726,200	11,530,000	-	-	428,800	41,740,000	2,000,000	27,788,362	-	192,213,362	3.19%	1,563
2001	109,163,400	4,065,000	-	2,484,618	6,256,600	66,380,000	9,500,000	27,633,083	71,446	225,554,147	3.61%	1,838
2002	101,958,400	9,815,070	-	2,745,704	6,256,600	65,190,000	2,034,930	37,592,045	48,952	225,641,701	3.54%	1,847
2003	106,636,500	14,456,414	-	2,216,017	6,248,500	63,960,000	2,543,586	64,454,297	25,162	260,540,475	4.03%	2,132
2004	121,740,000	20,559,075	-	1,718,967	6,240,000	100,750,000	2,580,925	77,905,586	-	331,494,553	5.00%	2,724
2005	132,005,000	19,413,136	-	1,220,560	6,240,000	114,235,000	6,011,864	85,969,205	-	365,094,765	5.35%	2,994
2006	135,580,000	10,572,369	46,870,000	746,539	13,810,000	113,800,000	897,631	93,678,715	-	415,955,254	5.79%	3,406
2007	140,160,000	6,379,336	44,665,000	896,518	13,680,000	119,140,000	2,820,664	93,762,685	-	421,504,203	5.52%	3,437
2008	149,845,000	16,350,000	42,350,000	680,260	13,405,000	117,255,000	-	90,610,984	-	430,496,244	5.37%	3,510

**Note:** Information regarding other bonds issued, for example tax increment or special revenue bonds, but backed by the full faith and credit of the City have been added. The temporary notes have been left in due to the anticipation of them becoming long term debt in the following year. The Governmental General Obligation bonds include bonds issued for special improvement districts also. Details regarding the City's outstanding debt can be found in the notes on pages 60-63 and in the statistical section on pages 130-139. See page 140 for personal income and population data.

**City of Topeka, Kansas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds			
1999	109,516,500	828,500	110,345,000	2.28%	889.93
2000	108,726,200	428,800	109,155,000	2.13%	887.87
2001	109,163,400	6,256,600	115,420,000	2.10%	940.78
2002	101,958,400	6,256,600	108,215,000	1.91%	885.58
2003	106,636,500	6,248,500	112,885,000	1.90%	923.57
2004	121,740,000	6,240,000	127,980,000	2.04%	1,051.68
2005	132,005,000	6,240,000	138,245,000	2.11%	1,133.66
2006	135,580,000	13,810,000	149,390,000	2.16%	1,223.38
2007	140,160,000	13,680,000	153,840,000	2.18%	1,254.38
2008	149,845,000	13,405,000	163,250,000	2.29%	1,331.11

**Note:** Details regarding the city's outstanding debt can be found on pages 130-139.

See page 127 for property value data, and population data can be found on page 140.

Note: Per capita amounts changed due to update in personal income figures on Demographic and Economic Statistics page 140.

**City of Topeka, Kansas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2008**

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Shawnee County	\$ 59,290,000	70.84%	\$ 42,001,036
Unified School District No. 345	18,900,000	29.39%	5,554,710
Unified School District No. 437	29,340,000	62.68%	18,390,312
Unified School District No. 450	25,575,000	22.16%	5,667,420
Unified School District No. 501	45,845,000	100.00%	45,845,000
Washburn University	28,915,000	100.00%	28,915,000
Topeka Shawnee Co. Library	<u>16,905,000</u>	70.84%	<u>11,975,502</u>
	224,770,000		158,348,980
Direct debt, City of Topeka:			
General obligation bonds	163,250,000		163,250,000
Temporary notes	16,350,000		16,350,000
Capital leases	<u>680,260</u>		<u>680,260</u>
<b>Total direct and overlapping debt</b>	<b><u><u>\$ 405,050,260</u></u></b>		<b><u><u>\$ 338,629,240</u></u></b>

**Source:** The debt outstanding was provided by the Shawnee County Clerk

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments.

**City of Topeka, Kansas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 252,171,518	\$ 265,258,876	\$ 281,302,627	\$ 288,246,087	\$ 299,548,981	\$ 335,444,774	\$ 328,235,858	\$ 342,362,741	\$ 347,366,486	\$ 346,999,495
Total net debt applicable to limit	110,782,194	110,743,959	118,631,535	113,017,753	120,841,801	142,729,341	155,727,186	74,795,038	85,780,252	95,537,544
Legal debt margin	\$ 141,389,324	\$ 154,514,917	\$ 162,671,092	\$ 175,228,334	\$ 178,707,180	\$ 192,715,433	\$ 172,508,672	\$ 267,567,703	\$ 261,586,234	\$ 251,461,951
Total net debt applicable to the limit as a percentage of debt limit	43.93%	41.75%	42.17%	39.21%	40.34%	42.55%	47.44%	21.85%	24.69%	27.53%

As permitted by Kansas statutes, for 2008 the City has excluded certain types of debt from this computation as follows:

\$ 59,102,565	K.S.A. 10-427a
18,446,887	K.S.A. 10-309
26,105,000	K.S.A. 12-195(8)
16,245,000	K.S.A. 12-1774
<u>Total excluded in 2008</u>	<u>\$ 119,899,452</u>

In 2005 and prior years, the City did not exclude refunding debt from this computation as provided in KSA 10-427a.

**Legal Debt Margin Calculation for Fiscal Year 2008**

Total assessed value	<u>\$ 1,156,564,984</u>
Debt limit (30% of total assessed value)	<u>346,999,495</u>
Debt applicable to limit:	
General obligation bonds	102,050,548
Less: Amount set aside for repayment of general obligation debt	<u>(6,513,004)</u>
Total net debt applicable to limit	<u>95,537,544</u>
Legal debt margin	<u>\$ 251,461,951</u>

**Note:** Per Kansas Statutes Annotated ("K.S.A.") Section 10-308, "The authorized and outstanding bonded indebtedness of any city shall not exceed 30% of the assessed valuation of the city." K.S.A. Section 10-309 allows for certain exceptions to calculating the legal debt limit.

**City of Topeka, Kansas**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

**Water and Water Pollution Control KDHE Revolving Loans**

Fiscal Year	Gross Revenues <sup>4</sup>	Less: Expenses <sup>1</sup>	Net Available Revenue	Debt Service on KDHE Loans (Next Fiscal Year)		Debt Service on Revenue Bonds (Next Fiscal Year)		KDHE Loan Coverage <sup>3</sup>
				Principal	Interest	Principal	Interest	
1999	35,016,991	21,252,013	13,764,978	1,833,149	1,033,125	695,000	2,061,285	2.45
2000	36,864,259	21,972,611	14,891,648	2,269,953	1,060,178	725,000	2,033,485	2.45
2001	34,378,085	24,052,622	10,325,463	2,346,908	988,661	1,190,000	2,920,130	1.39
2002	37,397,613	26,852,463	10,545,150	2,336,290	1,049,072	1,230,000	3,321,653	1.33
2003	41,536,887	27,127,247	14,409,640	3,517,054	2,048,195	1,280,000	3,262,553	1.43
2004	44,595,860	29,972,512	14,623,348	3,638,050	1,936,067	1,390,000	4,907,439	1.23
2005	49,032,060	31,616,570	17,415,490	4,985,751	2,643,644	1,905,000	5,387,707	1.17
2006	51,324,679	32,890,029	18,434,650	5,551,824	2,863,855	2,010,000	4,656,037	1.22
2007	53,433,665	33,190,749	20,242,916	6,033,276	2,930,765	1,885,000	5,568,118	1.23
2008	57,559,459	38,485,765	19,073,694	6,799,887	3,170,563	1,980,000	5,319,718	1.10

**Water, Water Pollution Control and Stormwater Revenue Bonds**

Fiscal Year	Gross Revenues <sup>4</sup>	Less: Expenses <sup>2</sup>	Net Available Revenue	Debt Service on Revenue Bonds (Next Fiscal Year)		Revenue Bond Coverage <sup>3</sup>
				Principal	Interest	
1999	35,016,991	20,626,633	14,390,358	695,000	2,061,285	5.22
2000	36,864,259	21,044,759	15,819,500	725,000	2,033,485	5.73
2001	34,378,085	24,124,446	10,253,639	1,190,000	2,920,130	2.49
2002	37,397,613	26,847,219	10,550,394	1,230,000	3,321,653	2.32
2003	41,536,887	27,094,743	14,442,144	1,280,000	3,262,553	3.18
2004	44,595,860	31,217,897	13,377,963	1,390,000	4,907,439	2.12
2005	49,032,060	32,388,584	16,643,476	1,905,000	5,387,707	2.28
2006	51,324,679	36,001,171	15,323,508	2,010,000	4,656,037	2.30
2007	53,433,665	36,884,842	16,548,823	1,885,000	5,568,118	2.22
2008	57,559,459	42,720,262	14,839,197	1,980,000	5,319,718	2.03

**Note:** Details regarding the city's outstanding debt can be found in the notes on pages 130-139.

1 - Expenses for the KDHE loans do not include depreciation, interest, bad debt, or other non-cash items. Prior years have been updated to reflect this change.

2 - Expenses for the Revenue bonds do not include payments in lieu of taxes, depreciation, amortization, interest, bad debt, or other non-cash items, but does include principal and interest on permitted loans. Prior years have been updated to reflect this change.

3 - The City maintains Net Revenues in the Combined Utility in an amount which will be not less than 100% of the amount required to be paid for debt service, on Permitted Loans and 125% on revenue bonds, by the City in the next succeeding fiscal year.

4 - The gross revenues include fees for services, license and permits, rental income, interest income, and other income, but exclude any gains on disposal of fixed assets.

In 2003, City Ordinance 17985 was passed to combine the Water, Water Pollution Control and Stormwater Utilities.

In 2008, a work in process adjustment of \$4,157,605 for the City Water Department was made. The write off will increase expenses.

**City of Topeka, Kansas**  
**Schedule of Bonded Indebtedness by Category**  
**December 31, 2008**

Bond Series	Interest rates	Issue Date	Final maturity	Original Principal Amount	Principal Outstanding 01/01/2008	Issued	Retired	Refunded	Principal Outstanding 12/31/2008
<b>General obligation bonds (A)</b>									
<b>Building Improvements</b>									
2001A	4.05%-5.00%	03/01/01	08/15/21	\$ 6,240,000	\$ 6,110,000	\$ -	\$ 135,000	\$ -	\$ 5,975,000
2001B	4.00%-5.10%	08/01/01	08/01/21	7,595,000	800,000	-	-	800,000	-
2003A	1.80%-4.125%	03/01/03	08/15/17	523,019	370,019	-	40,000	-	330,019
2003B	2.375%-5.00%	08/14/03	08/15/18	7,090,315	5,039,932	-	1,070,387	520,287	3,449,258
2003C	2.70%-5.50%	11/24/03	08/15/23	4,331,205	3,744,707	-	173,634	-	3,571,073
2004B	3.10%-4.25%	10/07/04	08/15/20	9,388,630	7,684,710	-	548,680	-	7,136,030
2004C	3.10%-5.00%	11/23/04	08/15/24	118,531	104,307	-	4,569	-	99,738
2005A	3.30%-5.50%	02/17/05	08/15/25	5,635,000	5,220,000	-	215,000	-	5,005,000
2005B	3.50%-5.00%	11/29/05	08/15/25	1,127,949	1,127,949	-	-	-	1,127,949
2005C	4.88%-5.50%	11/29/05	08/15/15	5,070,000	4,155,000	-	480,000	-	3,675,000
2006A	4.00%-4.25%	11/28/06	08/15/26	13,670,000	1,366,824	-	49,170	-	1,317,654
2006B	4.00%-4.375	11/28/06	08/15/36	7,570,000	7,570,000	-	140,000	-	7,430,000
2007A	3.50% - 4.25%	02/28/07	08/15/21	4,453,563	4,436,234	-	346,581	-	4,089,653
2007D	4.00% - 4.50%	11/28/07	08/15/27	1,369,871	1,369,872	-	31,784	-	1,338,088
2008A	3.50% - 5.60%	10/29/08	08/15/30	1,601,828	-	1,601,828	-	-	1,601,828
				<u>75,784,911</u>	<u>49,099,554</u>	<u>1,601,828</u>	<u>3,234,805</u>	<u>1,320,287</u>	<u>46,146,290</u>
<b>Drainage Improvements</b>									
2001B	4.00%-5.10%	08/01/01	08/01/21	900,000	160,000	-	-	160,000	-
2007A	3.50% - 4.25%	02/28/07	08/15/21	313,773	312,552	-	24,418	-	288,134
2008A	3.50% - 5.60%	10/29/08	08/15/30	160,715	-	160,715	-	-	160,715
				<u>1,374,488</u>	<u>472,552</u>	<u>160,715</u>	<u>24,418</u>	<u>160,000</u>	<u>448,849</u>
<b>Sanitary and Storm Sewer</b>									
2001B	4.00%-5.10%	08/01/01	08/01/21	850,000	180,000	-	-	180,000	-
2003A	1.80%-4.125%	03/01/03	08/15/17	161,037	108,180	-	17,143	-	91,037
2003B	2.375%-5.00%	08/14/03	08/15/18	1,502,500	60,162	-	29,980	3,098	27,084
2003C	2.70%-5.50%	11/24/03	08/15/23	68,895	59,565	-	2,762	-	56,803
2004C	3.10%-5.00%	11/23/04	08/15/24	216,295	190,339	-	8,337	-	182,002
2005B	3.50%-5.00%	11/29/05	08/15/25	475,154	475,154	-	-	-	475,154
2006A	4.00%-4.25%	11/28/06	08/15/26	695,209	664,441	-	23,903	-	640,538
2007A	3.50% - 4.25%	02/28/07	08/15/21	263,165	262,141	-	20,480	-	241,661
2007D	4.00% - 4.50%	11/28/07	08/15/27	400,077	400,077	-	9,283	-	390,794
2008A	3.50% - 5.60%	10/29/08	08/15/30	2,487,965	-	2,487,965	-	-	2,487,965
				<u>7,120,297</u>	<u>2,400,059</u>	<u>2,487,965</u>	<u>111,888</u>	<u>183,098</u>	<u>4,593,038</u>
<b>Street Improvements</b>									
2001B	4.00%-5.10%	08/01/01	08/01/21	1,981,500	400,000	-	-	400,000	-
2003A	1.80%-4.125%	03/01/03	08/15/17	1,167,529	714,565	-	114,286	-	600,279
2003B	2.375%-5.00%	08/14/03	08/15/18	793,050	175,686	-	88,829	8,713	78,144
2003C	2.70%-5.50%	11/24/03	08/15/23	890,554	769,964	-	35,702	-	734,262
2004B	3.10%-4.25%	10/07/04	08/15/20	2,264,270	897,050	-	214,340	-	682,710
2004C	3.10%-5.00%	11/23/04	08/15/24	560,307	493,071	-	21,597	-	471,474
2005B	3.50%-5.00%	11/29/05	08/15/25	3,464,719	3,464,719	-	-	-	3,464,719
2006A	4.00%-4.25%	11/28/06	08/15/26	3,907,178	3,734,256	-	134,336	-	3,599,920
2007A	3.50% - 4.25%	02/28/07	08/15/21	693,340	690,642	-	53,956	-	636,686
2007D	4.00% - 4.50%	11/28/07	08/15/27	10,643,834	10,643,834	-	246,956	-	10,396,878
2008A	3.50% - 5.60%	10/29/08	08/15/30	16,204,903	-	16,204,903	-	-	16,204,903
				<u>42,571,184</u>	<u>21,983,787</u>	<u>16,204,903</u>	<u>910,002</u>	<u>408,713</u>	<u>36,869,975</u>
<b>Trafficway Improvements</b>									
2001B	4.00%-5.10%	08/01/01	08/01/21	16,428,500	1,445,000	-	-	1,445,000	-
2003A	1.80%-4.125%	03/01/03	08/15/17	3,598,403	2,969,045	-	177,143	-	2,791,902
2003B	2.375%-5.00%	08/14/03	08/15/18	14,633,860	9,609,220	-	1,275,804	717,902	7,615,514
2003C	2.70%-5.50%	11/24/03	08/15/23	4,820,346	4,167,611	-	193,243	-	3,974,368
2004B	3.10%-4.25%	10/07/04	08/15/20	21,002,980	16,762,240	-	1,861,980	-	14,900,260
2004C	3.10%-5.00%	11/23/04	08/15/24	1,546,660	1,361,061	-	59,617	-	1,301,444
2005B	3.50%-5.00%	11/29/05	08/15/25	2,224,255	2,224,255	-	-	-	2,224,255
2006A	4.00%-4.25%	11/28/06	08/15/26	3,193,094	3,051,776	-	109,784	-	2,941,992
2007A	3.50% - 4.25%	02/28/07	08/15/21	7,404,046	7,375,237	-	576,190	-	6,799,047
2007D	4.00% - 4.50%	11/28/07	08/15/27	349,554	349,554	-	8,110	-	341,444
2008A	3.50% - 5.60%	10/29/08	08/15/30	3,503,719	-	3,503,719	-	-	3,503,719
				<u>78,705,417</u>	<u>49,314,999</u>	<u>3,503,719</u>	<u>4,261,871</u>	<u>2,162,902</u>	<u>46,393,945</u>

*continued...*

**City of Topeka, Kansas**  
**Schedule of Bonded Indebtedness by Category**  
**December 31, 2008**

Bond Series	Interest rates	Issue Date	Final maturity	Original Principal Amount	Principal Outstanding 01/01/2008	Issued	Retired	Refunded	Principal Outstanding 12/31/2008
<i>...continued</i>									
<b>Park Improvements</b>									
2001B	4.00%-5.10%	08/01/01	08/01/21	1,910,000	275,000	-	-	275,000	-
2003A	1.80%-4.125%	03/01/03	08/15/17	755,012	543,191	-	51,428	-	491,763
2003C	2.70%-5.50%	11/24/03	08/15/23	1,114,000	963,153	-	44,659	-	918,494
2004B	3.10%-4.25%	10/07/04	08/15/20	6,111,940	4,856,000	-	465,000	-	4,391,000
2004C	3.10%-5.00%	11/23/04	08/15/24	4,433,207	3,901,222	-	170,880	-	3,730,342
2005B	3.50%-5.00%	11/29/05	08/15/25	2,117,923	2,117,923	-	-	-	2,117,923
2006A	4.00%-4.25%	11/28/06	08/15/26	4,444,402	4,247,703	-	152,807	-	4,094,896
2007A	3.50% - 4.25%	02/28/07	08/15/21	1,007,113	1,003,194	-	78,375	-	924,819
2007D	4.00% - 4.50%	11/28/07	08/15/27	2,321,663	2,321,663	-	53,867	-	2,267,796
2008A	3.50% - 5.60%	10/29/08	08/15/30	610,870	-	610,870	-	-	610,870
				<u>24,826,130</u>	<u>20,229,049</u>	<u>610,870</u>	<u>1,017,016</u>	<u>275,000</u>	<u>19,547,903</u>
<b>Taxable Pension Obligation</b>									
2004A	4.00%-5.00%	08/12/04	08/15/15	13,385,000	10,340,000	-	1,090,000	-	9,250,000
				<u>13,385,000</u>	<u>10,340,000</u>	<u>-</u>	<u>1,090,000</u>	<u>-</u>	<u>9,250,000</u>
<b>Total all general obligation bonds (A)</b>				<b>\$ 243,767,428</b>	<b>\$ 153,840,000</b>	<b>\$ 24,570,000</b>	<b>\$ 10,650,000</b>	<b>\$ 4,510,000</b>	<b>\$ 163,250,000</b>
<b>Other Bonds (B):</b>									
2006A	4.00 - 5.50	03/30/06		\$ 10,405,000	\$ 10,405,000	\$ -	\$ -	\$ -	\$ 10,405,000
2006	4.00 - 5.00	06/15/06		30,625,000	28,420,000	-	2,315,000	-	26,105,000
2006A	4.125 - 5.75	07/27/06		5,840,000	5,840,000	-	-	-	5,840,000
<b>Total Other Bonds</b>				<b>\$ 46,870,000</b>	<b>\$ 44,665,000</b>	<b>\$ -</b>	<b>\$ 2,315,000</b>	<b>\$ -</b>	<b>\$ 42,350,000</b>
<b>Revenue Bonds (C):</b>									
2001A	5.30%-6.00%	12/01/01	08/01/19	\$ 25,365,000	\$ 520,000	\$ -	\$ 520,000	\$ -	\$ -
2004A	2.00%-6.00%	02/19/04	08/01/33	46,180,000	42,450,000	-	980,000	-	41,470,000
2005A	4.00%-7.50%	12/09/05	08/01/35	14,875,000	14,190,000	-	215,000	-	13,975,000
2006A	4.25%-4.375	10/18/06	08/01/31	32,375,000	32,375,000	-	-	-	32,375,000
2006B	4.00%-5.00%	10/18/06	08/01/21	22,600,000	22,255,000	-	160,000	-	22,095,000
2007B	4.625% - 4.75%	07/17/07	08/01/37	5,210,000	5,210,000	-	-	-	5,210,000
2007C	6.00%	07/17/07	08/01/25	2,140,000	2,140,000	-	10,000	-	2,130,000
<b>Total all revenue bonds</b>				<b>\$ 148,745,000</b>	<b>\$ 119,140,000</b>	<b>\$ -</b>	<b>\$ 1,885,000</b>	<b>\$ -</b>	<b>\$ 117,255,000</b>
<b>Total all bonded indebtedness</b>				<b>\$ 439,382,428</b>	<b>\$ 317,645,000</b>	<b>\$ 24,570,000</b>	<b>\$ 14,850,000</b>	<b>\$ 4,510,000</b>	<b>\$ 322,855,000</b>

**Notes:**

(A) Payable from general property tax, special assessments and other revenue.

(B) These include STAR, Tax Increment Financing and Sales Tax Revenue Bonds

(C) Payable from combined Water, Water Pollution Control, and Stormwater Utility Fund revenues or general property tax.

See independent auditors' report.

**City of Topeka, Kansas**  
**Schedule of Temporary Notes Outstanding by Project**  
**December 31, 2008**

Project Purpose/Description	Project Number	Project Amount Financed
San Sewer Capricorn Woods #3	408743	\$ 190,871.01
Huntoon Sewer Main & Lateral	408981	115,399.75
San Swr Horseshoe Bend	409360	204,935.19
San Swr Horseshoe Bend	409361	301,375.28
San Swr Lauren's Bay Villas	409450	447,166.57
San Swr Rockfire	409470	157,740.82
San Swr Shadywood Sub	409491	30,137.53
San Swr Lauren Bay 2	409510	381,742.02
San Swr Lauren Bay 1	409511	1,607,334.81
Mission Ridge Streets	606070	688,140.21
Alexander Place	606114	376,719.10
St Improvement Horseshoe Bend	606190	1,019,653.02
St Improvement Woodland Trl Sub	606241	251,146.06
St Improvement Woodland Blk A-D	606242	251,146.06
Storm Swr Lauren's Bay Villa	606250	657,118.00
St Improvement SW 30th Ter	606260	279,274.42
Lauren Bay Villa 2 Street	606320	661,016.44
Lauren Bay Estate Street	606321	3,747,099.26
Frazier St 3rd and 4th	606380	301,375.28
St Improvement Lauren Blk M & E	606410	1,004,584.25
MacVicar Sw 6th - I70	701962	3,676,024.92
Total aggregate principal outstanding		<u><u>\$ 16,350,000</u></u>

**Note:** On October 29, 2008, the City issued its Series 2008-A Temporary Notes in the principal amount of \$16,350,000. The 2008-A Notes were purchased by Morgan Stanley & Co., bear interest at 4.50%, and are scheduled to mature on November 1, 2009.

See independent auditor's report.

**City of Topeka, Kansas**  
**Debt Service Payments to Final Maturity**  
**Revenue Bonds**  
**December 31, 2008**

SCHEDULED DEBT SERVICE					
Year Ending	Principal Amount Due	Interest	Total Annual Debt Service	Bonds Outstanding at End of Year	Percent Paid off
2009	\$ 1,980,000	\$ 5,319,718	\$ 7,299,718	\$ 115,275,000	1.69%
2010	2,050,000	5,219,518	7,269,518	113,225,000	3.44%
2011	2,105,000	5,115,918	7,220,918	111,120,000	5.23%
2012	2,175,000	5,009,418	7,184,418	108,945,000	7.09%
2013	2,275,000	4,922,468	7,197,468	106,670,000	9.03%
2014	3,400,000	4,820,713	8,220,713	103,270,000	11.93%
2015	3,965,000	4,661,075	8,626,075	99,305,000	15.31%
2016	4,150,000	4,470,770	8,620,770	95,155,000	18.85%
2017	4,340,000	4,294,275	8,634,275	90,815,000	22.55%
2018	4,515,000	4,118,375	8,633,375	86,300,000	26.40%
2019	4,715,000	3,928,775	8,643,775	81,585,000	30.42%
2020	4,935,000	3,728,794	8,663,794	76,650,000	34.63%
2021	5,145,000	3,517,469	8,662,469	71,505,000	39.02%
2022	5,370,000	3,289,356	8,659,356	66,135,000	43.60%
2023	5,630,000	3,047,106	8,677,106	60,505,000	48.40%
2024	6,560,000	2,788,844	9,348,844	53,945,000	53.99%
2025	6,855,000	2,478,263	9,333,263	47,090,000	59.84%
2026	6,985,000	2,160,513	9,145,513	40,105,000	65.80%
2027	7,255,000	1,841,106	9,096,106	32,850,000	71.98%
2028	7,570,000	1,514,225	9,084,225	25,280,000	78.44%
2029	4,775,000	1,177,275	5,952,275	20,505,000	82.51%
2030	4,795,000	959,488	5,754,488	15,710,000	86.60%
2031	5,025,000	741,138	5,766,138	10,685,000	90.89%
2032	3,670,000	512,275	4,182,275	7,015,000	94.02%
2033	3,855,000	340,238	4,195,238	3,160,000	97.31%
2034	1,220,000	159,500	1,379,500	1,940,000	98.35%
2035	1,275,000	96,975	1,371,975	665,000	99.43%
2036	325,000	31,588	356,588	340,000	99.71%
2037	340,000	16,150	356,150	-	100.00%
<b>Totals</b>	<b>\$ 117,255,000</b>	<b>\$ 80,281,320</b>	<b>\$ 197,536,320</b>		

*Source: City of Topeka Financial Services Department; totals may not add due to rounding*  
*This table includes the effects of bonds, but not the debt service requirements of outstanding permitted loans.*  
*See independent auditor's report.*

**City of Topeka, Kansas**  
**Schedule of Industrial Revenue Bonds by Obligee (1)**  
**December 31, 2008**

Obligated Entity or Purpose	Interest Rates	Issue Date	Final Maturity	Original Principal Amount	Principal Outstanding 01/01/2008	Issued	Retired	Principal Outstanding 12/31/2008
Brewster Place	3.75 - 6.00%	08/15/02	08/01/22	\$ 2,225,000	\$ 1,915,000	\$ -	\$ 85,000	\$ 1,830,000
Brewster Place	2.50 - 5.50%	05/15/04	06/01/24	12,000,000	10,805,000	-	425,000	10,380,000
Fairlawn Green Acquisition	7.25%	11/01/96	12/15/21	2,275,000	1,784,138	-	67,976	1,716,162
Fairlawn Green Acquisition	9.00%	11/01/96	12/15/21	525,000	525,000	-	-	525,000
Fleming Court Apts.	Var. Rate	12/01/00	12/01/28	3,880,000	3,635,000	-	60,000	3,575,000
Great Plains Hotel	Var. Rate	12/01/88	10/01/13	4,300,000	2,010,000	-	265,000	1,745,000
Hill's Pet Nutrition	5.45%	06/18/02	08/01/12	15,000,000	8,490,000	-	1,525,000	6,965,000
Oakbrook Apartments	N/A	11/01/95	07/01/26	3,225,000	3,225,000	-	-	3,225,000
Oakbrook Apartments	8.75%	11/01/95	07/01/26	675,000	675,000	-	-	675,000
Presbyterian Manor	6.80% - 8.625%	06/01/88	06/01/10	8,320,000	6,120,000	-	-	6,120,000
Security Benefit	5.75%	03/01/02	03/01/12	50,000,000	25,000,000	-	5,000,000	20,000,000
Sunwest Hospital	Variable	05/01/88	07/09/05	5,500,000	3,400,000	-	255,000	3,145,000
YMCA	5.50 - 7.50%	08/01/00	09/01/25	8,500,000	7,875,000	-	150,000	7,725,000
				<u>\$ 116,425,000</u>	<u>\$ 75,459,138</u>	<u>\$ -</u>	<u>\$ 7,832,976</u>	<u>\$ 67,626,162</u>

(1) Issuance of these industrial revenue bonds is authorized by KSA 12 - 1740 et seq. KSA 12 - 1743 states in pertinent part "...The principal and interest of said bonds shall be payable solely and only from the special fund herein provided for such payments, and said bonds shall not in any respect be a general obligation of such city, nor shall they be payable in any manner by taxation..."

**City of Topeka, Kansas**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>501 School District Enrollment (3)</b>	<b>Unemployment Rate % (4)</b>
1999	123,993	5,621,125	\$25,120	14,135	3.4%
2000	122,940	6,022,592	\$26,792	14,144	4.8%
2001	122,685	6,253,618	\$27,808	14,018	5.0%
2002	122,197	6,375,524	\$28,339	13,876	5.6%
2003	122,227	6,471,266	\$28,697	14,058	6.4%
2004	121,691	6,634,878	\$29,324	14,300	7.2%
2005	121,946	6,824,808	\$30,062	13,870	6.6%
2006	122,113	7,186,616	\$31,617	13,387	5.8%
** 2007	122,642	7,640,205	\$33,466	13,142	5.4%
** 2008	122,642	8,014,575	\$34,905	13,469	5.7%

**Sources:**

(1) Population estimates, are taken from the Kansas Division of the Budget. Previous years data were updated to reflect changes made by the state. 2008 figures based upon the State of Kansas Population Projections.

(2) Bureau of Economic Analysis. Previous years data of per capita personal income were updated to reflect changes made by the Bureau.

(3) School District 501 only. Private schools and school districts 437, 345, and 450, which partially overlap the city boundaries, are not included. Source of information for 2007 is the State of Kansas Organization Statistics.

(4) Kansas Department of Human Resources

\*\* 2008 used a 4.9% increase for Personal Income based on the April 2009 Kansas Legislative Research Department report.

\*\* 2008 used a 4.3% increase for per Capita Personal Income based on the Bureau of Economic Analysis.

Revised 2001-2004 unemployment rates per the Kansas Labor Force History.

**Property Value, Construction, and Bank Deposits**  
**Last Ten Fiscal Years**  
*(Dollar Values Expressed in Thousands)*

<b>Fiscal Year</b>	<b>Number of Residential Units (1)</b>	<b>Value</b>	<b>Number of Commercial Units (1)</b>	<b>Value</b>	<b>Bank Deposits (2)</b>	<b>Estimated True Value of Property (3)</b>		
						<b>Commercial</b>	<b>Residential</b>	<b>Nontaxable</b>
1999	603	40,379	340	92,321	1,089,142	970,780	2,820,028	866,281
2000	530	44,871	304	106,751	1,140,819	1,014,060	2,998,422	903,813
2001	408	38,116	308	73,902	1,355,112	1,103,793	3,123,916	863,884
2002	824	54,901	341	105,008	1,266,667	1,218,862	3,503,170	1,134,147
2003	594	55,513	287	93,932	2,017,264	1,257,186	3,717,880	1,281,949
2004	584	83,773	294	102,115	3,709,800	1,298,449	3,929,537	1,341,684
2005	571	90,124	296	79,675	2,165,088	1,344,588	4,137,524	1,285,172
2006	566	64,331	242	87,123	2,380,227	1,438,150	4,337,871	1,397,942
2007	481	64,554	242	87,016	2,765,297	1,467,379	4,461,737	1,449,351
2008	380	34,046	197	85,538	3,083,569	1,407,965	4,454,512	1,492,738

**Sources:**

(1) City Development Coordination Office

(2) FDIC - Summary of Deposits market share report, changed in 2008, figures are as of 06-30-08

(3) Shawnee County Real Property Abstract

**City of Topeka, Kansas**  
**Employment and Unemployment Statistics**  
**Last Ten Fiscal Years**

<b>Average Annual Non-Farm Employment Distribution</b>										
<b>Topeka MSA</b>										
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total Non-Farm	112,600	114,200	115,500	115,700	112,200	111,200	110,300	108,600	110,100	111,600
Goods-Producing	14,000	14,000	14,300	14,700	14,300	14,100	14,300	13,200	13,100	13,400
Service-Providing	98,600	100,300	101,200	101,000	97,900	97,100	96,000	95,400	96,900	98,200
Private Service-Providing	72,000	73,600	74,100	73,500	70,400	68,900	67,800	67,900	68,900	70,000
Government	26,700	26,600	27,100	27,500	27,500	28,200	28,100	27,500	28,000	28,300

Source: Kansas Department of Labor, Division of Employment, Research and Analysis Section. Data is not seasonally-adjusted.

The major employment sectors within the Topeka Metropolitan Statistical Area ("Topeka MSA") include manufacturing, mining and construction, transportation and public utilities, wholesale and retail trade, finance related industries, service related industries, and government.

<b>Unemployment rates</b>										
<b>Topeka MSA</b>										
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Topeka MSA	3.40%	4.80%	5.00%	5.60%	6.40%	7.20%	6.60%	5.80%	5.40%	5.70%
Kansas	3.00%	3.70%	4.30%	5.10%	5.40%	4.70%	5.10%	4.50%	4.10%	4.90%
United States	4.00%	3.90%	5.70%	6.00%	5.70%	5.40%	5.10%	4.60%	4.60%	5.80%

Source: Kansas Department of Labor, Division of Employment, Research and Analysis Section, Kansas Labor Market Information, and the U.S. Bureau of Labor and Statistics.

**Principal Employers,  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
State of Kansas	8,074	1	7.40%	8,833	1	9.44%
Stormont-Vail Health Care	3,666	2	3.36%	2,400	2	2.57%
Unified School District # 501	2,269	3	2.08%	2,200	4	2.35%
Washburn University	2,100	4	1.92%	-	-	-
St. Francis Hospital & Medical Center	1,978	5	1.81%	1,647	7	1.76%
Goodyear Tire and Rubber Co.	1,600	6	1.47%	1,700	6	1.82%
Collective Brands (Payless Shoe Source)	1,500	7	1.37%	1,555	8	1.66%
City of Topeka	1,500	8	1.37%	1,500	9	1.60%
Blue Cross Blue Shield of Kansas	1,362	9	1.25%	2,084	5	2.23%
US Government	1,192	10	1.09%	1,447	10	1.55%
Burlington Northern/Santa Fe/Utility	-	-	-	2,385	3	2.55%
<b>Total</b>	<b>25,241</b>		<b>23.13%</b>	<b>25,751</b>		<b>27.53%</b>
<b>Total Employment</b>	<b>109,124</b>			<b>93,550</b>		

**Source:**

Topeka Chamber of Commerce, December 2008, for number of employees

State Department of Labor, 3rd Quarter 2008 and 1999 City of Topeka Budget book for total employment

2007 Collective Brands bought out Payless Shoe Source.

**City of Topeka, Kansas**  
**Full-time Equivalent City Government Employees by Function/Program**  
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Council	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Executive	21.00	22.75	20.00	19.00	19.00	17.00	18.00	16.00	12.00	13.00
Legal	17.00	17.00	22.00	22.50	23.50	21.50	21.50	22.50	21.50	21.50
Financial Services	29.00	26.00	28.00	24.75	24.75	25.00	24.00	25.00	25.00	26.00
Fleet Services	23.00	22.00	22.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Municipal Court	28.00	28.00	24.00	28.00	27.00	27.00	27.00	27.00	28.00	28.00
Human Relations Commission	-	-	-	-	-	-	-	-	6.00	5.00
Human Resources	11.00	11.00	10.00	10.00	11.00	10.00	10.00	9.00	8.00	8.00
Information Technology	14.25	14.00	14.15	14.00	14.00	14.00	14.00	16.00	16.00	17.00
Public Safety										
Fire	250.00	248.00	249.00	249.00	249.00	242.00	241.00	249.00	249.00	249.00
Police	338.50	350.00	347.00	351.00	356.50	357.50	355.00	357.00	355.00	357.00
Public Works										
Administration	8.00	8.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	11.00
Development Services	20.00	43.00	40.50	38.50	37.00	38.00	38.00	37.00	37.00	37.00
Engineering	47.00	47.00	43.00	43.00	43.00	42.00	41.00	41.00	38.00	39.00
Transportation Operations	14.00	14.00	14.00	16.00	16.00	15.00	14.00	14.00	14.00	14.00
Special Street Repair	53.00	54.00	50.00	49.00	50.00	53.00	53.00	53.00	53.00	53.00
Facility Operations	18.25	17.50	16.25	16.25	16.25	14.25	14.25	14.25	14.25	14.25
Public Parking	21.00	18.00	18.00	19.00	19.00	17.00	17.00	17.00	17.00	18.00
Water	145.00	127.00	116.00	114.00	122.00	115.00	117.00	115.00	116.00	116.00
Water Pollution Control	100.00	82.00	74.00	73.00	74.00	73.00	73.00	70.00	70.00	76.00
Stormwater Utility	16.00	12.00	12.00	13.00	13.00	13.00	13.00	15.00	15.00	15.00
Housing & Neighborhood Development	21.00	14.00	15.60	15.60	19.00	17.00	17.00	17.00	17.00	15.00
Planning	13.00	16.00	14.50	15.00	15.00	13.00	14.00	14.00	14.00	14.00
Parks and Recreation	90.51	87.38	87.63	93.75	92.85	93.10	93.35	94.75	94.75	92.75
Public Golf Course	8.00	8.00	8.00	1.00	8.00	9.00	9.00	8.00	3.00	3.00
Concessions	1.00	1.00	1.00	8.00	1.00	-	-	-	-	-
Zoo	28.50	29.50	30.50	31.50	31.50	31.50	31.50	33.50	33.50	32.50
<b>Total</b>	<b>1,338.01</b>	<b>1,319.13</b>	<b>1,291.13</b>	<b>1,299.85</b>	<b>1,317.35</b>	<b>1,293.85</b>	<b>1,291.60</b>	<b>1,301.00</b>	<b>1,293.00</b>	<b>1,298.00</b>

**Source:** City Budget Office

\* Elected City Council members are not considered full time equivalents, so are not included

\* Code Services was enacted January 1, 1996, and was under Housing and Neighborhood Development until 1999. In 2000, it was moved under Public Works/Development Services.

\* Fleet Services was budgeted under Financial Services from 1995-1999 and later moved under Executive from 2000-2005. In 2006, moved under Financial Services.

\* Concessions was combined with the Public Golf Course in 2004.

\* Zoo was considered part of Parks and Recreation until 2004.

\* Human Relations Commission was part of the Executive Department through 2006.

\* Golf Course FTEs reduced by 5 due to contracting out of Grounds Maintenance.

**City of Topeka, Kansas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year as of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Fire</b>										
Total number of incidents	11,556	11,897	12,088	12,091	11,920	12,286	13,153	13,525	14,144	14,504
Fire calls	799	1,030	1,023	1,035	890	767	2,767	982	695	740
Rescue & Emergency Medical calls	7,656	8,018	8,205	7,903	8,093	8,133	9,599	9,610	10,195	10,850
<b>Police</b>										
Citations issued	42,455	48,276	51,565	43,766	42,114	42,967	43,060	37,362	22,276	31,505
Driving under the influence citations	944	891	777	833	833	819	553	629	463	547
<b>Development Services</b>										
Residential building permits	603	530	408	824	594	584	571	566	481	380
Commercial building permits	340	304	308	341	287	294	296	242	242	197
<b>Street Operations</b>										
Streets swept (curb miles)	n/a	n/a	n/a	n/a	n/a	15,408	15,822	17,971	14,000	17,971
Pot hole patching material used (tonnage)	1,200	1,200	1,200	1,230	1,000	1,250	2,024	2,050	3,409	2,192
<b>Traffic Operations</b>										
Cross walks painted (miles)	695	670	670	675	675	675	655	558	927	927
Streets painted (miles)	366	350	345	350	350	350	340	148	300	310
Number of signs replaced	2,314	3,913	3,800	3,950	2,583	3,579	3,721	3,683	3,800	4,200
Public Parking violations issued	46,392	45,690	47,552	44,895	37,898	33,052	26,877	30,728	24,251	21,853
<b>Parks and Recreation</b>										
Mini-Train & Carousel attendance	79,701	67,966	59,393	82,520	88,449	148,750	137,032	144,747	140,952	152,482
Swimming pool attendance	54,497	99,841	108,946	99,613	98,107	80,161	101,500	126,280	118,668	107,313
Summer youth camp attendance	4,663	4,357	4,304	4,295	4,301	4,007	4,236	3,822	4,018	4,012
Youth basketball teams	116	99	92	88	83	73	71	55	46	57
Youth volleyball teams	71	65	63	87	91	58	87	87	91	81
Adult summer softball teams	357	366	371	404	396	420	515	544	418	369
Adult volleyball teams	463	454	438	450	447	473	465	482	473	434
Adult basketball teams	222	212	193	164	157	155	129	129	121	110
Zoo attendance	186,886	185,121	157,347	151,855	151,669	182,058	163,421	166,732	178,512	176,500
<b>Housing &amp; Neighborhood Development</b>										
CDBG disbursed per year (thousands of \$)	2,820	1,702	3,621	3,851	2,646	2,586	2,526	2,496	3,020	1,805
CDBG rehab activity of single residential units	698	199	149	245	152	170	151	181	313	237
<b>Water</b>										
New Connections	492	443	438	592	530	636	611	460	582	279
Number of accounts	49,462	49,949	50,490	50,886	51,400	51,400	52,890	53,332	53,422	53,744
Annual Volume Net Finished (millions of gallons)	7,233	7,553	7,117	7,460	7,287	6,548	7,990	8,215	8,156	6,772
Valve routine maintenance	1,718	2,564	1,682	1,295	343	786	1,234	2,306	5,492	2,965
<b>Water Pollution Control</b>										
Number of accounts	44,332	45,092	45,683	45,421	44,680	47,193	47,157	46,954	47,744	48,198
Volume (millions of gallons)	5,595	5,475	5,221	5,094	4,989	4,952	6,197	4,458	4,979	5,372
Number of service calls	658	702	694	640	733	880	1,109	1,004	904	574
<b>Stormwater Utility</b>										
Number of service calls	100	247	344	153	177	281	340	272	307	381
Public Golf Course rounds	48,896	47,021	46,403	42,903	40,146	31,131	27,626	26,462	25,808	22,444

**Source:** Various city departments  
**Note:** Indicators are not available for general government and administration functions.  
**Parks and Recreation:** The mini-train's tracks were replaced in 1999. Starting in 2002 the attendance figures included free rides. In 1999 the Blaisdell pool closed for construction of new aquatic center, reopening in 2000. The summer youth camp is for twelve weeks. In 2002 a spring session for youth volleyball was created.  
**Street Operations for streets swept have been changed for the years 1998 - 2004**  
**Water Dept implemented a valve and hydrant program in 2007, which caused the number to increase for valve routine maintenance.**  
 n/a = not available

**City of Topeka, Kansas**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year as of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Square miles of City	56.6	56.6	56.6	56.6	58.5	59.8	60.1	60.5	60.9	60.9
Fire										
Stations	12	12	12	12	12	12	12	12	12	12
Firefighters	244	244	248	239	236	218	218	248	248	249
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police officers	293	293	289	277	274	290	293	294	294	293
Street Operations										
Miles of City streets	671	671	671	671	671	671	671	673	* 2000	1621
Traffic Operations										
Traffic signals	180	180	181	181	184	184	182	182	184	179
Traffic signs	n/a	n/a	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Parks and Recreation										
Mini-Train & Carousel	2	2	2	2	2	2	2	2	2	2
Swimming pools	5	5	5	5	5	5	5	5	5	5
Community Centers	7	7	7	7	6	6	7	7	7	7
Softball diamonds	15	15	15	14	14	14	12	12	14	14
Water										
Water mains (miles)	782	800	800	808	808	808	815	859	864	846
Storage capacity (millions of gallons)	25	25	25	25	25	25	25	25	25	25
Water Pollution Control										
Sanitary sewers (miles)	778	800	800	750	750	750	854	867	906	910
Stormwater Utility										
Storm sewers (miles)	250	250	250	220	200	200	316	330	330	330
Public Parking										
Parking garages	6	6	6	7	7	7	7	7	8	8
Parking meters	1,620	1,620	1,620	1,620	1,620	1,745	1,758	1,741	1,872	1,760
Public Golf Course	1	1	1	1	1	1	1	1	1	1

**Source:** Various city departments

**Note:** Indicators are not available for the general government, administration and zoo functions.

\* Street Operations for miles of streets will be reporting lane miles versus the center lane miles for the year 2007 and future.

Traffic Operations updated to reflect number of traffic signs throughout the city versus number of replaced signs.

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**City of Topeka, Kansas**  
**Other Information**  
**December 31, 2008**

**Combined Utility**

The City of Topeka provides potable water service to approximately 57,000 retail accounts, six rural water districts and the Metropolitan Topeka Airport Authority. The estimated service area population, including the population served via the rural water districts, is approximately 165,000. The Water Division is responsible for planning, constructing, operating, and maintaining all water supply, treatment, and distribution facilities within its service area. The Division also administers the billing for the water, wastewater, stormwater utilities and Shawnee County Refuse.

The City provides wastewater service to a population of about 155,000 within a 60 square mile area. The Water Pollution Control Division ("WPCD") is responsible for planning, constructing, operating, and maintaining all facilities related to the collecting, transporting, treating, and disposing of sanitary and industrial wastewater discharged to sewers within its service area. Flow from the majority of the service area south of the Kansas River discharges to the Oakland Wastewater Treatment Plant. Flow from North Topeka and from a portion of the northwestern service areas south of the Kansas River discharges to the North Topeka Wastewater Treatment Plant.

In 1992 the City adopted an ordinance to create a Stormwater Utility as a stand-alone enterprise fund. The Stormwater Utility was developed to comply with provisions of both Federal and State statutes and regulations requiring certain political entities, such as the City, to implement stormwater management programs to encourage proper management of stormwater runoff and water quality. The Stormwater Utility, managed by the WPCD, is responsible for operating and maintaining all of the facilities related to the collection and transportation of stormwater generated within its service area. The Stormwater Utility is also responsible for planning stormwater systems and reviewing development plans for compliance with stormwater management codes. The City funds the management of the Stormwater Utility by charging a fee to residents based on factors that influence runoff, including land use and the amount of impervious surface on the property. The fee is applied consistently to all property owners regardless of whether or not they are a government, non-profit, commercial or private landowner and is implemented as an alternative to an *ad valorem* tax. In 1999, the Kansas Supreme Court upheld the City's ordinance validating the City's ability to charge fees for the Stormwater Utility.

Since that time, The City Council authorized the combination of the three utilities discussed above into a single utility. It is currently operating as the Water, Water Pollution Control and Stormwater utility of the City of Topeka, under the enterprise fund.

**Dedicated sources of revenues for the combined utilities**

In connection with the Permitted Loans by KDHE for the Combined Utility, the City has agreed to fix, establish, maintain, and collect such rates, fees, and charges for the use of and services furnished by or through the Combined Utility, including all improvements and additions thereto as constructed or acquired by the City, as will provide revenues sufficient to (i) pay the cost of the operation and maintenance of the Combined Utility and maintenance of the System, (ii) pay all other amounts due at any time under the Permitted Loan agreements; provided, however, the lien of KDHE on the Net Revenues of the Combined Utility shall be at least on a parity with the lien on such revenues of any Combined Utility revenue bonds hereafter issued. The Permitted Loans shall not be nor constitute a general obligation of the City, shall not be payable from *ad valorem* taxation, nor shall the Permitted Loans constitute an indebtedness of the City within the meaning of any constitutional, statutory, or charter provision, limitation, or restriction. The obligation of the City to make Permitted Loan repayments is additionally secured by a municipal bond insurance policy issued by MBIA, a "AAA" rated municipal bond insurer acceptable to KDHE. The municipal bond insurance policy so issued insures only the Permitted Loan obligations of the City of Topeka, and does not provide any insurance for the Bonds.

**Other Information (continued)**

**Permitted Loans**

Any Kansas revolving fund loans for Water, Wastewater or Stormwater improvements are permitted loans (“Permitted Loans”) under the Resolution. Permitted Loans may be issued superior in lien and security to the Bonds and to any other revenue bonds or other form of indebtedness issued on a parity with the Bonds. Presently, the City has 13 outstanding Permitted Loans, as summarized below.

	<b>Outstanding Permitted Loans</b>		
	<b>Loan Inception</b>	<b>Amount</b>	<b>Maximum</b>
	<b>Date</b>	<b>Outstanding †</b>	<b>Authorized ††</b>
North Topeka Plant	09/14/92	\$ 10,512,279	\$ 29,835,125
Halfday Creek	04/23/96	777,661	1,209,404
West Branch	08/27/96	2,300,494	4,828,002
Oakland Disinfection	05/13/98	2,751,566	4,330,136
Water Plant Sludge Handling	05/13/98	6,926,535	11,605,000
Oakland Ammonia Phase I & II	05/15/02	50,779,849	60,000,000
Oakley/Arvonnia Water Mains	11/30/04	8,685,526	9,440,167
Topeka Blvd Bridge Approaches	05/31/05	1,901,322	2,055,933
Water Main – 21 <sup>st</sup> to 25 <sup>th</sup>	03/31/06	2,944,114	3,127,352
Water Main – 12 <sup>th</sup> Street	03/31/06	784,597	2,382,061
Water Main – Indian Hills Rd	03/31/06	-	3,619,010
Water Main – Hwy 75	03/31/06	2,030,875	3,395,443
Oakland Plant & Force Mains	02/09/07	2,203,140	9,317,000
<b>TOTALS</b>		<b>\$ 92,597,958</b>	<b>\$ 145,144,633</b>

Source: City of Topeka Financial Services Department.

† At December 31, 2008

†† Includes capitalized interest paid during construction

In addition, the City is seeking to enter into further agreements with the Kansas Department of Health and Environment (“KDHE”) for additional Permitted Loans to the extent of available funding through the State Revolving Loan Fund program. The outstanding Permitted Loans and any additional Permitted Loans will be superior in lien and security to the Bonds. Whenever possible, the City anticipates incurring additional Permitted Loans, on parity with or superior to the lien on the Bonds, to fund projected capital improvements, rather than issue additional bonds, because of the advantageous interest rate available on Permitted Loans.

The table below reflects the projected new proceeds from Permitted Loans, together with anticipated additional revenue bonds for the next five years. These figures are used in revenue projections for the Combined Utility, to anticipate future rate requirements. The projected new proceeds from Permitted Loans and revenue bonds are dependent on several factors, including project schedules, and achieving revenue and expense expectations.

	<b>Projected Net Proceeds From Permitted Loans and Revenue Bonds For the Years 2009-2012</b>				
	2009	2010	2011	2012	2012
Permitted Loans	\$ 8,810,383	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	5,000,000	-	-	-	-
Total	<b>\$ 13,810,383</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: City of Topeka, Department of Public Works.

The City has covenanted and agreed except as hereinafter provided, that so long as any of the Bonds remain outstanding and unpaid, it will not issue any additional Permitted Loans payable out of the revenues of the Combined Utility that are superior in lien and security to the Bonds unless each of the

## Other Information (continued)

following conditions are met:

(a) The City shall not be in default in making any of the payments at the time required to be made in connection with any outstanding Permitted Loans or into the respective funds or accounts created or referred to in the Resolution, or in the performance of any covenant contained therein.

(b) The annual Net Revenues derived by the City from the operation of the Combined Utility, for the fiscal year next preceding the issuance of additional Permitted Loans, shall have been equal to 125% of the maximum amount required to be paid out of the Net Revenues in any succeeding fiscal year on account of both principal of and interest becoming due with respect to the Bonds, including any additional revenue bonds previously issued on a parity with the Bonds.

(c) In addition, projected annual Net Revenues (adjusted as provided in the last sentence of this section (c)) expected to be derived by the City from the operation of the Combined Utility, for the fiscal year following the issuance of any additional Permitted Loans, shall equal or exceed 125% of the maximum amount required to be paid out of the Net Revenues in any succeeding fiscal year on account of both principal and interest becoming due with respect to the Bonds, including any additional revenue bonds previously issued on a parity with the Bonds, based on a detailed investigation and report of an engineering firm or an independent public accountant as to the amount of annual Net Revenues expected in such fiscal year, and said amount as defined and certified by said engineer or accountant shall govern in determining the right of the City to issue additional Permitted Loans payable out of the revenues of the Combined Utility that are superior in lien and security to the Bonds under the Resolution. No investigation or report of an engineer or accountant shall be required pursuant to the Resolution in the event that the annual Adjusted Net Revenue derived by the City from the operation of the Combined Utility, for the fiscal year next preceding the issuance of any additional Permitted Loan, would have been equal to 125% of the maximum amount required to be paid out of the Net Revenues in any succeeding fiscal year on account of both principal and interest becoming due with respect to the Bonds, including any additional revenue bonds previously issued on a parity with the Bonds. For purposes of determining Net Revenues as required for this section (c), the maximum amount payable in any succeeding fiscal year on the additional Permitted Loan shall be treated as an Expense in the fiscal year for which the Net Revenues are being computed.

In connection with the Permitted Loans by KDHE for the Combined Utility, the City has agreed to fix, establish, maintain, and collect such rates, fees, and charges for the use of and services furnished by or through the Combined Utility, including all improvements and additions thereto as constructed or acquired by the City, as will provide revenues sufficient to (i) pay the cost of the operation and maintenance of the Combined Utility and maintenance of the System, (ii) pay all other amounts due at any time under the Permitted Loan agreements; provided, however, the lien of KDHE on the Net Revenues of the Combined Utility shall be at least on a parity with the lien on such revenues of any Combined Utility revenue bonds hereafter issued. The Permitted Loans shall not be nor constitute a general obligation of the City, shall not be payable from *ad valorem* taxation, nor shall the Permitted Loans constitute an indebtedness of the City within the meaning of any constitutional, statutory, or charter provision, limitation, or restriction. The obligation of the City to make Permitted Loan repayments is additionally secured by a municipal bond insurance policy issued by MBIA, a "AAA" rated municipal bond insurer acceptable to KDHE. The municipal bond insurance policy so issued insures only the Permitted Loan obligations of the City of Topeka, and does not provide any insurance for the Bonds.

The City has pledged a first lien on certain State transfers (the "Transfer Payments") to local units of government as security for its outstanding SRF Loans and future Permitted Loans. If the City fails to make a scheduled debt service payment on its then-outstanding SRF Loans, the State will impound and redirect the Transfer Payments to the retirement of these obligations. Due to gubernatorial and legislative action in 2003 and 2004, however, the Transfer Payments were eliminated from State budgets. The City does not expect the Transfer Payments to be replaced until at least 2012.

### Water System

The Topeka water system was owned and operated by private water companies until 1905, when the City

## Other Information (continued)

purchased the treatment facilities and water mains. The water system is now owned and operated through the City of Topeka. The City Council approves budgets and policies and the City Manager carries out the policies established by the City Council through City departments, including the Public Works Department, which is responsible for the Water Division, the Water Pollution Control Division, and a number of other City Public Works divisions. Mr. Mike Teply is the Director of the Public Works Department. either with the City of Topeka or with other similar organizations.

The Water Division staff of 116 employees is managed by the Water Division Superintendent. Managers for the Customer Service, Operations, Infrastructure, Administration and Technical Services sections report directly to the Superintendent. Employees of the City Engineers' staff are also assigned to the Water Division to handle design and construction projects. Additionally, employees of the Public Works Administration's Technical Support Group are assigned to the Division to assist with GIS mapping and complex technical reporting. Mr. Don Rankin, the current Water Division Superintendent, has been in his present position since 1995. Prior to assuming the duties of managing the Water Division, he managed large projects and professional staffs, and was responsible for controlling costs and improving quality in manufacturing. His management background includes the extensive use of management information systems. The experience and qualifications of the various section managers are also commensurate with their duties and responsibilities. All have extensive experience in their respective fields, either with the City of Topeka or with other similar organizations.

The source of water supply for Topeka is the Kansas River. The water supply facilities are constructed on the south bank of the Kansas River, adjacent to the water treatment plant, approximately 2.5 miles northwest of the City's central business district. The supply facilities consist of two intake structures and an infiltration gallery.

Topeka's original rights to divert water from the Kansas River date to the early 1920s. Since then, the City has obtained rights to additional water as demands have increased. The City has perfected water rights and a permit to appropriate water at a maximum diversion rate of 60.48 millions gallons per day with a total annual diversion of 15,431.6 million gallons. In addition, The City owns storage in Kansas River basin reservoirs through the Kansas River Water Assurance District No. 1. The Assurance District has an agreement with the Kansas Water Office to operate the Kansas River basin reservoirs to maintain municipal and industrial water supplies and the flows of the Kansas River during drought conditions, using storage rights available to the members of the District. By 2035 the District is anticipated to have a storage yield equal to 252 million gallons per day.

Topeka has significant excess source water and treatment capacity. According to records of the Water Division, the average daily water produced over the last 20 years has been 22.6 millions gallons and the peak daily usage over that tie was 45.6 gallons. The mechanical capacity of the water plant is 63 million gallons per day. The water treatment plant facilities are located near the Kansas River, adjacent to the water supply facilities and consists of 3 separate water treatment trains with common support facilities supplying chemicals to each treatment train. Topeka's water supply is distributed from the Layne and the East High Service Pumping Stations, located on the water treatment plant site. The distribution system serves a 70 square mile area and consists of a network of more than 800 miles of water mains varying from 2 to 48 inches in diameter. The large arterial mains, which consist of 18-inch and larger pipe, connect the high service pumping stations at the water treatment plant with the Burnett's Mound reservoirs to the southwest and the central business district southeast of the plant. The water distribution system contains seven active booster pumping stations, two inactive booster pumping stations, eight elevated tanks, and two ground storage reservoirs. The distribution system also included 13,479 control valves and 4,863 fire hydrants.

The water treatment plants as well as the distribution system pumping and storage facilities are operated as a system from the Operations Center at the water treatment facilities. A Supervisory Control and Data Acquisition (SCADA) System provides the ability to control pumps and chemical flows as well as provide tower levels and treatment flow monitoring ability. Monitoring trigger points provide alarms to the operator to adjust water flows or chemical levels. Intrusion alarms at the water treatment facilities and remote pump stations are also provided and monitored from this location. All monitored and control

## **Other Information (continued)**

signal data are retained electronically for reporting and trend analysis.

### **Condition of Water System**

The City completed an extensive program of modifications to the water treatment plant in 2003. This program was implemented to replace equipment and process systems that were either obsolete or had served the majority of their useful life, and in order to maintain finished water quality, meet anticipated future regulations, and improve the reliability of the facilities. The existing treatment plant facilities are well maintained and capable of continuing to meet existing water quality standards well into the future. Maintenance employees are assigned to the water treatment plant site to perform preventative maintenance and make repairs as necessary.

The major distribution grid is considered to include mains from 12 to 48 inches in diameter. Local distribution is provided by 10-inch and smaller water mains. The mains are principally cast iron pipe. Cast iron pipe installed after about 1950 has an interior lining of cement mortar for corrosion protection. Starting in 1996, all replacement water mains are installed using plastic. Starting in 2002, all new water mains 12-inch and smaller are installed using plastic water mains.

In 2001, a Water Distribution System Master Plan was completed. This plan developed a calibrated hydraulic model of the distribution system and identified system deficiencies and improvements required to provide water service over the next 30 years to current and future service areas. Since that time, improvements have been made to the distribution system to correct hydraulic deficiencies and satisfy water distribution requirements for the next several years. Overall, the distribution mains are in good condition. Regular improvements and preventative maintenance programs ensure the future adequacy of the distribution network of water mains. The distribution system is maintained using employees assigned to a separate facility at 19<sup>th</sup> Street and Western Avenue. Maintenance and repair crews are assigned to this facility along with associated distribution system inventories, equipment, and construction vehicles. These crews perform preventative maintenance on valves and hydrants throughout the water system as well as make repairs to broken water mains, valves and hydrants.

The water storage reservoirs and active booster pumping stations are, on average, less than 25 years old. Under a preventive maintenance program, each pumping station and tower is inspected regularly and equipment is lubricated and maintained according to an established schedule. Status and alarm conditions at each pumping station and storage reservoir, and flow signals from pumping stations, are transmitted to the Operation Center at the water treatment plant for monitoring and operational adjustment through the City's Supervisory Control and Data Acquisition System. The storage reservoirs and pumping stations are well maintained and in good condition.

The City has replaced or rehabilitated all water meters in the System since 2002. All meters are now electronically read to ensure accurate readings on the approximately 57,000 readings taken each month. The City's largest water customers, some business areas, and residential neighborhoods are equipped with meters that are read by a computer as the technician drives down a nearby street. Electronically read meters reduce the time required to read the meters and increase revenue by more accurately registering consumption at low flows when compared to the old meters. The new meters also eliminate the cost of re-reading meters due to uncertainty of a manually read high meter reading. Electronic style meters are required for all new construction. The City's largest water customers are a part of an annual large meter testing program to ensure the accuracy of the meters. Meter employees read meters monthly and perform light maintenance on the meter electronics.

*Source: Topeka Public Works Department*

### **Additional Capital Expenditures for Water Utility**

Projected capital needs for the Water Utility are set forth in the capital improvement schedule below.

## Other Information (continued)

<b>Water Utility Projected Capital Expenditures</b>			
	<b>Major Capital</b>	<b>Routine Capital</b>	<b>Total Capital</b>
<b>Year</b>	<b>Expenditures</b>	<b>Expenditures</b>	<b>Expenditures</b>
2009	\$ 1,000,000	\$ 500,000	\$ 1,500,000
2010	-	1,000,000	1,000,000
2011	10,313,000	1,000,000	11,313,000
2012	5,587,000	1,000,000	6,587,000
2013	8,239,000	1,550,000	9,789,000
Totals	<u>\$ 25,139,000</u>	<u>\$ 5,050,000</u>	<u>\$ 30,189,000</u>

Source: City of Topeka

### **Wastewater System**

Mr. Bob Sample, the Superintendent of the Water Pollution Control Division, directs a staff of 86 full-time employees. Mr. Sample started in the Water Pollution Control Division in 1982, and has held positions with progressively higher levels of responsibility during his tenure, including Manager of Plant Operations beginning in 1998. He was appointed Superintendent in March 2006. The employees are divided among four separate sections: Field Services, Plant Operations, Laboratory Services, and Environmental and Administrative Services. The experience and qualifications of the Superintendent and section managers are commensurate with their duties and responsibilities. All have extensive experience in their respective fields, either with the City or with other similar organizations. Mr. Sample manages the activities and resources of both the Wastewater Utility and the Stormwater Utility.

The Oakland Wastewater Treatment Plant was constructed in 1928. It was expanded in 1937, 1957, and 1967, and currently has a maximum hydraulic capacity of 100 million gallons per day and an average treatment capacity of 16 million gallons per day. It uses an activated sludge treatment process. The process includes influent screening, grit removal, primary sedimentation, oxidation aeration ditches, and secondary sedimentation. Solids removed from the liquid processes are thickened, anaerobically digested, dewatered and composted for land application. Odors from the headworks, primary clarifiers, and solids dewatering facilities are reduced by the use of a biological filter.

The North Topeka Wastewater Treatment Plant was constructed in 1996 to treat flows from areas north of the Kansas River and flows diverted from the Oakland Wastewater Treatment Plant. The treatment plant is a high-rate activated sludge facility that can treat an average flow of 12 million gallons per day and a peak flow of 24 million gallons per day, using two treatment trains with interchangeable unit processes. The plant includes two vortex grit removal basins, two primary clarifiers, two aeration basins, two secondary clarifiers, and disinfection (chlorination-dechlorination) facilities. Solids removed in the treatment processes are thickened and dewatered for land disposal.

### **Condition of Wastewater System**

The majority of the sewers in the collection system are constructed of vitrified clay pipe. Many large diameter sewers are constructed of corrugated metal pipe coated with thixotropic coal tar. City personnel have televised portions of the sewer system where problems have been suspected. The City is taking steps to rehabilitate or replace those sewers found to be in poor condition.

Selected lift stations were inspected in July 2001, including these major stations: Ash Street, South Kansas River, Shunga, Potwin, Central Park, Grant-Jefferson, Deer Creek and Wanamaker. Following those inspections, the City has completed upgrades to the Central Park Station, the Deer Creek Station, the Wanamaker Station; and the Ash Street Pump Station. Upgrades to the Potwin Station and South Kansas River Station have been grouped together and construction is planned to commence in 2009. Beginning in 2010, the City plans to spend about \$2 million annually to update the remaining pump stations.

The City, as the owner and operator of the wastewater treatment plants, is required to meet the effluent

**Other Information (continued)**

requirements of its Kansas Water Pollution Control Permit under the National Pollutant Discharge Elimination System. Working with the Kansas Department of Health and Environment (“KDHE”), the City is investing nearly \$60 million dollars in the reconstruction of the Oakland Wastewater Treatment Plant to provide more effective processing of wastewater. This will allow the City to meet current and future federal and state regulations at a lower cost per unit of wastewater treated. Phase I of this project was completed in April 2001. Phase II of the reconstruction should be finished by the end of 2009.

Source: Topeka Public Works Department

**Additional Capital Expenditures for Wastewater Utility**

The City’s long-range capital improvement program for the Wastewater Utility is summarized in the table below.

<b>Wastewater Utility Projected Capital Expenditures</b>			
	<b>Major Capital</b>	<b>Routine Capital</b>	<b>Total Capital</b>
<b>Year</b>	<b>Expenditures</b>	<b>Expenditures</b>	<b>Expenditures</b>
2009	\$ 9,080,000	\$ 1,460,000	\$ 10,540,000
2010	7,800,000	1,700,000	9,500,000
2011	11,850,000	1,500,000	13,350,000
2012	17,750,000	2,000,000	19,750,000
2013	13,500,000	2,000,000	15,500,000
<b>Totals</b>	<b>\$ 59,980,000</b>	<b>\$ 8,660,000</b>	<b>\$ 68,640,000</b>

Source: City of Topeka

**Stormwater System**

The Water Pollution Control Division of the Department of Public Works (WPCD) is responsible for operating and maintaining all of the facilities related to the collection and transportation of the stormwater generated within its service area. The Stormwater Utility currently serves a population of about 155,000 within a land area of about 60 square miles.

The Topeka stormwater infrastructure consists of a configuration of buried pipes, concrete box outlets and open channels. Buried pipes vary in size from 15 inches to 96 inches in diameter and are made of three types of material—concrete, steel and PVC. The current estimated replacement cost of the entire pipe system is approximately \$160 million. The table below gives the approximate length, diameter, and footage of storm sewers by material type.

Type	Length (in Feet)	Pipe Diameter
Concrete	525,000	15” to 24”
	140,000	30” to 48”
	35,000	60” to 96”
Steel	160,000	15” to 24”
	220,000	30” to 48”
	20,000	60” to 96”
PVC	< 20,000	Unknown

In addition to the approximately 1.1 million feet of culverts and parallel storm drains, the City of Topeka maintains 11,600 catch basins with an average depth of 5 feet. Approximately 5,000 are made of brick, and the remaining 6,600 are made of concrete. The current estimated replacement cost of all catch basins is \$25 million.

Topeka also maintains ten detention basins with a combined area of 50.44 acres. Replacement cost of

## **Other Information (continued)**

the detention basins is unknown at this time. An extensive levy system comprised of 22 miles of levees, 10 stormwater pumping stations, 79 drainage gate structures, 76 pressure relief wells, and 5 miles of improved channel are maintained to protect the City from flooding. No replacement cost has been estimated for this levy system. The pumping stations' capacities range from 4,900 gallons per minute (gpm) to 149,450 gpm, or from 7.1 million gallons per day to 215 million gallons per day.

Portions of the collection system date to the late 1800s; the first lift station was constructed in 1927. The levees, floodwalls, relief wells, and a majority of the pumping stations were built by the Army Corps of Engineers between 1960 and 1970 under the Topeka Flood Protection Project. Gated outlets for surface drainage, sandbag gaps, detention and retention pond areas, and river water gauges were also included in the project.

In 2000 the City initiated a partnership called "Green Topeka" that includes the US Department of Agriculture's National Agroforestry Center, State agencies, Kansas State University, local government, nonprofit organizations and other stakeholders. Green Topeka's focus is to design and implement innovative stormwater management systems. As part of this project, the City developed a master plan using natural techniques to address existing stormwater concerns and also considering expansion of the system to avoid retrofitting stormwater infrastructure once growth of an area has occurred. The City recently completed renovations to the Soldier Creek Watershed as a pilot planning project in North Topeka incorporating innovative practices such as vegetated swales and a wetland system to serve as a stormwater retention facility.

### **Condition of Stormwater System**

The City inspected all stormwater pump stations in July 2001 and determined that the stations constructed during the late 1960s are generally in good condition, with the pumping equipment functioning properly. Stations constructed before 1965 are generally in adequate to poor condition, with most of the pumps functioning properly. The Oakland Pump Station, constructed in 1961, is in good condition. Many of the stations have problems with overheating and inadequate ventilation for the pumps. Several of the stations have pit gauges that do not work properly, but which have not hindered operations. Some station walls need waterproofing and repainting. Under a preventive maintenance program, each pump station is inspected once per month and equipment is lubricated on a regularly scheduled basis. Pump stations are monitored manually.

Relief wells are used to handle excess groundwater flow during storm events and high river stage conditions. Groundwater flow enters the wells and is drained by gravity or pumped to the nearest pump station and then discharged to the river on the other side of the levee. The relief wells are inspected once per month and equipment is lubricated on a regularly scheduled basis. Three relief wells, located approximately 210 feet south of the City Park Pump Station, were inspected on July 10, 2001. These wells were deemed to be functioning properly. The purpose of these particular relief wells is to lower the groundwater level during high river stages in order to prevent the 300-foot storm sewer inlet on the north side of Crane Street from becoming dislodged.

The levees and floodwalls are inspected once per year by the U.S. Army Corps of Engineers (Corps). WPCD adds gravel to the top of the levees and grades the levees as required. The levees are mowed and sprayed for weeds approximately five times per year. The floodwalls are also maintained by the WPCD. A current study of the levees by the Corps preliminary indicates that the levee system meets the required protection for Federal Emergency Management Agency certification (100-year flood protection with three feet of freeboard). The Corps continues to look at geotechnical considerations, including underseepage and stability. The levees and floodwalls are inspected once annually by the U.S. Army Corps of Engineers (Corps). WPCD adds gravel to the top of the levees and grades the levees as required. The levees are mowed and sprayed for weeds approximately five times per year. The floodwalls are also maintained by the WPCD.

The Corps is working on the completion of a Feasibility Study, which began in 1998, to review the reliability level of flood protection for the Topeka levee system. A final report is expected by the end of

## Other Information (continued)

2008. A briefing in April 2007 indicated that recommendations will be made for repair work at four levee units. No increase in the height of any levee unit is required. Repairs include the installation of earth berms, the replacement of existing floodwalls, and the installation of relief wells. The Corps used knowledge it gained from recent events in other parts of the country in reviewing the Topeka levee system. The final report is expected to show that approximately \$24 million will be required for the design and construction of the necessary work to the Topeka levee system. The City's share of costs will be 35%, or \$8,250,000, with the remaining 65% paid by the Federal government. The timeframe for design and construction of the work is expected to be four to six years.

Source: Topeka Public Works Department

### Additional Capital Expenditures for Stormwater Utility

The City's long-range capital improvement program for the Stormwater Utility is summarized in the table below.

#### Stormwater Utility Projected Capital Expenditures

Year	Major Capital Expenditures	Routine Capital Expenditures	Total Capital Expenditures
2009	\$ 1,500,000	\$ 500,000	\$ 2,000,000
2010	2,750,000	500,000	3,250,000
2011	3,144,000	500,000	3,644,000
2012	3,601,000	750,000	4,351,000
2013	4,601,000	750,000	5,351,000
Totals	<u>\$ 15,596,000</u>	<u>\$ 3,000,000</u>	<u>\$ 18,596,000</u>

Source: City of Topeka

### Billing and Collections

The Water Division bills customers monthly on an individual basis for all three components of the Combined Utility. If a bill remains unpaid for 20 days, water service may be discontinued at the discretion of the Water Superintendent. Water service is not discontinued or shut off until the consumer has been mailed a notice giving five days in which to make full settlement or otherwise resolve the unpaid bill, except in case of fraud or evidence that the customer has left Topeka without notice. If consumers permit their utility bill to remain unpaid for 40 days following the date of mailing or delivery of the notice, the Water Division may, at its discretion, require deposits to be posted or require existing deposits to be increased to an amount determined by the Water Superintendent as sufficient to secure the City against loss.

### Utility Rates

#### Water Rates

The City Council approved Ordinance 19074 in April 2008, providing for increases in the water rates of 24.3% in 2008, 1.8% in 2009, 1.7% in 2010, and 1.8% in 2011. The new rates went into effect May 1, 2008. Ordinance 19074 also established new monthly wholesale water rates which went into effect May 1, 2008. The ordinance also allowed for a change in the minimum charge/month from cubic feet to gallons. The following tables represent the rate increases for inside the City, outside the City, rural water districts and other contractual rates.

**Other Information (continued)**

**Water Utility Rates - Inside the City  
(effective beginning on dates shown)**

Type of Use	5/1/2008	1/1/2009	1/1/2010	1/1/2011
Minimum (for first 1,500 gallons)	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
<b>Then for each additional 1,000 gallons:</b>				
Single Family	\$ 3.28	\$ 3.38	\$ 3.48	\$ 3.58
Multifamily	\$ 2.67	\$ 2.75	\$ 2.83	\$ 2.91
Commercial	\$ 2.42	\$ 2.49	\$ 2.56	\$ 2.64
Industrial	\$ 2.06	\$ 2.12	\$ 2.18	\$ 2.25

**Water Utility Rates - Outside the City  
(effective beginning on dates shown)**

Type of Use	5/1/2008	1/1/2009	1/1/2010	1/1/2011
Minimum (for first 3,000 gallons)	\$ 26.25	\$ 26.25	\$ 26.25	\$ 26.25
<b>Then for each additional 1,000 gallons</b>				
Single Family	\$ 5.74	\$ 5.91	\$ 6.09	\$ 6.27
Multifamily	\$ 4.67	\$ 4.81	\$ 4.95	\$ 5.10
Commercial	\$ 4.23	\$ 4.36	\$ 4.49	\$ 4.62
Industrial	\$ 3.61	\$ 3.72	\$ 3.83	\$ 3.94

Source: City of Topeka, Ordinance 19074

**Water Utility Rates for Rural Water Districts  
PRICE PER 100 CUBIC FEET/MONTH  
(effective beginning on dates shown)**

	5/1/2008	1/1/2009	1/1/2010	1/1/2011
<b>Jackson Co. #1:</b>				
First 2,748,000 gallons				
Minimum charge/month	\$9,508.00	\$9,783.00	\$10,058.00	\$10,387.00
Over 2,748,000 gallons	\$2.13	\$2.27	\$2.40	\$2.51
<b>Rural Water Dist.#1 &amp; 2:</b>				
Consolidated Shawnee Co.				
First 2,992,000 gallons				
Minimum charge/month	\$10,352.00	\$10,652.00	\$10,951.00	\$11,310.00
Over 2,992,000 gallons	\$3.46	\$3.56	\$3.66	\$3.78
<b>Shawnee Co. #3:</b>				
First 1,820,000 gallons				
Minimum charge/month	\$6,297.00	\$6,479.00	\$6,661.00	\$6,880.00
Over 1,820,000 gallons	\$3.46	\$3.56	\$3.66	\$3.78
<b>Shawnee Co. #4:</b>				
First 995,000 gallons				
Minimum charge/month	\$3,443.00	\$3,542.00	\$3,642.00	\$3,761.00
Over 995,000 gallons	\$3.46	\$3.56	\$3.66	\$3.78
<b>Shawnee Co. #8:</b>				
First 5,402,000 gallons				
Minimum charge/month	\$18,691.00	\$19,231.00	\$19,771.00	\$20,420.00
Over 5,402,000 gallons	\$3.46	\$3.56	\$3.66	\$3.78
<b>Douglas Co. #3:</b>				
First 623,000 gallons				
Minimum charge/month	\$2,156.00	\$2,218.00	\$2,280.00	\$2,355.00
Over 83,300 cubic feet	\$3.46	\$3.56	\$3.66	\$3.78

Source: City of Topeka, Ordinances 19074

**Other Information (continued)**

**Water Utility - Other Contractual Rates  
PRICE PER 100 CUBIC FEET/MONTH  
(effective beginning on dates shown)**

	5/1/2008	1/1/2009	1/1/2010	1/1/2011
<b>Metro Topeka Airport Authority</b>				
First 1,139,000 gallons				
Service charge/month	\$25.00	\$25.00	\$25.00	\$25.00
Min. charge/month				
Including service charge	\$3,966.00	\$4,080.00	\$4,194.00	\$4,330.00
Over 1,139,000 gallons	\$3.46	\$3.56	\$3.66	\$3.78
<b>Private Fire Protection (per month)</b>				
<b>Inside City (connection size)</b>				
4 inches or less	\$8.52	\$8.78	\$9.04	\$9.31
6 inches	\$24.70	\$25.44	\$26.20	\$26.99
8 inches	\$52.53	\$54.11	\$55.73	\$57.40
10 inches	\$94.35	\$97.18	\$100.10	\$103.10
12 inches	\$153.49	\$158.09	\$162.83	\$167.71
<b>Outside City (connection size)</b>				
4 inches or less	\$14.92	\$15.37	\$15.83	\$16.30
6 inches	\$43.37	\$44.67	\$46.01	\$47.39
8 inches	\$92.95	\$95.74	\$98.61	\$101.57
10 inches	\$166.16	\$171.14	\$176.27	\$181.56
12 inches	\$268.96	\$277.03	\$285.34	\$293.90
<b>Outside City Fire Hydrant Maintenance Fee</b>				
	\$4.51	\$4.65	\$4.79	\$4.93

*Source: City of Topeka, Ordinance 19074*

**Wastewater Rates**

The City Council approved an ordinance in April 2008, providing for increases in the wastewater rates of 4% in each of the years 2008, 2009, 2010 and 2011. The ordinance also provides for a one time increase in the minimum service charge, which includes the first 1,500 gallons of usage, taking effect May 1, 2008. Rates for the wastewater service are shown in the following tables for inside the City and outside the City .

**Wastewater Utility Rates - Inside the City  
PRICE PER 1,000 GALLONS  
(effective beginning on dates shown)**

	5/1/2008	1/1/2009	1/1/2010	1/1/2011
<b>Domestic Strength Wastewater</b>				
First 1,500 Gallons	\$14.85	\$14.85	\$14.85	\$14.85
Over 1,500 Gallons (per 1,000)	\$3.43	\$3.57	\$3.71	\$3.86
<b>Excess Strength Charges</b>				
BOD, per mg/1 per 1,000 gallons	\$0.001921	\$0.001988	\$0.002078	\$0.002161
Suspended Solids, per mg/1 per 1,000 gallons	\$0.001219	\$0.001268	\$0.001318	\$0.001371

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**Other Information (continued)**

**Wastewater Utility Rates - Outside the City  
PRICE PER 1,000 GALLONS  
(effective beginning on dates shown)**

	<u>5/1/2008</u>	<u>1/1/2009</u>	<u>1/1/2010</u>	<u>1/1/2011</u>
<b>Domestic Strength Wastewater</b>				
First 1,500 Gallons	\$26.00	\$26.00	\$26.00	\$26.00
Over 1,500 Gallons (per 1,000)	\$6.00	\$6.25	\$6.50	\$5.78
<b>Excess Strength Charges</b>				
BOD, per mg/1 per 1,000 gallons	\$0.003362	\$0.003497	\$0.003637	\$0.003782
Suspended Solids, per mg/1 per 1,000 gallons	\$0.002133	\$0.002190	\$0.002307	\$0.002399

*Source: City of Topeka, Ordinance 19074*

Residential: Charges are based on a calculated average water volume for water used in the months of December, January, and February. This average is then in effect for the following twelve-month period.

Commercial: Charges are based on the lesser of: (1) water volumes or (2) actual metered sewer discharges.

MTAA: Charges in the form of a monthly user fee are based on the volume of wastewater delivered at a rate of 10% of the inside City rate. If annexation of the area occurs, MTAA is charged 75% of the inside City rate or the wholesale rate, whichever is less

*Source: City of Topeka, Ordinance 19074*

**Stormwater Rates**

The City Council approved an ordinance in April of 2008, providing for a one time increase in the stormwater rates of 17% in 2008. Rates for stormwater services are shown in the following tables for inside the City, Soldier township and North Topeka.

**Stormwater Utility Rates – Inside the City and Soldier Township  
(effective beginning on dates shown)**

	<u>5/1/2008</u>	<u>1/1/2009</u>	<u>1/1/2010</u>	<u>1/1/2011</u>
<b>Single Family Residential</b>				
Under 1,500 sq. ft. -\$/month	\$2.75	\$2.75	\$2.75	\$2.75
1,500 – 3,500 sq. ft. -\$/month	\$4.25	\$4.25	\$4.25	\$4.25
Over 3,500 sq. ft. -\$/month	\$6.65	\$6.65	\$6.65	\$6.65
<b>All Other Residential</b>				
\$/each living unit/month	\$4.25	\$4.25	\$4.25	\$4.25
<b>Non-Residential</b>				
\$/ERU**/month	\$4.25	\$4.25	\$4.25	\$4.25

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**Other Information (continued)**

**Stormwater Utility Rates - North Topeka  
(effective beginning on dates shown)**

	<u>5/1/2008</u>	<u>1/1/2009</u>	<u>1/1/2010</u>	<u>1/1/2011</u>
<b>Single Family Residential</b>				
Under 1,500 sq. ft. -\$/month	\$2.21	\$2.21	\$2.21	\$2.21
1,500 – 3,500 sq. ft. -\$/month	\$3.42	\$3.42	\$3.42	\$3.42
Over 3,500 sq. ft. -\$/month	\$5.35	\$5.35	\$5.35	\$5.35
<b>All Other Residential</b>				
\$/each living unit/month	\$3.42	\$3.42	\$3.42	\$3.42
<b>Non-Residential</b>				
\$/ERU/month	\$3.42	\$3.42	\$3.42	\$3.42

\* sq ft : Square feet of impervious area.

\*\* 1 ERU : Equivalent Residential Unit, which is equal to 2,018 square feet of impervious area.

Source: City of Topeka, Ordinance 19074.

**Revenues**

**Customer Classification**

The billed volume and revenues for the Water Utility and Wastewater Utility, and billed revenues for the Stormwater Utility, by customer classification for 2008 are shown in the following tables:

**Water Utility Billed Volume and Revenues  
Billed Volume**

<b>Customer Class</b>	<b>Gallons</b>	<b>Billed Revenue</b>
Residential	3,232,572,000	\$ 15,774,955
Commercial	1,511,007,000	4,238,270
Industrial	671,870,000	1,656,615
Wholesale †	534,476,000	2,278,501
<b>TOTAL</b>	<b>5,949,925,000</b>	<b>\$ 23,948,341</b>

† Rural water districts and Metro Topeka Airport Authority.

**Wastewater Utility Billed Volume and Revenues  
Billed Volume**

<b>Customer Class</b>	<b>Gallons</b>	<b>Billed Revenue</b>
Residential	2,722,451,000	\$ 14,400,673
Commercial	1,163,207,000	4,494,068
Industrial	966,107,000	2,963,418
<b>TOTAL</b>	<b>4,851,765,000</b>	<b>\$ 21,858,159</b>

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**Other Information (continued)**

**Stormwater Utility Billed Revenues**

<b>Customer Class</b>	<b>Billed Revenue</b>
Residential	\$ 2,809,345
Commercial	3,077,037
Industrial	157,897
<b>TOTAL</b>	<b>\$ 6,044,279</b>

**Largest Users**

The following is a list of the City's largest Industrial customers for Water, Wastewater, and Stormwater Utilities for 2008:

<b>Water Utility – Largest Industrial Customers by Consumption</b>			
	<b>Customer</b>	<b>Annual Water Usage (Gallons)</b>	<b>Annual Revenues</b>
1	Goodyear Tire & Rubber Co.	175,770,000	\$ 627,505
2	Frito Lay	152,282,950	310,588
3	Reser's Fine Foods, Inc.	128,390,950	262,460
4	Hill's Pet Nutrition	85,118,000	189,345
5	DLM Foods LLC (Del Monte Food)	84,860,950	173,237
<b>Wastewater Utility – Largest Industrial Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Reser's Fine Foods, Inc.		\$ 654,891
2	DLM Foods LLC (Del Monte Food)		488,779
3	Frito Lay		459,644
4	Burlington Northern Sante Fe Railway(AT&SF)		143,056
5	Ameripride Linen & Apparel		57,558
<b>Stormwater Utility – Largest Industrial Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Burlington Northern Sante Fe Railway(AT&SF)		\$ 56,716
2	Frito Lay		36,471
3	Reser's Fine Foods, Inc.		25,943
4	DLM Foods LLC (Del Monte Food)		16,268
5	Ameripride Linen & Apparel		1,884

*Revenues are only for the minimum and basic consumption usage amounts and do not include special charges that apply to different customers.*

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**Other Information (continued)**

The following is a list of the City's largest Wholesale customers for Water Utility for 2008:

<b>Water Utility – Wholesale Customers by Consumption</b>			
	<b>Customer</b>	<b>Annual Water Usage (Gallons)</b>	<b>Annual Revenues</b>
1	Shawnee County Consolidated # 3A	154,961,000	\$ 530,824
2	Shawnee County Consolidated #1 & #2	113,693,000	793,169
3	Shawnee County # 8	97,141,000	333,799
4	Jackson County #1	93,050,000	318,049
5	Shawnee County Consolidated # 4	28,449,000	97,878

*Revenues are only for the minimum and basic consumption usage amounts and do not include special charges that apply to different customers.*

The following is a list of the City's largest Commercial customers for Water, Wastewater, and Stormwater Utilities for 2008:

<b>Water Utility – Largest Commercial Customers by Consumption</b>			
	<b>Customer</b>	<b>Annual Water Usage (Gallons)</b>	<b>Annual Revenues</b>
1	Stormont Vail Regional Hospital	57,353,480	\$ 140,335
2	St. Francis Hospital	36,517,320	88,889
3	Topeka Country Club	22,677,410	55,235
4	Hallmark Cards	18,663,500	44,957
5	Target Stores	16,407,250	39,984
<b>Wastewater Utility – Largest Commercial Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Hill's Pet Nutrition		\$ 211,203
2	Stormont Vail Regional Hospital		192,316
3	St. Francis Hospital		120,622
4	Hallmark Cards		63,521
5	Topeka Mall Co.		54,433
<b>Stormwater Utility – Largest Commercial Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Target Stores		\$ 91,845
2	Wal-Mart		48,130
3	Stormont Vail Hospital		35,855
4	Topeka Mall Co		19,968
5	Hallmark Card		17,156

*Revenues are only for the minimum and basic consumption usage amounts and do not include special charges that apply to different customers.*

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**Other Information (continued)**

The following is a list of the City's largest Government/School customers for Water, Wastewater, and Stormwater Utilities for 2008:

<b>Water Utility – Largest Gov./School Customers by Consumption</b>			
	<b>Customer</b>	<b>Annual Water Usage (Gallons)</b>	<b>Annual Revenues</b>
1	Veterans' Admin. Medical Center (VA)	31,389,000	\$ 76,227
2	Topeka Correctional Facility	19,354,100	46,427
3	Washburn University	18,754,280	47,863
4	State Office Bldg (10 <sup>th</sup> & Topeka)	15,285,000	36,858
5	Unified School District 501 (K-12)	13,424,545	33,275
<b>Wastewater Utility – Largest Gov./School Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Veterans' Admin. Medical Center (VA)		\$ 93,937
2	Topeka Correctional Facility		65,543
3	Washburn University		60,256
4	State Office Bldg (10 <sup>th</sup> & Topeka)		52,085
5	Shawnee Co. Courthouse		33,673
<b>Stormwater Utility – Largest Gov./School Customers</b>			
	<b>Customer</b>		<b>Annual</b>
1	Washburn University		\$ 55,498
2	Unified School District 501 (K-12)		36,352
3	Kansas Expocentre		35,423
4	Veterans' Admin. Medical Center (VA)		29,910
5	Topeka Correctional Facility		23,634

*Revenues are only for the minimum and basic consumption usage amounts and do not include special charges that apply to different customers.*

**Utility Operations**

**Water Utility Operations**

The following table shows historical and projected Water Utility revenues, operating expenses, and net revenues available for debt service payments on revenue bonds.

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**Other Information (continued)**

**Water Utility Operations**

<b>Year Ending December 31</b>	<b>Gross Revenues (1)</b>	<b>Operating Expenses (2)</b>	<b>SRF Payments (3)</b>	<b>Net Revenues Available for Bond Debt Service</b>
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**Historical Information**

2004	21,245,396	14,217,082	739,509	6,288,805
2005	24,726,740	14,881,105	737,652	9,107,983
2006	25,443,851	15,872,018	738,824	8,833,009
2007	25,958,747	15,990,022	1,495,017	8,473,708
2008	28,064,582	22,108,582	1,766,421	4,189,579

**Projected**

2009	30,924,246	17,371,578	2,489,341	11,063,327
2010	31,418,846	17,892,726	2,253,380	11,272,740
2011	31,940,146	18,429,507	2,578,599	10,932,040
2012	31,940,146	18,982,392	2,183,014	10,774,740

(1) Includes revenues from water sales, other operating revenue, other income and interest income.

(2) Excluding depreciation, payments in lieu of taxes, SRF Loan payments, and interest expense.

(3) SRF principal and interest payments per Division of Accounts and

Source: *City of Topeka Financial Services Department*

Since the beginning of 2007, the City has been working to raise the combined utilities cash balance, specifically the Water Division. The City has restructured their revenue bonds to redistribute debt service and conserve cash and increased the utility rates for all three utilities in the summer of 2008. At the end 2008 the combined utilities cash balance was a positive \$7,520,435. However, the water utility still has a negative cash balance of \$3,297,222 as of the end of 2008. It is anticipated that the Water Division's cash deficit will be replenished within three years. Until that time, the cash needs of the Combined Utility will be met through interfund borrowing within the City.

The following information is a schedule of revenues, expenses, and changes in retained earnings of the Water Utility for the years ended December 31, 2004 through 2008. Although separate, monthly financial statements are prepared for the Water Utility, in the City's Comprehensive Annual Financial Report ("CAFR") operating results of the Water, Wastewater, and Stormwater Utilities are combined. This combined, audited information is on pages 38 – 40 in the section entitled "FINANCIAL SECTION-Combining Statement of Net Assets – Proprietary Funds." No separate audit report is prepared for the Water Utility.

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**Other Information (continued)**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Water Utility  
For the Year Ended December 31**

	2004	2005	2006	2007	2008
<b>Operating revenues:</b>					
Metered water	\$ 19,918,302	\$ 21,867,456	\$ 22,327,431	\$ 23,486,962	\$ 25,780,705
Merchandise and service sales,	737,413	746,886	735,844	659,407	662,363
Intergovernmental revenues	-	-	-	-	10,892
Other	376,429	1,241,100	1,751,503	834,984	834,984
<b>Total operating revenue</b>	<u>\$ 21,032,144</u>	<u>\$ 23,855,442</u>	<u>\$ 24,814,778</u>	<u>\$ 24,981,353</u>	<u>\$ 27,288,944</u>
<b>Operating expenses before depreciation and payments in lieu of taxes:</b>					
Salaries, wages and benefits	\$ 5,235,243	\$ 4,936,536	\$ 5,055,060	\$ 5,413,123	\$ 6,511,261
Purchased services	5,337,523	5,387,881	5,762,251	5,392,068	5,788,060
Commodities	3,318,691	3,997,405	4,712,856	4,336,388	4,895,948
Other	325,625	559,283	341,851	848,443	4,822,487
<b>Total operating expenses</b>	<u>\$ 14,217,082</u>	<u>\$ 14,881,105</u>	<u>\$ 15,872,018</u>	<u>\$ 15,990,022</u>	<u>\$ 22,017,756</u>
<b>Operating income before depreciation and payments in lieu of taxes:</b>	\$ 6,815,062	\$ 8,974,337	\$ 8,942,760	\$ 8,991,331	\$ 5,271,188
Depreciation expense	3,773,650	4,010,302	4,437,117	4,625,184	4,537,614
Payments in lieu of taxes	2,000,000	2,125,000	2,127,000	2,200,000	2,284,000
Payments in lieu of debt service	-	-	(2,080,974)	-	-
<b>Operating Income</b>	<u>\$ 1,041,412</u>	<u>\$ 2,839,035</u>	<u>\$ 4,459,617</u>	<u>\$ 2,166,147</u>	<u>\$ (1,550,426)</u>
<b>Non-operating revenues (expenses):</b>					
Interest income	\$ 213,252	\$ 541,298	\$ 629,073	\$ 532,733	\$ 390,580
Interest expense	(3,462,382)	(3,552,019)	(3,913,264)	(3,639,002)	(4,047,627)
Other Income	-	-	-	444,661	385,058
Miscellaneous expenses	-	-	-	-	(90,826)
Operating transfers in	-	330,000	-	-	-
Gain (loss) on asset disposals	(8,995)	-	(277,783)	442,430	1,095
<b>Total non-operating</b>	<u>\$ (3,258,125)</u>	<u>\$ (2,680,721)</u>	<u>\$ (3,561,974)</u>	<u>\$ (2,219,178)</u>	<u>\$ (3,361,720)</u>
<b>Change in Net assets</b>	\$ (2,216,713)	\$ 158,314	\$ 897,643	\$ (53,031)	\$ (4,912,146)
<b>Total Net Assets Beginning of Year</b>	<u>69,055,485</u>	<u>66,838,772</u>	<u>66,997,086</u>	<u>67,894,729</u>	<u>67,841,698</u>
<b>Total Net Assets End of Year</b>	<u><u>\$ 66,838,772</u></u>	<u><u>\$ 66,997,086</u></u>	<u><u>\$ 67,894,729</u></u>	<u><u>\$ 67,841,698</u></u>	<u><u>\$ 62,929,552</u></u>

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**Other Information (continued)**

**Wastewater Utility Operations**

The following table shows historical and projected Wastewater Utility revenues, operating expenses, and net revenues available for debt service payments on revenue bonds.

<b>Wastewater Utility Operations</b>				
<b>Year Ending December 31</b>	<b>Gross Revenues (1)</b>	<b>Operating Expenses (2)</b>	<b>SRF Payments (3)</b>	<b>Net Revenues Available for Bond Debt Service</b>
<b>Historical Information</b>				
2004	18,343,003	9,397,742	4,822,814	4,122,447
2005	19,371,892	9,674,440	4,789,363	4,908,089
2006	20,635,664	10,170,828	6,891,760	3,573,076
2007	21,902,412	9,825,123	6,924,076	5,153,213
2008	25,129,647	10,104,344	6,975,470	8,049,833
<b>Projected</b>				
2009	24,901,303	11,522,000	7,535,141	5,844,162
2010	25,130,000	11,341,000	7,548,635	6,240,365
2011	25,897,000	11,556,000	7,562,578	6,778,422
2012	25,983,000	11,777,000	7,576,988	6,629,012

(1) Includes revenues from water sales, other operating revenue, other income and interest income.

(2) Excluding depreciation, payments in lieu of taxes, SRF Loan payments, and interest expense.

(3) SRF principal and interest payments per Division of Accounts and

Source: *City of Topeka Financial Services Department*

The following information is a statement of revenues, expenses, and changes in net assets of the Wastewater Utility for the years ending December 31, 2004 through 2008. Although separate, monthly financial statements are prepared for the Water Utility, in the City's Comprehensive Annual Financial Report ("CAFR") operating results of the Water, Wastewater, and Stormwater Utilities are combined. This combined, audited information is on pages 38 – 40 in the section entitled "FINANCIAL SECTION-Combining Statement of Net Assets – Proprietary Funds." No separate audit report is prepared for the Wastewater Utility.

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**Other Information (continued)**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Wastewater Utility  
For the Year Ended December 31**

	2004	2005	2006	2007	2008
<b>Operating revenues:</b>					
Sewer service charges	\$ 16,339,582	\$ 17,893,443	\$ 17,907,993	\$ 20,122,014	\$ 22,348,629
Intergovernmental revenues	-	-	-	-	19,577
Other	1,584,764	775,220	851,122	246,317	276,365
<b>Total operating revenues</b>	<b>\$ 17,924,346</b>	<b>\$ 18,668,663</b>	<b>\$ 18,759,115</b>	<b>\$ 20,368,331</b>	<b>\$ 22,644,571</b>
<b>Operating expenses before depreciation and payments in lieu of taxes:</b>					
Salaries, wages and benefits	\$ 3,591,258	\$ 3,662,214	\$ 3,781,375	\$ 3,550,287	\$ 3,613,664
Purchased services	4,642,100	4,852,974	4,919,698	4,956,139	5,311,161
Commodities	942,615	1,023,436	973,330	872,037	982,385
Other payments	111,269	135,816	371,425	446,660	197,134
<b>Total operating expenses</b>	<b>\$ 9,287,242</b>	<b>\$ 9,674,440</b>	<b>\$ 10,045,828</b>	<b>\$ 9,825,123</b>	<b>\$ 10,104,344</b>
<b>Operating income before depreciation and payments in lieu of taxes</b>	<b>\$ 8,637,104</b>	<b>\$ 8,994,223</b>	<b>\$ 8,713,287</b>	<b>\$ 10,543,208</b>	<b>\$ 12,540,227</b>
Depreciation expense	3,852,870	4,013,133	4,408,395	5,206,865	5,858,481
Payments in lieu of debt service	-	-	2,080,974	-	-
Payments in lieu of taxes	1,900,000	2,150,000	1,969,315	2,065,000	2,065,000
<b>Operating income</b>	<b>\$ 2,884,234</b>	<b>\$ 2,831,090</b>	<b>\$ 254,603</b>	<b>\$ 3,271,343</b>	<b>\$ 4,616,746</b>
<b>Non-operating revenues (expenses):</b>					
Interest income	\$ 418,657	\$ 703,229	\$ 1,876,549	\$ 1,046,511	\$ 549,982
Interest expense	(1,520,058)	(1,773,865)	(3,025,238)	(3,045,117)	(3,683,649)
Operating transfers in (out)	(110,500)	-	(125,000)	-	-
Other income	-	-	-	487,570	1,935,094
Miscellaneous expenses	-	-	-	-	(148,465)
Gain (loss) on asset disposals	21,460	-	50,983	-	-
<b>Total non-operating revenues (expenses):</b>	<b>\$ (1,190,441)</b>	<b>\$ (1,070,636)</b>	<b>\$ (1,222,706)</b>	<b>\$ (1,511,036)</b>	<b>\$ (1,347,038)</b>
<b>Change in Net Assets</b>	<b>\$ 1,693,793</b>	<b>\$ 1,760,454</b>	<b>\$ (968,103)</b>	<b>\$ 1,760,307</b>	<b>\$ 3,269,708</b>
<b>Total Net Assets Beginning of Year</b>	<b>89,397,212</b>	<b>91,091,005</b>	<b>92,851,459</b>	<b>\$91,883,356</b>	<b>\$93,643,663</b>
<b>Total Net Assets End of Year</b>	<b>\$ 91,091,005</b>	<b>\$ 92,851,459</b>	<b>\$ 91,883,356</b>	<b>\$ 93,643,663</b>	<b>\$ 96,913,371</b>

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**Other Information (continued)**

**Stormwater Utility Operations**

The following table shows historical and projected Stormwater Utility revenues, operating expenses, and net revenues available for debt service payments.

<b>Stormwater Utility Operations</b>				
<b>Year Ending December 31</b>	<b>Gross Revenues (1)</b>	<b>Operating Expenses (2)</b>	<b>SRF Payments (3)</b>	<b>Net Revenues Available for Bond Debt Service</b>
<b>Historical Information</b>				
2004	5,007,461	2,040,750	-	2,966,711
2005	4,933,428	2,306,025	-	2,627,403
2006	5,245,164	2,327,741	-	2,917,423
2007	5,572,506	3,524,705	-	2,047,801
2008	6,509,472	2,732,636	-	3,776,836
<b>Projected</b>				
2009	6,600,000	3,320,000	-	3,280,000
2010	6,578,000	3,695,000	-	2,883,000
2011	6,542,000	3,763,000	-	2,779,000
2012	6,565,000	3,834,000	-	2,731,000

(1) Includes revenues from water sales, other operating revenue, other income and interest income.

(2) Excluding depreciation, payments in lieu of taxes, SRF Loan payments, and interest expense.

(3) SRF principal and interest payments per Division of Accounts and

Source: City of Topeka Financial Services Department

The following information is a schedule of revenues, expenses, and changes in retained earnings of the Stormwater Utility for the years ending December 31, 2004 through 2008. Although separate, monthly financial statements are prepared for the Water Utility, in the City's Comprehensive Annual Financial Report ("CAFR") operating results of the Water, Wastewater, and Stormwater Utilities are combined. This combined, audited information is on pages 38 – 40 in the section entitled "FINANCIAL SECTION-Combining Statement of Net Assets – Proprietary Funds." No separate audit report is prepared for the Stormwater Utility.

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**Other Information (continued)**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Stormwater Utility  
For the Year Ended December 31**

	2004	2005	2006	2007	2008
<b>Operating revenues:</b>					
Sewer service charges	\$ 4,462,270	\$ 4,760,626	\$ 5,090,481	\$ 5,379,084	\$ 6,106,291
Other	1,237	25,979	19,999	-	-
<b>Total operating revenues</b>	<b>\$ 4,463,507</b>	<b>\$ 4,786,605</b>	<b>\$ 5,110,480</b>	<b>\$ 5,379,084</b>	<b>\$ 6,106,291</b>
<b>Operating expenses before depreciation and payments in lieu of taxes:</b>					
Salaries, wages and benefits	\$ 763,178	\$ 804,547	\$ 802,095	\$ 1,054,548	\$ 1,198,571
Purchased services	1,162,732	1,154,098	1,104,274	2,284,829	1,324,168
Commodities	97,510	140,232	151,597	124,425	180,561
Other payments	17,330	7,148	69,775	60,903	29,336
<b>Total operating expenses</b>	<b>\$ 2,040,750</b>	<b>\$ 2,106,025</b>	<b>\$ 2,127,741</b>	<b>\$ 3,524,705</b>	<b>\$ 2,732,636</b>
<b>Operating income before depreciation and payments in lieu of taxes</b>	<b>\$ 2,422,757</b>	<b>\$ 2,680,580</b>	<b>\$ 2,982,739</b>	<b>\$ 1,854,379</b>	<b>\$ 3,373,655</b>
Depreciation expense	454,164	571,216	768,665	928,196	1,006,082
Payments in lieu of debt service	26,938	30,000	-	-	-
Payments in lieu of taxes	390,000	450,000	423,127	460,000	460,000
<b>Operating income</b>	<b>\$ 1,551,655</b>	<b>\$ 1,629,364</b>	<b>\$ 1,790,947</b>	<b>\$ 466,183</b>	<b>\$ 1,907,573</b>
<b>Non-operating revenues (expenses):</b>					
Interest income	\$ 133,454	\$ 146,823	\$ 134,684	\$ 189,063	\$ 128,316
Interest expense	(537,441)	(681,387)	(586,791)	(576,439)	(567,312)
Other revenues	-	-	-	4,359	274,865
Miscellaneous expenses	-	-	-	-	(1,115)
Operating transfers in (out)	410,500	(200,000)	(200,000)	-	-
Gain (loss) on asset disposals	1,533	8,000	9,531	-	-
<b>Total non-operating revenues (expenses):</b>	<b>\$ 8,046</b>	<b>\$ (726,564)</b>	<b>\$ (642,576)</b>	<b>\$ (383,017)</b>	<b>\$ (165,246)</b>
<b>Change in Net Assets</b>	<b>\$ 1,559,701</b>	<b>\$ 902,800</b>	<b>\$ 1,148,371</b>	<b>\$ 83,166</b>	<b>\$ 1,742,327</b>
<b>Total Net Assets Beginning of Year</b>	<b>19,490,289</b>	<b>21,049,990</b>	<b>21,952,790</b>	<b>23,101,161</b>	<b>23,184,327</b>
<b>Total Net Assets End of Year</b>	<b>\$ 21,049,990</b>	<b>\$ 21,952,790</b>	<b>\$ 23,101,161</b>	<b>\$ 23,184,327</b>	<b>\$ 24,926,654</b>

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**City of Topeka, Kansas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2008**

Federal CFDA Number	Pass - Through Grantor's Number	Program or Award Amount	New Award or Unexpended Grant Amount at 1/1/2008	Expenditures	Unexpended Grant Amount at 12/31/2008
<b>Federal Grantor/Pass - Through Grantor/Program Title</b>					
<b>U.S. Department of Housing and Urban Development</b>					
Passed through KS Housing Resources Corporation:					
			\$ 48,122	\$ 38,207	\$ -
			46,465	46,465	43,260
			94,587	84,672	43,260
14.231	S-07-DC-20-0001				
14.231	ESG-FFY2008				
14.231	S-07-MC-20-0003		88,127	35,553	-
14.231	S-08-MC-20-0003		87,994	87,994	39,080
#	B-03-MC-20-0003		2,302,902	6,343	6,343
#	B-04-MC-20-0003		2,074,493	1,627	-
#	B-05-MC-20-0003		1,892,763	3,149	3,149
#	B-06-MC-20-0003		2,497,448	5,802	5,802
#	B-07-MC-20-0003		2,895,952	143,470	134,169
#	B-08-MC-20-0003		2,641,449	2,641,449	1,618,202
*	KS01C60-3004		1,225,596	472,553	419,814
*	KS01C70-3003		1,266,876	1,266,876	873,589
^	M-04-MC20-0203		792,698	4,777	4,777
^	M-05-MC20-0203		936,736	22,435	20
^	M-06-MC20-0203		1,110,858	80,896	-
^	M-07-MC20-0203		1,112,300	458,251	20,694
^	M-08-MC20-0203		1,248,646	1,248,646	906,788
	B-03-SP-KS-0251		715,320	201,396	4,030
	B-05-SP-KS-0486		198,400	195,703	5,810
	B-05-SP-KS-0084		496,000	493,589	90,600
14.401	FF207K077016		51,516	48,564	-
14.401	FF207K087016		30,140	27,717	2,423
			23,760,801	7,533,885	2,611,350
<b>Total U.S. Department of Housing and Urban Development</b>					
<b>U.S. Department of Justice</b>					
16.738	2005-DJ-BX-1433		216,992	29,864	-
16.738	2006-DJ-BX-0187		108,301	53,061	2,467
16.580	2007-DD-BX-0668		60,550	60,550	28,552
16.575	08-VOCA-44		42,350	30,648	-
16.575	09-VOCA-42		37,139	37,139	28,304
16.595	2007-WS-Q7-0064		200,000	141,878	-
16.595	2008-WS-QX-0061		150,000	150,000	115,194
16.737	2007-JV-FX-0294		122,006	113,163	71,353
16.607			2,420	2,150	2,150
16.607			3,088	-	3,088
16.607			5,547	5,547	5,547
16.607			3,021	3,021	3,021
16.744	2006-PG-BX-0078		59,416	51,016	104
			1,010,830	683,592	259,780
<b>Total U.S. Department of Justice</b>					

...continued

**City of Topeka, Kansas**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2008

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Pass - Through Grantor's Number	Program or Award Amount	New Award or Unexpended Grant Amount at 1/1/2008	Unexpended Grant Amount at 12/31/2008
<i>...continued</i>					
<b>Small Business Administration</b>					
Hearland Park Topeka Infrastructure Improvement	59.000	SBAHQ-08-I-0136	1,000,000	1,000,000	990,118
<b>Total Small Business Administration</b>			1,000,000	1,000,000	990,118
<b>National Park Service</b>					
Passed through KS State Historical Society: Historic Preservation Fund Program	15.904		1,047	1,047	-
<b>Total National Park Service</b>			1,047	1,047	-
<b>Environmental Protection Agency</b>					
Passed through Kansas Department of Health and Environment: Capitalization Grants for State Revolving Funds	* 66.458	C20 1270 01	143,398,271	16,694,863	13,564,981
<b>Total Environmental Protection Agency</b>			143,398,271	16,694,863	13,564,981
<b>U.S. Department of Transportation</b>					
Passed through Kansas Department of Transportation: Consolidated Planning Grant-Federal Highway Administration portion	20.205		440,056	440,056	-
Consolidated Planning Grant-Federal Transit Administration portion	20.505		110,014	110,014	-
<b>Total</b>			550,070	550,070	339,891
Transportation Enhancement Project	20.205	89 TE-0320-01	5,035	5,035	-
State and Community Highway Safety	20.600	OP-0993-08	32,500	26,712	-
State and Community Highway Safety	20.600	OP-0993-09	26,400	26,400	21,167
Safety Incentives to Prevent Operation of Motor Vehicles By Intoxicated Persons	20.605	AL-9082-08	7,136	6,835	1,103
Safety Incentives to Prevent Operation of Motor Vehicles By Intoxicated Persons	20.605	AL-9082-09	7,399	7,399	6,761
Enforcing Underage Drinking Laws	16.727	SP-2202-08	13,427	13,427	2,205
<b>Total U.S. Department of Transportation</b>			641,967	635,878	371,127
<b>U.S. Department of Homeland Security</b>					
Passed through Kansas Adjutant General's Department: FEMA Public Assistance Grant	* 97.036		472,975	472,975	-
<b>Total U.S. Department of Homeland Security</b>			472,975	472,975	-
<b>Total Federal Awards</b>			\$ 170,285,891	\$ 27,022,240	\$ 17,797,356

# Transfers of Program Income were made  
 ^ Transfers of uncommitted funds were made  
 \* Major Program

**City of Topeka, Kansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**December 31, 2008**

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Topeka, Kansas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non Profit Organizations*. Therefore, amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the general purpose financial statements.

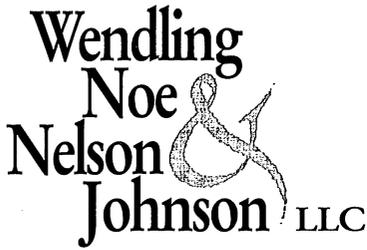
**Note 2: Loans**

The City of Topeka has the following federal subsidized loan:

EPA Capitalization Grant from the State Revolving Loan Fund CFDA #66.458. The balance at December 31, 2008 was \$90,610,985

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and Management Consultants

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Adam C. Crouch, CPA  
Heather R. Eichen, CPA  
Derek H. Hart, CPA

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

The Honorable Mayor and Members  
of the City Council  
City of Topeka, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Topeka, Kansas, as of and for the year ended December 31, 2008, which collectively comprise the City of Topeka, Kansas, basic financial statements and have issued our report thereon dated July 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

In planning and performing our audit, we considered the City of Topeka, Kansas, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Topeka, Kansas, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Topeka, Kansas, internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Topeka, Kansas, ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally

accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Topeka, Kansas, financial statements that is more than inconsequential will not be prevented or detected by the City of Topeka, Kansas, internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (2008-1)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Topeka, Kansas, internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

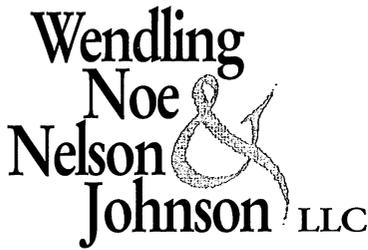
#### Compliance and other matters

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

This report is intended for the information of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Wendell Noe Nelson & John LLC*

Topeka, Kansas  
July 6, 2009



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and Management Consultants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Members  
of the City Council  
City of Topeka, Kansas

Compliance

We have audited the compliance of the City of Topeka, Kansas, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Topeka, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal control over compliance

The management of the City of Topeka, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a

major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Wendling Noel Nelson & Tol LLC*

Topeka, Kansas  
July 6, 2009

CITY OF TOPEKA, KANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended December 31, 2008

Section I - Summary of Auditor's Results

Financial statements --

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_   X   Yes \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

Federal awards --

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA number</u>	<u>Program name</u>
14.238	Shelter Plus Care Program
20.205	Consolidated Planning Grant
66.458	Capitalization Grant - State Revolving Loan Fund

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low risk auditee? \_\_\_\_\_   X   Yes \_\_\_\_\_ No

Section II - Financial Statement Findings

2008-1 A significant control deficiency exists in the design and operation of internal control due to a lack of adequate documentation of accounting procedures and the components of internal control.

Section III - Federal Award Findings and Questioned Costs

None

CITY OF TOPEKA, KANSAS  
FOLLOW-UP ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
Year ended December 31, 2008

Findings - Federal Award Findings and Questioned Costs

No findings in the preceding year.

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