

# *The City of Topeka, Kansas*



Cover photo: The Kansas River reflecting the lights of downtown Topeka. Photo courtesy of Bill Stephens.

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2002**

**Mayor**

Harry "Butch" Felker

**City Council Members**

<b><u>Name</u></b>	<b><u>District #</u></b>	<b><u>2002 and Current Term Dates</u></b>	
		<b><u>Beginning</u></b>	<b><u>Ending</u></b>
John Alcalá	2	April 13, 1999	April 10, 2007
Clark R. Duffy	6	April 13, 1999	April 8, 2007
Betty M. Dunn	4	April 13, 1999	April 8, 2003
Bill Haynes	5	April 8, 2003	April 12, 2005
Lisa Hecht	5	August 21, 2001	April 8, 2003
Vanessa I. Hill	8	April 13, 1999	April 8, 2003
Harold Lane	3	April 10, 2001	April 12, 2005
John Nave	4	April 8, 2003	April 10, 2007
Duane Pomeroy	1	April 10, 2001	April 12, 2005
Jeff Preisner	8	April 8, 2003	April 10, 2007
Gary Price	9	April 10, 2001	April 12, 2005
Lisa Stubbs	7	April 10, 2001	April 12, 2005

**Operations Administration**

David H. Graversen, Chief Administrative Officer  
Neil J. Dobler, Assistant Chief Administrative Officer

**Prepared by Financial Services Department**

Randall P. Bailes, Director of Finance  
Linda Wood, City Controller  
David B. Nelson, Accounting Manager  
Curtis R. Cox, Senior Accountant  
Tina M. Loyd, Accountant I  
Deidre E. Chinn, Accounts Receivable and Utility Billings Specialist

# **INTRODUCTORY SECTION**

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2002**

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**INTRODUCTORY SECTION**

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# CITY OF TOPEKA

Financial Services Department  
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August 29, 2003

Mayor Harry Felker  
Members of the Topeka City Council  
Citizens of Topeka  
City of Topeka, Kansas

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

The Department of Financial Services and the Chief Administrative Officer of the City are pleased to submit the Comprehensive Annual Financial Report (the "CAFR") for the City of Topeka, Kansas, for the year ended December 31, 2002. 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, 2002. Responsibility for the accuracy, the completeness, and the reliability of all information presented in the CAFR rests with City management.

On behalf of management, we assert that, to the best of our knowledge and belief, the CAFR is complete and reliable in all material respects and is organized in a manner designed to present fairly the financial position and the results of operations of the City of Topeka, as measured by the financial activities of its various funds and account groups, for the year ended December 31, 2002. We also believe that all disclosures necessary to enable a user of the CAFR to understand the City's financial affairs have been included.

To provide a reasonable basis for making such representations, management of the City of Topeka has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, and misuse, and to compile sufficient reliable information for the presentation of our financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the City of Topeka's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

This report is presented in three sections: Introductory, Financial, and Statistical. The *Introductory Section* includes this transmittal letter, a copy of the *Certificate of Achievement for*

*Excellence in Financial Reporting* for the 2001 CAFR, the City's organization chart, and a list of principal officials. The *Financial Section* includes the *Independent Auditor's Report*, the *Management's Discussion and Analysis* report, and the audited financial statements, including notes thereto. The *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis, which is relevant to a reader of the financial statements.

Wendling Noe Nelson & Johnson, LLC, an independent firm of licensed certified public accountants audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Topeka for the year ended December 31, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the City of Topeka's financial statements for the year ended December 31, 2002, are fairly presented in conformity with GAAP.

As a recipient of Federal, State, and local financial assistance, the City is responsible to maintain adequate internal controls to ensure compliance with applicable laws and regulations related to programs funded by such revenues. This internal control structure and compliance with program requirements are subject to periodic evaluation by City management.

The independent audit of the financial statements is a component of the broader, Federally mandated *Single Audit* that the City is required to undergo in conformity with the provisions of the Federal Single Audit Act of 1984, as amended, and with the U.S. Office of Management and Budget's *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The *Single Audit* is designed to meet the special needs of Federal grantor agencies, such as the Department of Housing and Urban Development ("HUD"), which award funds to the City.

Standards governing *Single Audit* engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards to the City of Topeka. These auditor's reports, including the schedule of expenditures of Federal awards to the City and the audit findings and recommendations thereon, are included in the separate *Single Audit* section of this CAFR.

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 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.

## **PROFILE OF THE CITY**

The City of Topeka, Kansas, 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 126,536, the City is the third largest city in Kansas. The land within the City covers more than 56 square miles. 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.

The City of Topeka has operated under the form of government known as the Strong Mayor-City Council-Chief Administrative Officer model since 1985. Under this model, policy-making and legislative authority are vested in a governing Council consisting of the Mayor, who is a non-voting member, and nine other Council members. The nine Council members are elected by district on a non-partisan basis. Council members serve four-year staggered terms, with three Council members elected bi-annually. The Council members are responsible, among other things, for adopting ordinances and resolutions, adopting an annual budget, appointing certain officials of boards and committees, and affirming the appointment of the Chief Administrative Officer (the "CAO") by the Mayor.

The Mayor is elected at large and is responsible, among other things, to preside over Council meetings, formulate the Council agenda, appoint City department heads, including the Municipal Court Judge, appoint the CAO, present a recommended annual budget to the Council, and to publicly represent the City. The CAO is responsible to the Mayor for the administration of all City affairs placed in his or her charge by the Mayor. All City department heads, with the exceptions of the City Attorney and the Municipal Court Judge, report directly to the CAO. The CAO facilitates City departments to carry out both internal, inter-departmental services and external services to the community. The CAO works to insure that policies adopted by the governing body are implemented, and to facilitate communication among the Mayor, City Council members, and City staff.

The City of Topeka provides its citizens with those services, which have proven to be necessary and meaningful, that can be provided by the City most cost effectively. Major services provided under general governmental and enterprise functions are: police and fire protection; provision of safe drinking water; wastewater treatment and disposal services; public parking facilities; parks and recreational activities, including an 18-hole golf course; 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; employees' health insurance administration; facilities maintenance and operations; and financial services, including cash management and investing, accounts payable processing, procurement and contract services, general ledger accounting and reporting functions, and debt issuance and management.

The annually adopted budget serves as the foundation for the City of Topeka's financial planning and control. All departments and agencies of the City are required to submit requests for appropriation of funds for the ensuing fiscal year to the City Budget Director at annually established deadlines, prior to the State's budget publication deadline of August 25 in the current fiscal year. The Budget Director uses these requests as the starting point to develop a proposed budget. The Mayor and CAO work with the Budget Director to create a Mayor's recommended budget, which is provided to the Council for review and discussion. 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, function (e.g., public safety), and department (e.g., police). Department heads may transfer appropriations only within a department. Transfers of appropriations between departments require the approval of the Council. The Kansas statutes provide for government expenditures control 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.

Within each department, expenditures fall in one of five different categories: Personal Services, Contractual Services, Commodities, Capital Outlay, and Other Payments. One budgetary control technique is the use of encumbrance accounting for the adopted appropriation amounts within each department’s expenditure categories. Unencumbered appropriations lapse at year-end. As demonstrated by the audited financial statements included in the CAFR, the City continues to meet its responsibilities for sound financial management.

Budget-to-actual comparisons are provided in this report for each major governmental fund. This comparison is presented, beginning on page 29, as part of the basic financial statements. Included in the governmental fund subsection are project-length and budget-to-actual comparisons for each capital projects fund type. Throughout the CAFR, amounts are shown in whole dollars unless otherwise noted.

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

The information presented in the financial statements is perhaps best understood when it is 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 stable economy, and local indicators point to continued stability and growth locally, despite some downturns in State government. 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”) has recently been enlarged to include 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.

Economic development efforts have enjoyed significant recent successes. Currently, a new Target Distribution Center facility is nearing completion in Topeka. The Center is projected to create over 600 positions during its opening phase and expand to employ between 800 and 1,000 people in the next few years, as well as providing employment for between 100 and 140 independent contractors providing transportation and logistic services to the Center. While Target Corporation’s national distribution centers have a common, national, general contractor, the majority of sub-contracting for the \$80 million Topeka facility has gone to local area subcontractors, ensuring that hundreds of local jobs have become available during the

construction and implementation phases of this 1.3 million square feet facility. Because the Target Distribution Center is a regional facility serving 80 to 90 stores in a multi-state area extending far beyond Topeka, the funds invested in the Center are "new dollars" that come from outside Topeka's local economy. Those "primary employer" dollars should have a dramatic, positive effect on local economy and are conservatively expected to support well in excess of 1,200 jobs in the local secondary business sector.

Another significant, recent economic development for the community is the sale and subsequent redevelopment by the new owners of the nationally sanctioned Heartland Park car-racing facility on the outskirts of Topeka. Heartland is a national tourism destination. The City's downtown district is also enjoying a renaissance of business and residential development. Residential building throughout the City and contiguous areas continues to grow, as well.

### Long-Term Plans

In 2002, the Council approved funding from an additional 1% transient guest tax, which was implemented in April 2003, to support the Great Overland Station project. The project provides for the development of a City owned riverfront park, in conjunction with restoration and enhancement of the historic railroad depot north of the Kansas River, as a tourist destination. The expected bed tax revenues to fund the City's portion of the project are \$2.5 million, over a period of thirteen years. Other sources of funding for the project include private donations and grant moneys from the Kansas Department of Transportation.

The City continues to borrow money through the Kansas State Water Pollution Control Revolving Loan Fund to make improvements and additions to its wastewater treatment facilities, bringing them into compliance with the State and Federal clean water laws and regulations now in effect and expected to be promulgated in the near future. At December 31, 2002, the City's outstanding loan balances were \$40,316,678. The City's long-range capital improvement program for the Water Pollution Control Division, including those projects expected to be funded with the low interest cost loans from the State, is summarized in the table below.

<b>Year of Projected Expenditures</b>	<b>Projected Major Capital Expenditures</b>	<b>Projected Routine Capital Expenditures</b>	<b>Total Projected Capital Expenditures</b>
2003	\$ 24,719,000	\$ 800,000	\$ 25,519,000
2004	18,456,600	800,000	19,256,600
2005	11,373,200	800,000	12,173,200
2006	44,002,650	800,000	44,802,650
2007	<u>13,243,500</u>	<u>800,000</u>	<u>14,043,500</u>
<b>Totals</b>	<b><u>\$111,794,950</u></b>	<b><u>\$ 4,000,000</u></b>	<b><u>\$115,794,950</u></b>

**Source: The Topeka Public Works Department, Water Pollution Control Division**

Another recent economic development is a State budget crisis that has resulted in withdrawal of the usual, annual payments from the State to local governments of the *local ad valorem tax reduction (LAVTR)* and the City/County revenue sharing amounts. These actions by the State's previous and current governors resulted in lost revenues to the City of Topeka in the estimated amounts of \$880,000 in calendar year 2003, and \$973,000 in calendar year 2004. There is no indication that these funding sources will be restored to the City in the future. This

withdrawal of State support will result in either a tax increase for Topeka taxpayers or a reduction in the City's budgeted expenditures.

The City of Topeka and Shawnee County entered into an interlocal agreement, establishing 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 one-quarter cent sales tax is being provided to the JEDO to assist in the mission.

In 2001, the Topeka Boulevard Bridge, which carries traffic over the Kansas River, was designated structurally unsound for vehicles over a certain weight limit. Preliminary estimates to repair or replace the deteriorating bridge have been around \$40 million. The City owns the bridge, which was originally owned and maintained by the State. In the near future, the City will have to undertake the necessary action to get this bridge or a replacement in service. Debt financing with general obligation bonds will probably be the method chosen to pay for this project.

### **Cash Management Policies and Practices**

The Office of the City Treasurer is responsible for receiving and investing all monies held by and received on behalf of the City of Topeka and for maintaining complete and accurate records of all related financial transactions. The Treasurer's office is the central depository of all monies received from any source, which constitute public funds of the City. Public funds are deposited and held in custody until disbursed by warrant check through the accounts payable and/or payroll systems. With the exception of the monies requiring segregation by a provision of Kansas Law or by contract with State or Federal Agencies, all monies are pooled for purposes of deposit in local banks and for investment.

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, repurchase agreements, and the State Treasurer's Municipal Investment Pool. The average rate of return on such investments for 2002 was 2.883%. The total investment earnings in 2002 were \$1,765,476 on an average balance of \$61,090,000. Because of a depressed national economy, interest rates in 2002 were lower than they have been in recent past years. That fact, coupled with lower idle fund balances, resulted in a 65% decrease in investment earnings, compared to 2001 earnings.

### **Risk Management**

For several years, the City of Topeka has self-insured for general liability, workers' compensation, employee health and accident insurance, and vehicle physical damage. All risks, except general liability claims that are limited by the Kansas Tort Claims Act, have catastrophic stop-loss reinsurance, for protection against extraordinary losses. Insurance contributions and costs are administered through a group of internal service funds. Assessments for insurance costs are imposed against those funds, departments, and divisions having insurable interests. The City operates safety and loss control programs consisting of both educational activities and incentives in an effort to minimize losses. In addition, previously through the Recreation Division of the Department of Parks and Recreation and since January 2003, through the City's Human Resources Department, an employee wellness program is operated with the objectives of increasing productivity and reducing employee health insurance costs.

## **Pension and Other Post-Employment Benefits**

The City of Topeka is a participating employer in the Kansas Public Employees Retirement System (KPERs) for all employees, except sworn police officers and firefighters, who are members of the Kansas Police and Fire Retirement System (KP&F). These systems are State administered and cover all State employees and most employees of Kansas's cities, counties, and school districts. Both KPERs and KP&F are participatory, actuarially pre-funded, defined benefit plans. For details regarding the City's funding and liability position with regard to these plans, see the *Notes to the Financial Statements* in the *Financial Section* of this report.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Topeka for its CAFR for the fiscal year ended December 31, 2001. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded the certificate, the government must publish an easily readable and efficiently organized CAFR, satisfying both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the program requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

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 worked extra hours and made an extraordinary effort to ensure the accuracy of data in this CAFR, and to achieve the conformance of this year's CAFR to the new reporting format prescribed by the Governmental Accounting Standards Board *Statement No. 34*, which also mandates the inclusion of infrastructure assets. We acknowledge and thank them for their work.

In closing, we thank the members of the City Council for their interest and work 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,

David H. Graversen, Chief Administrative Officer

Randall P. Bailes, CGFM, CPA, Director of Finance

Linda Wood, CPM, CPA, City Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Topeka,  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Bate*

President

*Jeffrey R. Emswiler*

Executive Director

**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.

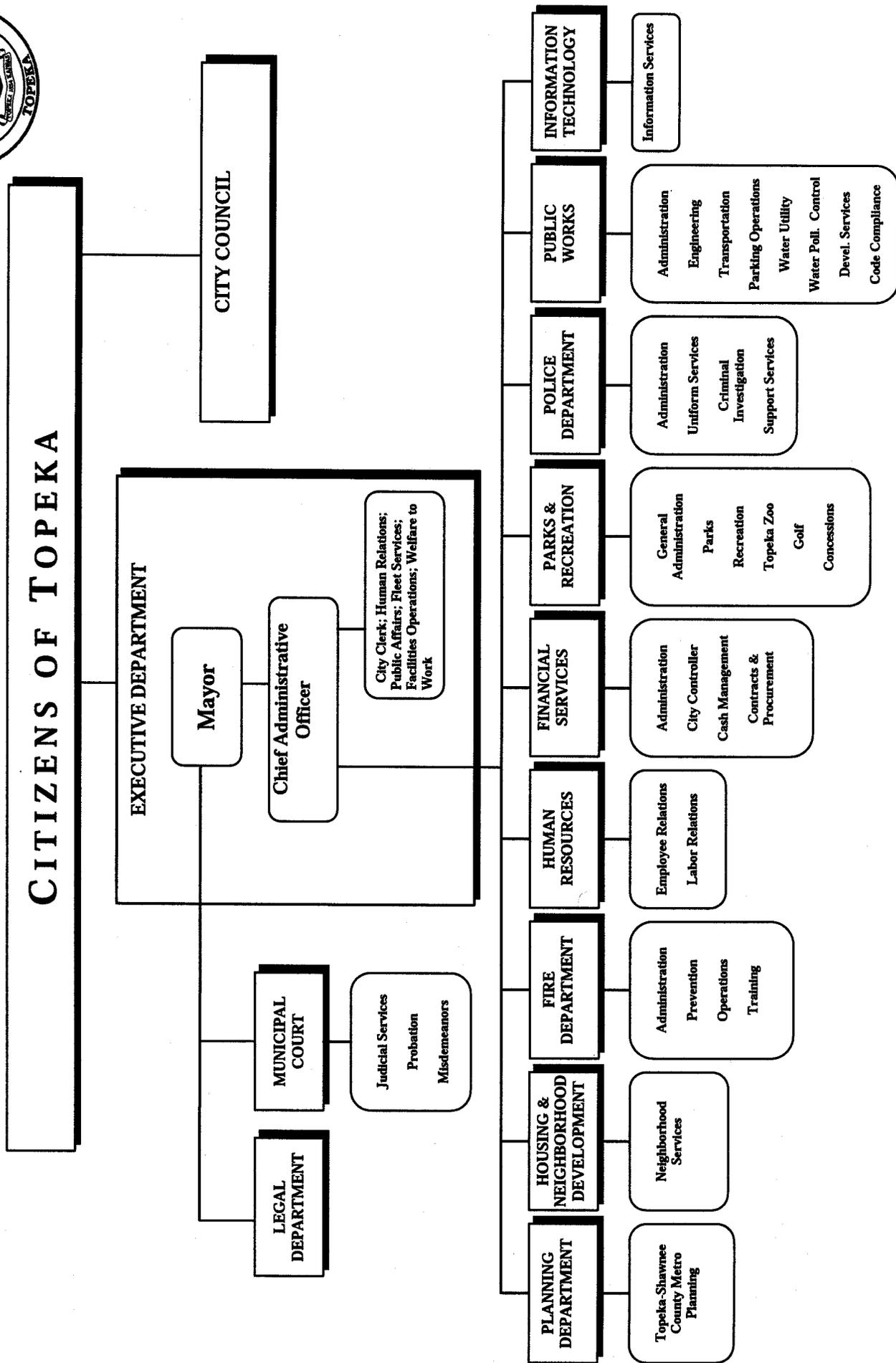
**Community Wide Goals**

(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.

***[The remainder of this page intentionally left blank.]***

# 2002 City Organizational Chart



**City of Topeka, Kansas  
Principal Officials At December 31, 2002**

**Mayor**

Harry "Butch" Felker

**City Council Members**

District 1 Duane Pomeroy, Deputy Mayor in 2003  
District 2 John Alcala  
District 3 Harold Lane  
District 4 Betty M. Dunn, Deputy Mayor to April 2003  
(replaced by John Nave, April 2003)  
District 5 Lisa Hecht (replaced by Bill Haynes, April 2003)  
District 6 Clark R. Duffy  
District 7 Lisa Stubbs  
District 8 Vanessa I. Hill (replaced by Jeff Preisner, April 2003)  
District 9 Gary Price

**Chief Administrative Officer**

David H. Graversen

**Department Heads**

Financial Services, Randall P. Bailes, Director  
Fire, Dennis Phillips, Fire Chief  
Housing and Neighborhood Development, Randy Speaker, Director  
Human Resources, Kim Austin-Smith, Director  
Information Technology, Steve Tallen, Director  
Legal, Brenden Long, City Attorney  
Municipal Court, Judge Elsbeth Schafer, Administrative Judge  
Parks and Recreation, Rogers Brazier, Director  
Planning, David Thurbon, Director  
Police, Ed Klumpp, Chief of Police  
Public Works, Neil Dobler, Director and Assistant Chief Administrative Officer

**Division Directors**

Administration - Budget and Research & Capital Planning, Jim Langford  
Administration - City Clerk, Iris Walker  
Administration - Facility Operations, Jack Freeman  
Administration - Fleet Services, Ron Raines  
Administration - Human Relations Commission, Elias Garcia  
Administration - Public Affairs - Public Information, Ruth Maus  
Financial Services - Cash Management, Glenn Rice, City Treasurer  
Financial Services - Central Accounting and Reporting, Linda Wood, City Controller  
Financial Services - Contracts and Procurement, Jay Oyler, Director  
Fire - Administration, Mike Ganson  
Fire - Deputy Fire Chief Fire Marshall, Darrell Dibbern  
Fire - Deputy Fire Chief Operations, Daniel Neill

**City of Topeka, Kansas**  
**Principal Officials At December 31, 2002**

**Division Directors (continued)**

Legal - Risk Management, Steve Ebberts (replaced by Eric Smith, January 2003)  
Municipal Court - Administration, Michele Mainey, Municipal Court Clerk  
Municipal Court - Probation Division, Sue Gore  
Parks & Recreation - Accounting, Karen Bosch  
Parks & Recreation - Administration, Teri Simpson  
Parks & Recreation - Athletics, Bruce Andrews  
Parks & Recreation - Centers & Day Camps, Betty Kirchner & Lynn Bishop  
Parks & Recreation - Forestry, Adam Moser  
Parks & Recreation - Golf, Dan Bartels  
Parks & Recreation - Helen Hocker Theatre, Jo Huseman  
Parks & Recreation - Media, Doug Stillings  
Parks & Recreation - Management, Doug Reynolds  
Parks & Recreation - Parks, Terry Bertels  
Parks & Recreation - Planning and Development, Bill Riphahn  
Parks & Recreation - Special Services, Karen Meyers  
Parks & Recreation - Ward Meade, Sara Leeth  
Parks & Recreation - Wellness Center, Patsy Patterson  
(replaced by Kelsey Pipkin, July 2003)  
Parks & Recreation - Zoo, Michael Coker  
Planning - Planning Manager, Barry Beagle  
Planning - Neighborhood Planning, Bill Fiander  
Planning - Transportation & Long-Range Planning, Todd Girdler  
Police - Deputy Chief Operations, Colonel Randy Adair  
Police - Deputy Chief Support, Colonel Stephen Harsha  
Police - Administration, Major Mike Padilla  
Police - Criminal Investigation, Major Walter Wywadis  
Police - East Patrol Uniform Division, Major Terry Stevens  
Police - Support Operations, Major Jerry Young  
Police - West Patrol Uniform Division, Major Randy Mills  
Public Works - Administration, Mike McGee, Deputy Public Works Director  
Public Works - Code Compliance, Meg Perry (replaced by Miriam Berke, January 2003)  
Public Works - Development Services, Miriam Berke  
Public Works - Engineering, Tim Green, City Engineer  
Public Works - Transportation Operations, Michael Pfender  
Public Works - Water Pollution Control Utility, Mark Green  
Public Works - Water Utility, Don Rankin

# **FINANCIAL SECTION**



Certified Public Accountants  
and Management Consultants

John R. Helms, CPA  
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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, each major fund (General, Parks and Recreation, Special Street Repairs, and Debt Service), and the aggregate remaining fund information of the City of Topeka, Kansas, as of and for the year ended December 31, 2002, 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.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Topeka, Kansas, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Parks and Recreation, Special Street Repairs, and Debt Service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments as of December 31, 2002.

The accompanying required management's discussion and analysis on pages 15 through 22 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2003, 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. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 accompanying supplementary information in the introductory section, combining and individual fund financial statements, schedule of expenditure of federal awards, and statistical tables are 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 are not a required part of the basic financial statements of the City of Topeka, Kansas. The combining and individual fund financial statements 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 and statistical tables 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.

Wendling Dale Nelson E. Johnson LLC

Topeka, Kansas  
April 21, 2003

# **Management Discussion and Analysis**

## MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Topeka's financial performance provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2002. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

With the implementation of new accounting standards, an analysis of current and prior year governmental activities net assets and changes in net assets is difficult to do. In subsequent years, this section will discuss and analyze significant differences. However, some analysis of the current year balances and activities follows.

- The assets of the City of Topeka exceeded its liabilities at the close of the most recent fiscal year by \$585,158,988. Of this amount \$40,753,920 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased 2.3% to \$585.2 million as a result of this year's operations.
- As of the close of 2002, the City of Topeka's governmental funds reported combined ending fund balances of \$13,946,610, a decrease of \$4,279,109 in comparison with the prior year. Approximately three fourths (76.9%) of this total amount, \$10,727,484, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of 2002, unreserved fund balance for the general fund was \$8,226,144, or 13.7% of total general fund revenues.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) were \$748,797 less than the final budget while actual appropriations (outflows) were \$7,549,135 less than budget.
- The City of Topeka's total debt increased \$1,078,160 (1.01%) during 2002. The key factors were repayment of existing bonds, receipt of state revolving loan amounts and no issuance of new debt during the year. Sales tax revenue was used to retire temporary notes.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 –consisting of The *Statement of Net Assets* and the *Statement of Activities* which provide information about the activities of the City as a whole and present a more long-term view of the City's finances. 2) Fund financial statements, that report the City's operations in more detail than the government-wide statements, by providing information about the City's most significant funds. 3) Notes to the financial statements. Other included statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Reporting the City as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the City of Topeka's finances, in a manner similar to a private-sector business.

## **The Statement of Net Assets and the Statement of Activities**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the past year's activities?" The *Statement of Net Assets* and the *Statement of Activities* each report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the **accrual basis of accounting**, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account as they are earned or incurred, regardless of when cash is received or paid.

These two statements report the City's **net assets** and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or **financial position**. Over time, **increases or decreases** in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure, to assess the overall health of Topeka.

The *Statement of Net Assets* and the *Statement of Activities* distinguish functions of the City of Topeka that are principally supported by taxes and intergovernmental revenues (*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 and water pollution control utility, stormwater utility, public parking facilities, park concessions, and a municipally owned and operated public golf course. The City of Topeka has no component units, which are entities that are legally separate, but for which the City is financially accountable.

## **Reporting the City's Most Significant Funds**

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 the City of Topeka as a whole. Some funds are required to be established by State law and 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's three kinds of funds—**governmental, proprietary, and fiduciary**—use different accounting approaches.

## **Fund Financial Statements**

- **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.

- *Proprietary funds*—When the City charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported using the *full accrual* basis of accounting, in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. 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. We use *internal service funds* to report activities provided through one fund for other City programs and activities—such as the City’s Fleet Maintenance and Self Insurance Funds.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. The City’s fiduciary activities are reported in separate *Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets*. We exclude these activities from the City’s other financial statements, because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

## THE CITY AS A WHOLE

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 \$585,158,988 at the close of 2002, the most recent fiscal year.

By far the largest portion of the City of Topeka’s net assets (91%) 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.

**Table 1**  
**City of Topeka**  
**Condensed Statement of Net Assets**  
**December 31, 2002**

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 79,915,141	\$ 32,814,426	\$ 112,729,567
Capital assets	<u>487,897,146</u>	<u>274,976,001</u>	<u>762,873,147</u>
Total assets	<u>567,812,287</u>	<u>307,790,427</u>	<u>875,602,714</u>
Long-term liabilities outstanding	150,364,237	110,943,296	261,307,533
Other liabilities	<u>20,657,835</u>	<u>8,478,358</u>	<u>29,136,193</u>
Total Liabilities	<u>171,022,072</u>	<u>119,421,654</u>	<u>290,443,726</u>
Net assets:			
Invested in capital assets, net of related debt	371,387,011	162,220,121	533,607,132
Restricted	1,612,599	9,185,337	10,797,936
Unrestricted	<u>23,790,605</u>	<u>16,963,315</u>	<u>40,753,920</u>
Total net assets	<u>\$ 396,790,215</u>	<u>\$ 188,368,773</u>	<u>\$ 585,158,988</u>

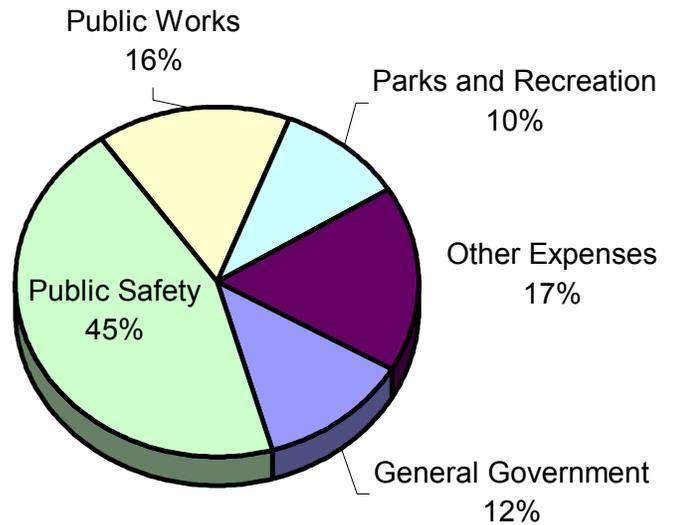
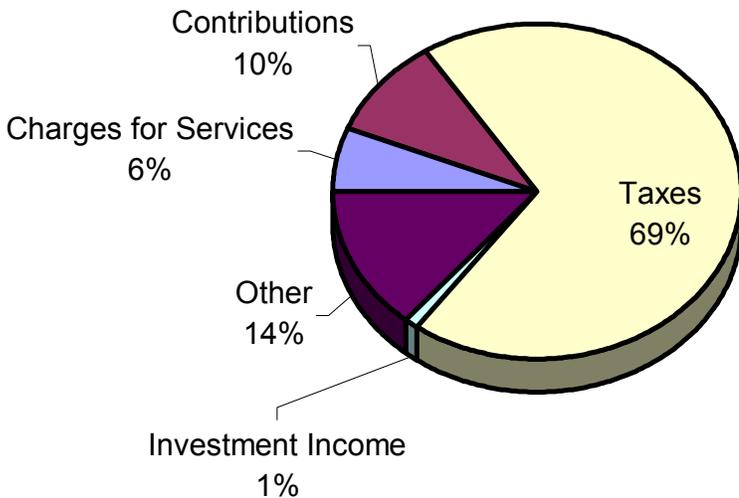
An additional portion of the City's net assets (1.8 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$40,753,920 may be used to meet the government's ongoing obligations to citizens and creditors.

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 City's net assets from governmental activities decreased 3.9% from \$412.8 million to \$396.8 million in 2002. This decrease of \$16 million comes from the change in net assets as recorded in the *Statement of Activities* and flows through the *Statement of Net Assets*.

**Fiscal Year 2002 Government Activities**  
(See Table 2)

**Sources of Revenue**

**Functional Expenses**



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**Table 2**  
**City of Topeka**  
**Statement of Activities and Changes in Net Assets**  
**Year ended December 31, 2002**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
<u>Program revenues</u>			
Charges for services	\$ 7,927,761	\$ 43,343,671	\$ 51,271,432
Operating grants and contributions	11,564,440	33,000	11,597,440
Capital grants and cotributions	2,010,122	1,329,042	3,339,164
<u>General revenues</u>			
Property taxes	33,683,841		33,683,841
Sales taxes	27,393,994		27,393,994
Franchise taxes	5,986,826		5,986,826
Motor fuel taxes	5,697,432		5,697,432
Alcoholic beverage taxes	1,220,592		1,220,592
Transient guest tax	1,276,153		1,276,153
Grants and contributions not restricted to specific programs	2,163,903		2,163,903
Unrestricted investment earnings	-	820,012	820,012
Gain on sale of capital assets	5,092	150,416	155,508
Contingency	(30,797)		(30,797)
Transfers	2,000,000	(2,000,000)	-
<b>Total revenues</b>	<b>100,899,359</b>	<b>43,676,141</b>	<b>144,575,500</b>
<b>Expenses</b>			
General government	12,118,456		12,118,456
Public safety	41,093,527		41,093,527
Public works	41,126,402		41,126,402
Miscellaneous	2,675,531		2,675,531
Parks and Recreation	9,636,719		9,636,719
Public Housing	4,267,288		4,267,288
Social Services	984,714		984,714
Interest	4,996,178		4,996,178
Water & Water Pollution Control		35,053,603	35,053,603
Stormwater Utility		2,363,155	2,363,155
Combined Public Parking		2,892,977	2,892,977
Public Golf Course		825,052	825,052
Concessions		185,662	185,662
<b>Total expenses</b>	<b>116,898,815</b>	<b>41,320,449</b>	<b>158,219,264</b>
Increase in Net Assets	(15,999,456)	2,355,692	(13,643,764)
Net Assets 1/1/02	412,789,671	186,013,081	598,802,752
Net Assets 12/31/02	<b>\$ 396,790,215</b>	<b>\$ 188,368,773</b>	<b>\$ 585,158,988</b>

## Governmental Activities

Table 3 presents the cost 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, less 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)**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 12.1	\$ 4.4
Public Safety	41.0	40.0
Public works, highways & streets	41.1	36.5
Parks & recreation	<u>9.7</u>	<u>7.6</u>
Totals	<u>\$103.9</u>	<u>\$88.5</u>

- Property taxes increased by approximately \$1 million (4 %) during 2002. Most of this increase is the product of growth in property value. The growth in tax base, which includes revaluations and new growth as a result of improvements, new construction, additions of new property and annexation, was 4%.
- Net sales and use tax increased by approximately \$4 million (17 %) during 2002. The percentage increase closely mirrors the economic stability within the City during 2002.
- For the most part, increases in expenses closely paralleled general economic inflation and growth in the demand for services.
- In December 2002, the State of Kansas discontinued its payments to local governments for local *ad valorem* tax reduction and general city/county revenue sharing. This action resulted in the City not receiving approximately \$485,000 in previously budgeted revenue for 2002. The impact on future periods is discussed in the transmittal letter on pages 5 & 6.

## Business-type Activities

Business-type activities increased the City's net assets by \$2,355,692 during 2002. Table 4 presents the net cost of the City's four largest business-type activities – Water & Water Pollution Control, Stormwater, Combined Public Parking, and the Public Golf Course – as well as each activity's net revenue (revenue generated by the activity less its total cost).

**Table 4**  
**Net Revenue from Business-Type Activities (in millions)**

	<u>Total Cost of Activity</u>	<u>Net revenue from (Cost of) activity</u>
Water & Water Pollution Control	\$ 35.1	\$1.6
Stormwater Utility	2.4	1.8
Combined Public Parking	2.9	(.1)
Public Golf Course	<u>.8</u>	<u>-</u>
Totals	<u>\$ 41.2</u>	<u>\$3.3</u>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At December 31, 2002, the City's governmental funds reported combined fund balances of \$13.9 million, which is a decrease of \$4.2 million or 24% from the prior year. Included in this amount is a net decrease in fund balance for the General Fund of \$136,711.

- Income from operations of the Parks and Recreation Program increased \$2,559 due to increased program use and higher fees.
- The Special Street Repairs fund balance increased \$279,619 due to favorable winter weather conditions
- In the Debt Service Fund, the fund balance decreased \$1,212,796, due to repayment of outstanding debt.
- In the non-major governmental funds, fund balances decreased \$3,211,780, primarily attributable to capital expenditures financed from operating funds.

### General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$7.5 million less than the final budget. The budget to actual variance in appropriations was principally due to not spending \$5.1 million budgeted as a contingency. Actual revenues were lower than the final budget by \$2.3 million of which \$1.5 million was attributable to a shortfall in the anticipated collection of local retail sales taxes.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2002, the City had \$759.1 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 \$2.1 million, or 0.3%, over last year.

	Governmental Activities		Business-type Activities		Total	
	2002*	2001	2002	2001	2002	2001
Land	\$ 6,346,009	\$ 6,590,936	\$ 1,911,649	\$ 1,870,703	\$ 8,257,658	\$ 8,461,639
Buildings, Improvements, Infrastructure	421,601,637	436,535,925	200,572,208	157,232,882	622,173,845	593,768,807
Furniture and Fixtures	326,580	2,204,757	212,346	190,277	538,926	2,395,034
Vehicles	4,524,081	4,289,090	1,644,959	1,522,463	6,169,040	5,811,553
Machinery and Equipment	2,010,447	4,663,744	7,073,449	6,975,307	9,083,896	11,639,051
Construction in Progress	49,312,511	55,232,598	63,561,390	79,671,945	112,873,901	134,904,543
Total Capital Assets	<u>\$ 484,121,265</u>	<u>\$ 509,517,050</u>	<u>\$ 274,976,001</u>	<u>\$ 247,463,577</u>	<u>\$ 759,097,266</u>	<u>\$ 756,980,627</u>

\* Excludes internal service funds

The City's seven-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of another \$231 million worth of capital assets for fiscal 2003 through 2009. Funding is budgeted to come from projected enterprise fund revenues (\$11.6 million), general obligation bonds (\$61.9 million), utility revenue bonds (\$8.65 million), state revolving fund loans (\$16.2 million) and special benefit districts and other sources (\$42.4 million) over the next seven years. The most significant projects include construction of various streets and trafficways, water treatment and distribution system improvements, and wastewater collection and treatment facilities.

## **Debt**

At December 31, 2002, the City had total bonded debt outstanding of \$173.4 million. Of this amount, \$102,038,358 comprises debt backed by the full faith and credit of the government and \$6,176,642 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City debt represents revenue bonds and state revolving fund loans secured solely by specified revenue sources.

Moody's Investors Service has assigned the City's bonds ratings of "Aa3" upon their issuance.

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

The unemployment rate for the City of Topeka is currently 4.4%, which is an increase from the rate of 4.0% a year ago. This compares favorably to the state's average unemployment rate of 5.1% and the national average rate of 6.9%. Inflationary trends in the region compare favorably to national indices. These and other factors were considered in preparing the City of Topeka's budget for the 2003 fiscal year.

During 2002, unreserved fund balance in the general fund increased to \$8,226,144. The City anticipated an unreserved fund balance of \$7,522,946 when it adopted its 2003 operating budget. The City anticipated appropriating \$1,488,600 of this amount for spending in the 2003 fiscal year budget, in order to avoid the need to raise property taxes during 2003. The increased ending 2002 fund balance will offset some of the loss of revenue from State payments to the City, in the 2003 fiscal year.

The water and wastewater utility rates were increased for the 2003 budget year. The water rates were increased by 4.5%, while the average increase in the waste water rates was 4.5%. The rate increases affected both residential and industrial consumers by approximately the same percentages. These increases were necessary to fund debt service on the new debt issued by the utilities.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Financial Services Department, at the City of Topeka, 215 SE 7th Street, Room 358, Topeka, Kansas 66603-3914.

# **Basic Financial Statements**

**City of Topeka, Kansas**  
**Statement of Net Assets**  
**Government-wide**  
**December 31, 2002**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 31,266,770	\$ 11,041,348	\$ 42,308,118
Receivables(net of allowance for uncollectibles)	46,889,273	7,467,029	54,356,302
Due from other governments	1,287,505	-	1,287,505
Internal balances	(91,110)	91,110	-
Inventories	124,274	2,492,837	2,617,111
Prepaid Costs	164,620	11,397	176,017
Restricted assets:			
Cash and equity in Treasurer's Fund	-	9,185,337	9,185,337
Other restricted assets	-	2,495,421	2,495,421
Capital assets, net of accumulated depreciation (where applicable)	487,897,146	274,976,001	762,873,147
Other assets	273,809	29,947	303,756
<b>Total assets</b>	<b>567,812,287</b>	<b>307,790,427</b>	<b>875,602,714</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	3,467,476	6,121,028	9,588,504
Accrued interest payable	1,941,644	-	1,941,644
Accrued liabilities	2,842,127	353,132	3,195,259
Due to other governments	-	1,986	1,986
Due to others	10,000	-	10,000
Estimated insurance claims	2,548,800	-	2,548,800
Temporary notes payable	9,847,788	2,002,212	11,850,000
Liabilities payable from restricted assets	-	3,309,973	3,309,973
Deferred revenue	42,407,691	299,265	42,706,956
Noncurrent liabilities:			
Due within one year	11,178,723	2,697,069	13,875,792
Due in more than one year	96,777,823	104,636,989	201,414,812
<b>Total liabilities</b>	<b>171,022,072</b>	<b>119,421,654</b>	<b>290,443,726</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	371,387,011	\$ 162,220,121	533,607,132
Restricted for debt service	1,612,599	4,661,853	6,274,452
Restricted for capital projects	-	1,500,000	1,500,000
Restricted for sinking funds	-	2,550,638	2,550,638
Restricted for deposits	-	472,846	472,846
Unrestricted	23,790,605	16,963,315	40,753,920
<b>Total net assets</b>	<b>\$ 396,790,215</b>	<b>\$ 188,368,773</b>	<b>\$ 585,158,988</b>

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

**City of Topeka, Kansas**  
**Statement of Activities**  
**For the Year Ended December 31, 2002**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
General Government	\$ (12,118,456)	\$ 3,437,357	\$ 4,295,205	\$ -	\$ (4,385,894)	\$ -	\$ (4,385,894)
Public Safety	(41,093,527)	109,096	891,430	-	(40,093,001)	-	(40,093,001)
Public Works	(41,126,402)	2,206,307	501,341	1,941,722	(36,477,032)	-	(36,477,032)
Miscellaneous	(2,675,531)	241,068	-	-	(2,434,463)	-	(2,434,463)
Parks and Recreation	(9,636,719)	1,934,611	56,718	68,400	(7,576,990)	-	(7,576,990)
Public Housing	(4,267,288)	-	4,324,789	-	57,501	-	57,501
Social Services	(984,714)	-	1,494,957	-	510,243	-	510,243
Interest	(4,996,178)	-	-	-	(4,996,178)	-	(4,996,178)
<b>Total Governmental Activities</b>	<b>(116,898,815)</b>	<b>7,928,439</b>	<b>11,564,440</b>	<b>2,010,122</b>	<b>(95,395,814)</b>	<b>-</b>	<b>(95,395,814)</b>
<b>Business-Type Activities:</b>							
Water & Water Pollution Control	(35,053,603)	35,352,619	-	1,329,042	-	1,628,058	1,628,058
Stormwater Utility	(2,363,155)	4,158,169	33,000	-	-	1,828,014	1,828,014
Combined Public Parking	(2,892,977)	2,823,329	-	-	-	(69,648)	(69,648)
Public Golf Course	(825,052)	828,181	-	-	-	3,129	3,129
Concessions	(185,662)	181,373	-	-	-	(4,289)	(4,289)
<b>Total Business-Type Activities</b>	<b>(41,320,449)</b>	<b>43,343,671</b>	<b>33,000</b>	<b>1,329,042</b>	<b>-</b>	<b>3,385,264</b>	<b>3,385,264</b>
<b>Total Primary Government</b>	<b>\$ (158,219,264)</b>	<b>\$ 51,272,110</b>	<b>\$ 11,597,440</b>	<b>\$ 3,339,164</b>	<b>\$ (95,395,814)</b>	<b>\$ 3,385,264</b>	<b>\$ (92,010,550)</b>
<b>General revenues:</b>							
Property taxes					33,683,841		33,683,841
Sales taxes					27,393,994		27,393,994
Franchise taxes					5,986,826		5,986,826
Motor fuel taxes					5,697,432		5,697,432
Alcoholic beverage taxes					1,220,592		1,220,592
Transient guest taxes					1,276,153		1,276,153
Grants and contributions not restricted to specific programs					2,163,903		2,163,903
Unrestricted investment earnings						820,012	820,012
Gain on sale of capital assets					5,092	150,416	155,508
Contingency					(31,475)		(31,475)
Transfers					2,000,000	(2,000,000)	-
<b>Total general revenues</b>					<b>79,396,358</b>	<b>(1,029,572)</b>	<b>78,366,786</b>
<b>Change in net assets</b>					<b>(15,999,456)</b>	<b>2,355,692</b>	<b>(13,643,764)</b>
<b>Net assets - beginning</b>					<b>412,789,671</b>	<b>186,013,081</b>	<b>598,802,752</b>
<b>Net assets - ending</b>					<b>\$ 396,790,215</b>	<b>\$ 188,368,773</b>	<b>\$ 585,158,988</b>

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

# **Other Financial Statements**

**City of Topeka, Kansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2002**

	<u>Special Revenue Funds</u>				Other Governmental Funds	Totals
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund		
<b>Assets</b>						
Cash and equity in Treasurer's Fund	\$ 8,436,961	\$ 780,587	\$ 2,163,363	\$ 1,606,456	\$ 10,239,154	23,226,521
Receivables:						
Accounts receivable	145,157	-	-	-	331,619	476,776
General property taxes	15,883,774	7,780,017	1,283,320	11,936,280	785,036	37,668,427
Notes	-	-	-	-	24,322	24,322
Other	-	-	-	8,506,165	-	8,506,165
Prepaid costs	9,130	5,490	-	-	-	14,620
Due from other funds	112,876	13,995	-	6,143	-	133,014
Due from other governments	197,472	-	-	-	1,090,004	1,287,476
Inventory	60,490	800	-	-	-	61,290
Other assets	-	-	-	-	111,896	111,896
<b>Total assets</b>	<u>\$24,845,860</u>	<u>\$ 8,580,889</u>	<u>\$ 3,446,683</u>	<u>\$22,055,044</u>	<u>\$ 12,582,031</u>	<u>\$71,510,507</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts and contracts payable	\$ 918,779	\$ 99,775	\$ 208,059	-	\$ 995,797	\$ 2,222,410
Accrued liabilities	2,436,472	241,679	66,432	-	43,660	2,788,243
Due to other funds	-	-	-	-	238,880	238,880
Due to others	-	-	-	-	10,000	10,000
Temporary notes payable	-	-	-	-	9,847,788	9,847,788
Other current liabilities	37,768	(1,815)	-	-	12,932	48,885
Deferred revenue	12,664,238	7,780,017	-	20,442,445	1,520,991	42,407,691
<b>Total liabilities</b>	<u>16,057,257</u>	<u>8,119,656</u>	<u>274,491</u>	<u>20,442,445</u>	<u>12,670,048</u>	<u>57,563,897</u>
<b>Fund Balances:</b>						
Reserved for:						
Encumbrances	562,459	12,868	514,887	-	516,313	\$ 1,606,527
Debt service	-	-	-	1,612,599	-	1,612,599
Unreserved for:						
General Fund	8,226,144	-	-	-	-	8,226,144
Special Revenue Funds	-	448,365	2,657,305.07	-	2,126,311	5,231,981
Capital Project Funds	-	-	-	-	(2,730,641)	(2,730,641)
<b>Total fund balances (deficits)</b>	<u>8,788,603</u>	<u>461,233</u>	<u>3,172,192</u>	<u>1,612,599</u>	<u>(88,017)</u>	<u>13,946,610</u>
<b>Total liabilities and fund balances</b>	<u>\$24,845,860</u>	<u>\$ 8,580,889</u>	<u>\$ 3,446,683</u>	<u>\$22,055,044</u>	<u>\$ 12,582,031</u>	<u>\$71,510,507</u>

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

**City of Topeka, Kansas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2002**

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	\$ 13,946,610
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.	484,121,265
Long term debt, compensated absences, and estimated insurance claims have not been included in the governmental fund activity on the balance sheet.	
Bonds payable	(101,975,000)
Compensated absences	(3,151,427)
Estimated insurance claims	(2,548,800)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds on the balance sheet.	(1,941,644)
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.	<u>8,339,211</u>
Net assets of governmental activities as reported on the statement of net assets	<u><u>\$396,790,215</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, 2002**

	<u>Special Revenue Funds</u>				Other Governmental Funds	Totals
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund		
<b>Revenues:</b>						
Taxes and assessments	\$ 43,469,795	7,058,651	-	11,025,771	2,788,049	64,342,266
Licenses and permits	7,169,078	652	-	-	-	7,169,730
Intergovernmental	2,199,249	436,338	5,723,836	59,749	7,743,303	16,162,475
Fees for service	3,332,332	1,695,650	-	-	653,906	5,681,888
Investment income	790,973	-	-	125,589	-	916,562
Fines and forfeitures	2,810,433	-	-	-	-	2,810,433
Rents and interest	-	-	-	-	647	647
Other	295,943	107,615	58,706	5,714	994,145	1,462,123
<b>Total revenues</b>	<b>60,067,803</b>	<b>9,298,906</b>	<b>5,782,542</b>	<b>11,216,823</b>	<b>12,180,050</b>	<b>98,546,124</b>
<b>Expenditures:</b>						
Current:						
General government	8,456,291	-	-	-	4,302,855	12,759,146
Public safety	39,919,696	-	-	-	856,846	40,776,542
Public works	8,182,332	-	5,544,691	-	202,861	13,929,884
Miscellaneous	2,675,531	-	-	-	-	2,675,531
Parks and recreation	-	9,254,347	-	-	-	9,254,347
Public housing	-	-	-	-	4,267,288	4,267,288
Social services	-	-	-	-	984,714	984,714
Construction	-	-	-	-	3,903,533	3,903,533
Engineering and others	-	-	-	-	2,505,394	2,505,394
Debt service:						
Principal retirement	-	-	-	7,205,000	-	7,205,000
Interest	-	-	-	5,224,619	(76,808)	5,147,811
<b>Total expenditures</b>	<b>59,233,850</b>	<b>9,254,347</b>	<b>5,544,691</b>	<b>12,429,619</b>	<b>16,946,683</b>	<b>103,409,190</b>
Excess (deficiency) of revenues over expenditures	833,953	44,559	237,851	(1,212,796)	(4,766,633)	(4,863,066)
<b>Other financing sources (uses):</b>						
Transfers in	2,100,000	26,400	-	-	2,133,268	4,259,668
Transfers out	(3,093,650)	(68,400)	-	-	(547,618)	(3,709,668)
Contingency	-	-	-	-	(30,797)	(30,797)
Sale of property	22,986	-	41,768	-	-	64,754
<b>Total other financing sources (uses)</b>	<b>(970,664)</b>	<b>(42,000)</b>	<b>41,768</b>	<b>-</b>	<b>1,554,853</b>	<b>583,957</b>
<b>Net change in fund balances</b>	<b>(136,711)</b>	<b>2,559</b>	<b>279,619</b>	<b>(1,212,796)</b>	<b>(3,211,780)</b>	<b>(4,279,109)</b>
Fund balances, beginning of year	8,925,314	458,674	2,892,573	2,825,395	3,123,763	18,225,719
Fund balances, end of year	<u>\$ 8,788,603</u>	<u>\$ 461,233</u>	<u>\$ 3,172,192</u>	<u>\$ 1,612,599</u>	<u>\$ (88,017)</u>	<u>\$ 13,946,610</u>

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

**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, 2002**

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:

Net change in fund balances - total governmental funds from the preceding statement of revenues, expenditures, and changes in fund balances	\$ (4,279,109)
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.	(21,561,373)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	7,205,000
The net change in accrued interest on general obligation bonds is not a current source or use of financial resources and therefore not reported in the governmental funds.	151,633
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(50,162)
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 is reported with governmental activities.	<u>2,534,555</u>
Change in net assets of governmental activities as shown on the government-wide statement of activities	<u><u>\$ (15,999,456)</u></u>

*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, 2002**

	<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	\$ 11,003,206	11,003,206	\$ 10,472,160	\$ (531,046)
Auto ad volorem tax	1,015,000	1,015,000	1,118,810	103,810
Local retail sales tax	28,573,000	28,573,000	27,027,030	(1,545,970)
Payment in lieu of debt service	810,078	810,078	810,078	-
Payment in lieu of taxes	3,945,250	3,945,250	3,947,934	2,684
Licenses	290,550	290,550	260,207	(30,343)
Permits	795,700	795,700	1,110,292	314,592
Franchise fees	5,880,050	5,880,050	5,798,579	(81,471)
Intergovernmental	2,840,161	2,840,161	2,199,249	(640,912)
Fees for services	3,284,707	3,284,707	3,332,332	47,625
Municipal court	2,819,343	2,819,343	2,810,433	(8,910)
Special assessments	60,000	60,000	93,783	33,783
Interest	858,200	858,200	790,973	(67,227)
Other	189,000	189,000	295,943	106,943
Total revenues	<u>62,364,245</u>	<u>62,364,245</u>	<u>60,067,803</u>	<u>(2,296,442)</u>
<b>Expenditures</b>				
General government:				
City Council	220,640	220,640	195,752	24,888
Mayor/CAO	2,703,704	2,703,704	2,640,746	62,958
Legal Services	1,513,112	1,513,112	1,381,284	131,828
Administrative and Financial Services	1,857,187	1,857,187	1,799,766	57,421
Municipal Court	1,730,669	1,730,669	1,525,640	205,029
Human Resources	834,697	834,697	720,762	113,935
Public Safety:				
Police	23,466,039	23,466,039	23,367,081	98,958
Fire	16,632,122	16,632,122	16,415,767	216,355
Public Works:				
General	5,578,295	5,578,295	5,335,638	242,657
Transportation	1,381,346	1,381,346	1,395,156	(13,810)
Technical Services	999,900	999,900	1,060,038	(60,138)
Bridges	356,933	356,933	354,269	2,664
Miscellaneous Non-Departmental	7,091,958	7,091,958	2,749,374	4,342,584
Total expenditures	<u>64,366,602</u>	<u>64,366,602</u>	<u>58,941,273</u>	<u>5,425,329</u>
Excess (deficiency) of revenues over expenditures	<u>(2,002,357)</u>	<u>(2,002,357)</u>	<u>1,126,530</u>	<u>3,128,887</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	2,081,500	2,081,500	2,100,000	18,500
Operating transfers out	(5,217,456)	(5,217,456)	(3,093,650)	2,123,806
Sale of property	-	-	22,986	22,986
Total other financing sources (uses)	<u>(3,135,956)</u>	<u>(3,135,956)</u>	<u>(970,664)</u>	<u>2,165,292</u>
Net change in fund balances	(5,138,313)	(5,138,313)	155,866	5,294,179
Beginning fund balance	<u>6,564,119</u>	<u>6,564,119</u>	<u>8,070,278</u>	<u>1,506,159</u>
Ending fund balance	<u>\$ 1,425,806</u>	<u>\$ 1,425,806</u>	<u>\$ 8,226,144</u>	<u>\$ (6,800,338)</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 Actuals**  
**Parks and Recreation Fund**  
**For the Year Ended December 31, 2002**

	<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>				
Taxes & assessments	\$ 7,305,239	\$ 7,305,239	\$ 7,058,651	\$ (246,588)
Licenses & permits	-	-	652	652
Intergovernmental revenue	350,506	350,506	436,338	85,832
Fees for service	1,781,700	1,781,700	1,695,650	(86,050)
Miscellaneous	210,900	210,900	107,615	(103,285)
Other financing sources	91,925	91,925	-	(91,925)
Total revenues	<u>9,740,270</u>	<u>9,740,270</u>	<u>9,298,906</u>	<u>(441,364)</u>
<b>Expenditures</b>				
Parks:				
General Administration	797,473	797,473	482,659	314,814
Park Administration	467,314	467,314	513,058	(45,744)
Maintenance	1,726,531	1,726,531	1,601,747	124,784
Forestry	593,073	593,073	487,756	105,317
Horticulture	690,773	690,773	627,787	62,986
Zoo	1,712,775	1,712,775	1,715,655	(2,880)
Recreation:				
Administration	329,213	329,213	331,042	(1,829)
Community Arts	19,595	19,595	18,466	1,129
Special Services	425,349	425,349	393,622	31,727
Recreation Centers	1,384,879	1,384,879	1,251,971	132,908
Day Camps	214,283	214,283	170,411	43,872
Athletics	476,065	476,065	421,989	54,076
Aquatics	456,246	456,246	497,475	(41,229)
Mini Train and Carousel	114,585	114,585	110,443	4,142
Helen Hocker Theatre	330,091	330,091	315,500	14,591
Ward Meade Park	314,813	314,813	323,826	(9,013)
Total expenditures	<u>10,053,058</u>	<u>10,053,058</u>	<u>9,263,407</u>	<u>789,651</u>
Excess (deficiency) of revenues over expenditures	<u>(312,788)</u>	<u>(312,788)</u>	<u>35,499</u>	<u>348,287</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	26,400	26,400
Operating transfers out	-	-	(68,400)	(68,400)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(42,000)</u>	<u>(42,000)</u>
Net change in fund balances	(312,788)	(312,788)	(6,501)	306,287
Beginning fund balance	<u>507,310</u>	<u>507,310</u>	<u>454,866</u>	<u>(52,444)</u>
Ending fund balance	<u>\$ 194,522</u>	<u>\$ 194,522</u>	<u>\$ 448,365</u>	<u>\$ 253,843</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**  
**Special Street Repairs Fund**  
**For the Year Ended December 31, 2002**

	<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>				
Intergovernmental Revenue	\$ 5,760,539	\$ 5,760,539	\$ 5,723,836	(36,703)
Miscellaneous	27,000	27,000	58,706	31,706
Total revenues	<u>5,787,539</u>	<u>5,787,539</u>	<u>5,782,542</u>	<u>(4,997)</u>
<b>Expenditures</b>				
Transportation:				
Repair In-House	3,008,554	3,008,554	2,262,421	746,133
Administration	1,138,639	1,138,639	1,048,125	90,514
Contractual Services	2,426,557	2,426,557	1,987,541	439,016
Total expenditures	<u>6,573,750</u>	<u>6,573,750</u>	<u>5,298,087</u>	<u>1,275,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(786,211)</u>	<u>(786,211)</u>	<u>484,455</u>	<u>1,270,666</u>
<b>Other financing sources</b>				
Sale of property	-	-	41,768	41,768
Total other financing sources	<u>-</u>	<u>-</u>	<u>41,768</u>	<u>41,768</u>
Net change in fund balances	(786,211)	(786,211)	526,223	1,312,434
Beginning fund balance	<u>1,023,542</u>	<u>1,023,542</u>	<u>2,131,082</u>	<u>1,107,540</u>
Ending fund balance	<u>\$ 237,331</u>	<u>\$ 237,331</u>	<u>\$ 2,657,305</u>	<u>\$ 2,419,974</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**  
**Debt Service Fund**  
**For the Year Ended December 31, 2002**

	<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>				
Taxes & assessments:				
Property taxes - current	\$ 8,373,998	\$ 8,373,998	\$ 8,000,392	\$ (373,606)
Property taxes - delinquent	100,000	100,000	109,151	9,151
Motor vehicle ad valorem tax	1,101,000	1,101,000	1,214,137	113,137
Assessments - current	1,571,000	1,571,000	1,286,224	(284,776)
Assessments - prepaid	-	-	131,973	131,973
Assessments - delinquent	-	-	198,349	198,349
Payment in lieu of taxes	85,545	85,545	85,545	-
Intergovernmental	59,749	59,749	59,749	-
Interest from investments	177,456	177,456	125,589	(51,867)
Other	-	-	5,714	5,714
Total revenues	<u>11,468,748</u>	<u>11,468,748</u>	<u>11,216,823</u>	<u>(251,925)</u>
<b>Expenditures</b>				
Principal retirement	7,205,000	7,205,000	7,205,000	-
Interest on bonds	5,224,620	5,224,620	5,224,619	1
Fiscal agent fees	2,000	2,000	-	2,000
Contingency	710,545	710,545	-	710,545
Total expenditures	<u>13,142,165</u>	<u>13,142,165</u>	<u>12,429,619</u>	<u>712,546</u>
Net change in fund balances	(1,673,417)	(1,673,417)	(1,212,796)	460,621
Beginning fund balance	<u>2,582,138</u>	<u>2,582,138</u>	<u>2,825,395</u>	<u>243,257</u>
Ending fund balance	<u>\$ 908,721</u>	<u>\$ 908,721</u>	<u>\$ 1,612,599</u>	<u>\$ 703,878</u>

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

**City of Topeka, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and equity in Treasurer's Fund	\$ 11,041,348	\$ 8,040,249
Accounts receivable	7,467,029	213,582
Prepaid costs	11,397	150,000
Due from other funds	91,110	14,757
Due from other governments	-	29
Inventory	2,492,837	62,984
Other assets	-	161,913
<b>Total current assets</b>	<b>21,103,721</b>	<b>8,643,514</b>
<b>Noncurrent assets:</b>		
Restricted assets:		
Cash and equity in Treasurer's Fund	9,185,337	-
Other restricted assets	2,495,421	-
Capital assets, net of accumulated depreciation (where applicable)	274,976,001	3,775,881
Other assets	29,947	-
<b>Total noncurrent assets</b>	<b>286,686,706</b>	<b>3,775,881</b>
<b>Total assets</b>	<b>307,790,427</b>	<b>12,419,395</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts and contracts payable	6,034,694	265,502
Accrued liabilities	353,132	53,884
Due to other governments	1,986	-
Current portion of State revolving loan	2,175,000	-
Temporary notes payable	2,041,713	-
Estimated insurance claims	-	930,679
Other current liabilities	70,623	637,881
Liabilities payable from restricted assets:		
Revenue bonds payable	1,230,000	-
Accrued interest on revenue bonds	1,607,127	-
Customer deposits	472,846	-
Deferred revenue	299,265	-
<b>Total current liabilities</b>	<b>14,286,386</b>	<b>1,887,946</b>
<b>Noncurrent liabilities:</b>		
Revenue bonds payable	63,960,000	-
Premium on redemption of '77 bonds	(173,593)	-
Discount on issuance of '98 bonds	(831,625)	-
State revolving loan payable	35,417,045	-
General obligation bonds payable	6,240,000	-
Non-current accrued liabilities	498,279	84,415
Non-current other liabilities	25,162	2,107,823
<b>Total noncurrent liabilities</b>	<b>105,135,268</b>	<b>2,192,238</b>
<b>Total liabilities</b>	<b>119,421,654</b>	<b>4,080,184</b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	162,220,121	1,030,177
Restricted for debt service	4,661,853	-
Restricted for capital projects	1,500,000	-
Restricted for sinking funds	2,550,638	-
Restricted for deposits	472,846	-
Unrestricted	16,963,315	7,309,034
<b>Total net assets</b>	<b>\$ 188,368,773</b>	<b>\$ 8,339,211</b>

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

**City of Topeka, Kansas**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>		
Metered water	\$ 18,830,873	\$ -
Sewer service charges	19,028,410	-
Parking fees	2,475,841	-
Meter fines	345,929	-
Greens fees	828,181	-
Merchandise sales, net of cost of goods sold	228,088	12,338,178
Other	1,216,805	277,922
<b>Total operating revenues</b>	<b>42,954,127</b>	<b>12,616,100</b>
<b>Operating expenses:</b>		
Salaries, wages, and benefits	9,896,857	1,584,824
Purchased services	10,301,600	3,341,334
Commodities	4,934,083	206,136
Capital outlay	-	193,038
Insurance claims	-	5,626,610
Other payments	429,868	117,166
Depreciation	6,390,187	563,960
Payments in lieu of debt service	895,623	-
Payments in lieu of taxes	3,793,000	-
<b>Total operating expenditures</b>	<b>36,641,218</b>	<b>11,633,068</b>
<b>Operating income</b>	<b>6,312,909</b>	<b>983,032</b>
<b>Non-operating Revenues (Expenses)</b>		
Interest income	820,012	96,431
Interest expense	(4,679,231)	-
Other income	1,751,586	-
Gain on disposal of fixed assets	150,416	5,092
<b>Total non-operating revenues (expenses)</b>	<b>(1,957,217)</b>	<b>101,523</b>
Operating Transfers In (Out)	<b>(2,000,000)</b>	<b>1,450,000</b>
<b>Change in Net Assets</b>	<b>2,355,692</b>	<b>2,534,555</b>
<b>Total Net Assets Beginning of Year</b>	<b>186,013,081</b>	<b>5,804,656</b>
<b>Total Net Assets End of Year</b>	<b>\$ 188,368,773</b>	<b>\$ 8,339,211</b>

*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, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities</b>		
Receipts from customers and users	\$ 42,189,546	\$ 12,513,694
Payments to suppliers	(14,145,468)	(9,887,801)
Payments to employees	(9,896,857)	(1,584,824)
Payments for interfund services used	(4,688,623)	-
Net cash provided by operating activities	<u>13,458,598</u>	<u>1,041,069</u>
<b>Cash flows from non-capital financing activities</b>		
Transfer to other funds	(2,000,000)	-
Transfer In	-	1,450,000
Other	1,751,585	89,674
Customer deposits	(16,205)	-
Net cash provided (used) by non-capital financing activities	<u>(264,620)</u>	<u>1,539,674</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from capital debt	13,181,250	261,086
Bond underwriter	24,808,624	-
Purchases of capital assets	(33,071,041)	(803,379)
Acquisition and construction of capital assets	(200,000)	-
Principal paid on capital debt	(13,593,257)	-
Interest paid on capital debt	(4,200,616)	-
Capital lease down payment	(22,494)	-
Proceeds from sales of capital assets	150,416	5,092
Net cash provided (used) by capital and related financing activities	<u>(12,947,118)</u>	<u>(537,201)</u>
<b>Cash flows from investing activities</b>		
Interest and dividends received	820,012	96,433
Net cash provided (used) by investing activities	<u>820,012</u>	<u>96,433</u>
Net increase in cash and cash equivalents	1,066,872	2,139,975
Cash and cash equivalents, January 1	19,159,813	5,900,274
Cash and cash equivalents, December 31	<u>\$ 20,226,685</u>	<u>\$ 8,040,249</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income	<u>\$ 6,312,909</u>	<u>\$ 893,357</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	6,390,187	563,960
Changes in assets and liabilities:		
Accounts receivable	(412,887)	(12,731)
Due from other funds	(13,826)	909
Inventories	271,063	4,613
Prepaid items	10,791	(161,496)
Accounts payable	1,261,237	(34,750)
Accrued liabilities	39,899	(260,444)
Due to other governments	(71,370)	-
Unearned revenue	(337,869)	-
Other current liabilities	8,464	47,651
Total adjustments	<u>7,145,689</u>	<u>147,712</u>
Net cash provided by operating activities	<u>\$ 13,458,598</u>	<u>\$ 1,041,069</u>

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

## TRUST AND AGENCY FIDUCIARY FUNDS

Trust and Agency 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.

These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, and (c) 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>
AGENCY FUNDS: 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.
Fire Equipment Trust	Administrative	Accounts for private donations to the Fire Department to purchase specific emergency equipment for use in rescue operations.
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	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.

**TRUST AND AGENCY 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 31-441	Receives, holds, and disburses fees collected by the Municipal Court. Disbursements are by order of the Police Benefit Association.
Softball Diamond Trust	Administrative	Collects a portion of softball league registration fees to be used for future improvements to softball diamonds.
TCI/CEC	Administrative Contract with TCI	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.
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.
TRUST FUND: Regional Planning Commission	City/County Interlocal Agreement	Accounts for funds used by the Planning Commission in preparation and adoption of a Comprehensive Metropolitan Plan for land use, transportation and public facilities, to guide the future development of the Metropolitan Area.

**City of Topeka, Kansas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2002**

	<u>Combined Agency Funds</u>	<u>Trust Fund Regional Planning Commission</u>
<b>Assets</b>		
Cash and equity in Treasurer's Fund	\$ 1,604,288	\$ 166,811
Accounts receivable	919,188	-
	<u>2,523,476</u>	<u>166,811</u>
<b>Total assets</b>	<b><u>2,523,476</u></b>	<b><u>166,811</u></b>
<b>Liabilities and fund balances</b>		
<b>Liabilities:</b>		
Accounts and contracts payable	\$ 15,114	20,023
Accrued liabilities	-	33,022
Due to others	1,500,920	-
Other current liabilities	1,007,442	-
	<u>\$ 2,523,476</u>	<u>53,045</u>
<b>Total liabilities</b>	<b><u>\$ 2,523,476</u></b>	<b><u>53,045</u></b>
<b>Net assets</b>		
Held in trust for other purposes		<u>\$ 113,766</u>

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

**City of Topeka, Kansas**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2002**

	<b>Regional Planning Commission</b>
<b>Additions</b>	
Licenses and permits	\$ 50,832
Intergovernmental revenue	533,000
Fees for service	1,066
Transfer in	517,456
Total additions	1,102,354
<b>Deductions</b>	
Administrative expenses	1,103,705
Change in net assets	(1,351)
Net assets - beginning of the year	115,117
Net assets - end of the year	\$ 113,766

*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, 2002**

**I. Summary of significant accounting policies**

**A. Reporting entity**

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.

The City's financial statements include the accounts of all City operations. 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 the aforementioned criteria, the City of Topeka has no component units.

**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 nonfiduciary 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function 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. The operating statements present increases

## Notes to the Financial Statements (continued)

(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 not 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, zoo, 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.

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 City reports the following nonmajor governmental funds:

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

*Capital projects funds* are used to account for the acquisition or construction of capital assets, other than those financed by the proprietary funds, which are being financed from general obligation bond proceeds, grant revenues, or transfers from other funds.

Additionally, the City reports the following fund types:

*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,

## Notes to the Financial Statements (continued)

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 account for the financing of goods or services provided by internal service departments to other departments of the City.

*Fiduciary fund types* are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. Expendable trust funds are accounted for in essentially the same manner as governmental funds, using a modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 guidance from the Financial Accounting Standards Board applicable to private sector entities. The City has elected *not* to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

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 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 *nonoperating* 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 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 nonoperating revenues and expenses.

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

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

#### **1. Deposits and investments**

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

## Notes to the Financial Statements (continued)

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 market 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 net of an allowance for uncollectible amounts. That allowance is equal to approximately 3.5% of outstanding property taxes at December 31, 2002. Property taxes are levied November 1 on property values assessed as of the previous January 1 and certified by the County Appraiser to the County on June 15 of each year. The tax levy can be paid in two installments payments. The first half is due on December 20 of the same year, and the second half is due on the following June 20. The payment is considered past due on the day after the due date.

### **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 Water and Water Pollution Control *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. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. All such 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.

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:

## Notes to the Financial Statements (continued)

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.

### **6. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused annual and sick leave. Accumulated and vested annual 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 that are not expected to be liquidated with expendable, current financial resources are reported for governmental funds only 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, 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 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 not presented in the accompanying financial statements, because the current year's presentation in conformity with GASB Statement 34 is not consistent with the prior year's presentation format, making relevant comparisons impossible without restatement of the 2001 information, which the City deemed not to be cost effective.

## 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 between *fund balance—total governmental funds* in the amount of \$13,946,610, and *net assets—governmental activities* as reported in the government-wide statement of net assets in the amount of \$396,790,215. This difference results primarily from the difference in 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. In 2002, the first year the City has reported using the GASB Statement 34 format, this represents a difference of \$484,121,265 to be added to the *fund balance—total governmental funds* amount of \$13,946,610.

##### 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 is a deduction of \$107,675,227 from the *fund balance—total governmental funds* amount.

##### Accrued liabilities

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 \$1,941,644 from the *fund balance—total governmental funds* amount.

##### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. 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 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 \$15,999,456 "net change in fund balances" reported in the governmental funds statement of revenues, expenditures, and changes in fund balances to the \$4,279,109 "change in net assets" for governmental activities reported in the government-wide statement of activities is included with the financial statements. 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 detail of the differences is illustrated below.

## 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, a net deduction of \$21,561,373.

### Long-term debt transactions

Some expenses reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance, because current financial resources have been used. For the City as a whole, however, 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, a net increase of \$7,205,000.

### Accrued interest

Beginning fund balance in the government-wide statement of activities has been restated to reflect the retroactive recording of accrued interest on bonds payable, an increase of \$151,633.

### Compensated absences

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, a net decrease of \$50,162.

### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. 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 \$2,534,555.

### Reclassification and eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

## III. Stewardship, compliance, and accountability

### A. Budgetary information

Kansas 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.

## Notes to the Financial Statements (continued)

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. During the year 2002, there were no amendments to the originally adopted budget, which was approved by the governing body in 2001.

Under Kansas statutes, management cannot amend the budget without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. The City has elected to pursue a policy of (1) requiring approval of the chief administrative officer on category changes exceeding \$5,000 and (2) setting a level of budgetary control by which the chief administrative officer can transfer up to \$15,000 between departments of the same fund. Major object categories are personal services, contractual services, commodities, other payments, and capital outlay.

Statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds; *i.e.*, the legal level of budgetary control is the fund level. Budget comparison statements are presented for each fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

All 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.

A legal operating budget is not required for capital projects funds, 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, or by the use of internal spending limits established by the governing body.

### **B. Excess of expenditures over appropriations**

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. The Unsafe Structures Removal Fund's expenditures for the year ended December 31, 2002, exceeded its legally adopted operating budget. Management is not aware of any other statutory violations.

### **C. Deficit fund equity**

The Concessions Fund, an enterprise fund, had deficit net assets of \$1,565. The Capital Project Planning Fund, a non-major governmental fund, had a deficit fund balance of \$2,730,641 at December 31, 2002.

## **IV. Detailed notes on all funds**

### **A. Deposits and investments**

At December 31, 2002, the carrying amount of the City's bank deposits, including certificates of deposit, was \$14,477,307, and the bank balances were \$15,835,913. Of the bank balances, \$464,834 was covered by Federal depository insurance. The market value of collateral was \$23,375,132 for securities held by the City's third party agent, in the City's name (Category 1); no deposits were held by the banks' agents in the City's name (Category 2); and no deposits were

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

uncollateralized or collateralized with securities that were held by the banks in the banks' names (Category 3).

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or for which securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counter-party's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counter-party in the City's name, or by its trust department or agent but not in the City's name, including the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities. Investments are carried at either par value or purchase price, whichever is lower. Any premium paid at the time of purchase is prorated as a reduction of interest earnings.

**A. Deposits and investments**

Type	Category			Carrying Amount	Reported Amount Fair Value
	1	2	3		
<b>Deposits:</b>					
Demand deposits	\$ 3,857,307	\$ -	\$ -	\$ 3,857,307	\$ 3,857,307
Certificates of deposit	10,620,000	-	-	10,620,000	10,620,000
<b>Total deposits</b>	<u>\$ 14,477,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,477,307</u>	<u>\$ 14,477,307</u>
<b>Investments:</b>					
U.S. Government Agencies	\$ 4,661,852	\$ -	\$ -	\$ 4,661,852	\$ 4,661,852
U.S. Treasury Notes	24,646,313	-	-	24,646,313	25,030,976
	<u>\$ 29,308,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,308,165</u>	<u>\$ 29,692,828</u>
Kansas Municipal Investment Pool, at fair value				9,476,405	
Petty cash and change funds				<u>2,677</u>	
<b>Total cash, deposits, and investments</b>				<u>\$ 53,264,554</u>	
The deposits and investments of the City are shown in the fund financial statements as follows:					
Cash and equity in Treasurer's Fund				44,079,217	
Restricted cash and equity in Treasurer's Fund				<u>\$ 9,185,337</u>	
<b>Total cash and equity in Treasurer's Fund</b>				<u>\$ 53,264,554</u>	

*[The remainder of this page intentionally left blank.]*

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

**B. Receivables**

Receivables as of year-end for the government's individual major and nonmajor funds, and internal service in the aggregate, are as follows:

	<u>General</u>	<u>Parks and Recreation</u>	<u>Special Street Repairs</u>	<u>Debt Service</u>	<u>Business- type Activities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
<b>Receivables:</b>							
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,885	\$ 224,885
Taxes	15,883,774	7,780,017	1,283,320	10,614,805	-	785,036	36,346,952
Accounts	145,157	-	-	-	7,467,029	320,317	7,932,503
Notes	-	-	-	-	-	24,322	24,322
Special assessments	-	-	-	9,827,640	-	-	9,827,640
Intergovernmental	197,472	-	-	-	-	1,090,033	1,287,505
<b>Gross receivables</b>	<u>\$ 16,226,403</u>	<u>\$ 7,780,017</u>	<u>\$ 1,283,320</u>	<u>\$ 20,442,445</u>	<u>\$ 7,467,029</u>	<u>\$ 2,444,593</u>	<u>\$ 55,643,807</u>

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

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. 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>
Current property taxes receivable (general fund)	\$ 11,310,236
Current property taxes receivable (debt service fund)	9,570,417
Current property taxes receivable (parks & recreation)	6,978,620
Current property taxes receivable (other nonmajor funds)	358,987
Delinquent property taxes receivable (general fund)	87,710
Delinquent property taxes receivable (debt service fund)	61,768
Delinquent property taxes receivable (parks & recreation)	33,721
Delinquent property taxes receivable (other nonmajor funds)	17,282
Current special assessments (debt service fund)	1,208,151
Delinquent special assessments (debt service fund)	113,324
Special assessments not yet due (debt service fund)	8,506,165
Motor vehicle ad valorem (general fund)	1,266,292
Motor vehicle ad valorem (debt service fund)	982,620
Motor vehicle ad valorem (parks & recreation)	767,676
Motor vehicle ad valorem (other nonmajor funds)	92,850
Grants (other nonmajor funds)	1,051,272
Unearned discount (agency funds)	600
<b>Total deferred revenue for governmental funds</b>	<u>\$ 42,407,691</u>

*[The remainder of this page intentionally left blank.]*

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

**C. Capital assets**

Capital asset activity for the year ended December 31, 2002, was as follows:

**Primary Government**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities: *</b>				
Non-depreciable capital assets:				
Land	\$ 6,590,936	\$ -	\$ 244,927	\$ 6,346,009
Construction in progress	55,232,598	6,332,114	12,252,201	49,312,511
Total non-depreciable capital assets	<u>61,823,534</u>	<u>6,332,114</u>	<u>12,497,128</u>	<u>55,658,520</u>
Depreciable capital assets:				
Buildings, improvements, infrastructure	790,085,016	24,400,000	11,541,489	802,943,527
Furniture and fixtures	3,302,981	28,047	1,824,532	1,506,496
Vehicles	12,944,249	2,232,343	878,311	14,298,281
Machinery and equipment	6,939,362	380,200	2,769,381	4,550,181
Total depreciable capital assets	<u>813,271,608</u>	<u>27,040,590</u>	<u>17,013,713</u>	<u>823,298,485</u>
Less accumulated depreciation for:				
Buildings, improvements, infrastructure	353,549,091	27,792,799	-	381,341,890
Furniture and fixtures	1,098,224	81,692	-	1,179,916
Vehicles	8,655,159	1,119,041	-	9,774,200
Machinery and equipment	2,275,618	264,116	-	2,539,734
Total accumulated depreciation	<u>365,578,092</u>	<u>29,257,648</u>	<u>-</u>	<u>394,835,740</u>
Depreciable capital assets, net of accumulated depreciation	<u>447,693,516</u>	<u>(2,217,058)</u>	<u>17,013,713</u>	<u>428,462,745</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$509,517,050</u>	<u>\$ 4,115,056</u>	<u>\$ 29,510,841</u>	<u>\$ 484,121,265</u>
<b>* Excludes internal service funds</b>				
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Non-depreciable capital assets:				
Land	\$ 1,870,703	\$ 59,157	\$ 18,211	\$ 1,911,649
Construction in progress	79,671,945	32,530,944	48,641,499	63,561,390
Total non-depreciable capital assets	<u>81,542,648</u>	<u>32,590,101</u>	<u>48,659,710</u>	<u>65,473,039</u>
Depreciable capital assets:				
Buildings and improvements	233,999,702	48,731,195	2,452	282,728,445
Furniture and fixtures	1,400,406	105,021	9,300	1,496,127
Vehicles	5,249,713	619,315	269,418	5,599,610
Machinery and equipment	13,879,996	520,517	137,835	14,262,678
Total depreciable capital assets:	<u>254,529,817</u>	<u>49,976,048</u>	<u>419,005</u>	<u>304,086,860</u>
Less accumulated depreciation:	<u>88,608,888</u>	<u>6,390,187</u>	<u>415,177</u>	<u>94,583,898</u>
Depreciable capital assets, net of accumulated depreciation	<u>165,920,929</u>	<u>43,585,861</u>	<u>3,828</u>	<u>209,502,962</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$247,463,577</u>	<u>\$ 76,175,962</u>	<u>\$ 48,663,538</u>	<u>\$ 274,976,001</u>

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

Depreciation expense was charged to activities as follows:

**Governmental activities:**

General Government	\$ 202,709
Public Safety	1,244,236
Public Works	27,428,331
Park and Recreation	382,372
<b>Total depreciation expense - Governmental</b>	<b><u>\$ 29,257,648</u></b>

**Business-type activities:**

Parking Garages	\$ 526,197
Water and Wastewater Systems	5,524,694
Stormwater System	287,194
Other various activities	52,102
<b>Total depreciation expense - Business-type</b>	<b><u>\$ 6,390,187</u></b>

**Construction commitments**

The City had open, active construction projects on December 31, 2002. The projects include bridge repairs, building and facility updates, repairs of existing streets and traffic signals, upgrades to existing parks and recreation centers and the construction of additional waste water 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	\$ 5,467,844	\$ 2,708,268
Public Safety - Fire	911,479	657,499
Public Safety - Police	570,589	(142,300)
Public Works - Administration	13,117	(13,117)
Public Works - Traffic	7,839,950	(2,815,941)
Public Works - Transportation	18,486,900	20,565,562
Public Works - Bridges	8,887,302	5,728,120
Parks and Recreation	7,135,330	2,048,861
<b>Total</b>	<b><u>\$ 49,312,511</u></b>	<b><u>\$ 28,736,952</u></b>

**D. Interfund receivables and transfers**

The composition of interfund balances at December 31, 2002, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Undistributed Investment Earnings	112,876
Parks and Recreation	Downtown Improvement District	13,995
Debt Service	Undistributed Investment Earnings	6,143
Water & WPC	Undistributed Investment Earnings	88,817
Stormwater Utility	Undistributed Investment Earnings	2,293
Self-Insurance	Undistributed Investment Earnings	12,944
Risk Management	Undistributed Investment Earnings	1,812
<b>Total</b>		<b><u>\$ 238,880</u></b>

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

Interfund transfers:

	<b>Transfer In:</b>				<b>Total</b>
	<b>General Fund</b>	<b>Parks and Recreation</b>	<b>Nonmajor Governmental</b>	<b>Internal Service Funds</b>	
<b>Transfer out:</b>					
General Fund	\$ -	\$ -	\$ 1,793,650	\$ 1,300,000	\$ 3,093,650
Parks and Recreation	-	-	68,400	-	68,400
Nonmajor Governmental	100,000	26,400	271,218	150,000	547,618
Enterprise Fund	2,000,000	-	-	-	2,000,000
<b>Total transfers out</b>	<b>\$ 2,100,000</b>	<b>\$ 26,400</b>	<b>\$ 2,133,268</b>	<b>\$ 1,450,000</b>	<b>\$ 5,709,668</b>

In the fund financial statements, total transfers in of \$5,709,668 are equal to the total transfers out of \$5,709,668.

**E. Leases**

Operating Leases

The City entered into one operating lease for computers in 2002. There were no expenditures for the year ended December 31, 2002. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2003	\$ 105,587
2004	112,765
2005	112,765
2006	87,347
2007	7,279
2008-2012	-
<b>Total</b>	<b>\$ 425,743</b>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of a storage area network, software and server equipment, and telecommunications equipment. The City has also financed the acquisition of mowers for the park department. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities- Internal Service Funds</u>	<u>Business Activities- Enterprise Funds</u>
Asset information:		
Machinery and equipment	\$3,070,363	\$106,734
Less accumulated depreciation	(345,778)	(32,024)
<b>Total</b>	<b>\$2,724,585</b>	<b>\$ 74,710</b>

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2002, were as follows:

Year Ending December 31	Governmental Activities- Internal Service Funds	Business Activities- Enterprise Funds
2003	\$608,771	\$25,279
2004	637,881	25,279
2005	547,757	-
2006	567,057	-
2007	150,146	-
2008 and thereafter	663,145	-
Total minimum lease payments	3,174,757	50,558
Less: amount representing interest	(429,053)	(1,606)
Net present value of minimum lease payments	<u>\$2,745,704</u>	<u>\$48,952</u>

**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 original principal amount of general obligation bonds issued in prior years was \$126,110,000. During the year, general obligation bonds totaling \$7,205,000 were retired.

General obligation bonds are direct obligations and the full faith and credit of the City is pledged to their repayment. These bonds generally are issued as 30-year serial bonds with nearly equal amounts of principal maturing 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	4.05 - 5.90%	\$ 12,304,760
Governmental activities – refunding	4.00 - 5.25%	84,738,800
Business-type activities	4.80 - 6.25%	6,420,240
Business-type activities – refunding	4.00 - 4.70%	4,751,200
		<u>\$108,215,000</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>
2003	\$ 7,305,000	\$ 5,177,718
2004	7,270,000	4,862,385
2005	7,270,000	4,546,180
2006	7,125,000	4,218,871
2007	7,175,000	3,894,761
2008-2012	36,665,000	14,383,494
2013-2017	25,095,000	5,861,230
2018-2031	10,310,000	2,880,971
<b>Total</b>	<u>\$108,215,000</u>	<u>\$45,825,610</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 original, principal amount of revenue bonds issued in prior years was \$68,120,000. In 2002, \$1,190,000 of revenue bonds were retired. Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water & Water Pollution Control	4.8 - 6.25%	\$65,190,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 1,230,000	\$ 3,321,653
2004	1,280,000	3,262,553
2005	1,325,000	3,199,877
2006	1,385,000	3,134,694
2007	1,445,000	3,066,132
2008-2012	8,270,000	14,222,553
2013-2017	10,505,000	11,990,073
2018-2031	39,750,000	15,118,574
<b>Total</b>	<u>\$65,190,000</u>	<u>\$57,316,109</u>

Advance and current refundings

There were no advance or current refundings in 2002.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2002, was as follows:

	<u>Balance 01/02/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	109,180,000	-	(7,205,000)	101,975,000	7,305,000
Capital leases	2,484,618	616,144	(355,058)	2,745,704	637,881
Compensated absences	2,845,064	390,778		3,235,842	3,235,842
Governmental activity					
<b>Long-term liabilities</b>	<u>\$ 114,509,682</u>	<u>\$ 1,006,922</u>	<u>\$ (7,560,058)</u>	<u>\$ 107,956,546</u>	<u>\$ 11,178,723</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	6,240,000	-	-	6,240,000	-
State revolving loan	27,633,083	12,350,417	(2,391,455)	37,592,045	2,175,000
Revenue bonds	66,380,000	-	(2,420,000)	63,960,000	-
Less deferred amounts:					
For issuance discounts	(870,754)	-	39,129	(831,625)	-
On refunding	(212,169)	-	38,576	(173,593)	-
Total bonds payable	99,170,160	12,350,417	(4,733,750)	106,786,827	2,175,000
Capital leases	71,446		(22,494)	48,952	23,790
Compensated absences	461,156	37,123	-	498,279	498,279
Business-type activity					
<b>Long-term liabilities</b>	<u>\$ 99,702,762</u>	<u>\$ 12,387,540</u>	<u>\$ (4,756,244)</u>	<u>\$ 107,334,058</u>	<u>\$ 2,697,069</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$84,415 of

## Notes to the Financial Statements (continued)

the compensated absences and \$2,745,704 of capital leases are from internal service funds. For the governmental activities, compensated absences are generally liquidated by the general fund. The government-wide statement of net assets includes \$1,230,000 of the long-term liabilities due within one year for business-type activities in "liabilities payable from restricted assets." The remaining amount of \$63,960,000 is displayed as "non-current liabilities, due within one year" on that same statement.

### G. Segment information

The City issued revenue bonds to finance its water and water pollution control utilities, which are structured to account for all phases of operation and maintenance of the City's public water supply and wastewater treatment responsibilities. The water and water pollution control activities are accounted for in separate funds. However, the revenue generated by the combined utility is pledged in bond covenants for repayment of debt. Summary financial information for water and water pollution control is presented below:

#### CONDENSED STATEMENT OF NET ASSETS

##### Combined Water and Water Pollution Control Utility At December 31, 2002

<b>Assets:</b>	
Current assets	\$ 18,791,538
Due from other funds	88,817
Restricted assets	11,680,758
Capital assets	237,494,076
Other assets	29,947
<b>Total assets</b>	<u>268,085,136</u>
<b>Liabilities:</b>	
Current liabilities	8,007,297
Due to other funds	-
Current liabilities payable from restricted assets	3,309,973
Non-current liabilities	98,773,953
<b>Total liabilities</b>	<u>110,091,223</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	133,151,702
Restricted	9,185,337
Unrestricted	15,656,874
<b>Total net assets</b>	<u>\$157,993,913</u>

#### CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

##### Combined Water and Water Pollution Control Utility For the Year Ended December 31, 2002

Water & Wastewater revenues (pledged to repay bonds)	\$ 34,934,108
Depreciation expense	(5,524,694)
Other operating expenses	(24,852,463)
Operating income	<u>4,556,951</u>
Non-operating revenues (expenses):	
Investment earnings	715,952
Interest expense	(4,676,446)
Other	(184,421)
Change in net assets	<u>412,036</u>
Beginning net assets	157,581,877
Ending net assets	<u>\$157,993,913</u>

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

**CONDENSED STATEMENT OF CASH FLOWS**

**Combined Water and Water Pollution Control Utility  
For the Year Ended December 31, 2002**

Net cash provided (used) by:	
Operating activities	\$10,619,515
Non-capital financing activities	(268,652)
Capital and related financing activities	(5,542,431)
Investing activities	<u>715,952</u>
Net increase (decrease)	5,524,384
Beginning cash and cash equivalents	<u>13,303,088</u>
Ending cash and cash equivalents	<u>\$18,827,472</u>

**H. Restricted assets**

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

Bond reserve – Water	\$4,661,852
Renewal & replacement – Water	1,500,000
Sinking fund – Water	1,896,521
Sinking fund – Water Pollution Control	510,802
Sinking fund cash – Water	143,315
Water consumer deposits – Water	425,292
Water consumer deposits flushing meters – Water	47,555
Deposits with fiscal agent – Water	196,304
Deposits with fiscal agent – Water Pollution Control	<u>2,299,117</u>
<b>Total restricted assets</b>	<u>\$11,680,758</u>

**V. Other information**

**A. Risk management**

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 the statutory dollar limit. Additionally, the City purchases commercial insurance coverage for physical damage to City property.

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 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 incurred but not reported claims, is as follows:

	<u>2002</u>
Claims liabilities at beginning of the year	\$1,272,072
Claims incurred during the year	5,212,668
Claims paid during the year	<u>(5,554,064)</u>
Claims liabilities at end of the year	<u>\$ 930,676</u>

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

### **B. Related party transactions**

There were no significant related party transactions in 2002.

### **C. Subsequent events**

On March 1, 2003, the City issued its Series 2003-A General Obligation Refunding Bonds in the aggregate principal amount of \$6,205,000. The 2003-A Bonds refunded \$6,025,000 outstanding principal of the City's Series 1997-A General Obligation Bonds, achieving a total net present value interest cost savings of \$503,532.

### **D. Contingent liabilities**

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 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, 2002, totaled \$174,245,351.

Costs to complete construction contracts to which the City was committed at December 31, 2002, are estimated at \$28,736,952 for the governmental funds and \$64,899,638 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 City, in conjunction with Shawnee County, created the Topeka-Shawnee County Metropolitan Planning Organization (MPO), which is responsible for regional transportation planning. The group uses Federal and local funds to conduct comprehensive and continual transportation planning activities, done cooperatively with the Kansas Department of Transportation, the Topeka Metropolitan Transit Authority, and certain Federal agencies.

Also in conjunction with Shawnee County, the City created the Joint Economic Development Organization (JEDO), for the purpose of retaining in and attracting to the area businesses and jobs. The City appoints some members of the JEDO Board. The City provides funds to the JEDO from sales tax proceeds.

### **F. Other post employment benefits**

The City allows retirees to participate in the medical, dental and prescription drug plans of the City. The individual retiree is responsible for 100% of his or her insurance premiums. Currently, retirees are eligible to remain in the plan until they no longer need the benefits. The benefits are exactly the same as those provided to active City employees. As of January 2003 the city had a total of 296 retirees enrolled in these insurance plans.

### **G. Employee retirement systems and pension plans**

The City offers its employees three choices of deferred compensation plans, all created in accordance with Internal Revenue Code Section 457. The plans, available to all full-time employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until a defined "qualifying event," which includes separation from employment, retirement, death, or certain unforeseeable emergencies, occurs.

## Notes to the Financial Statements (continued)

The three plans are administered by ING Group (formerly Aetna Financial Services), the ICMA Retirement Corporation, and PEBSCO, a Division of Nationwide Retirement Services.

All amounts of compensation deferred under the plans, 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 plans, and therefore does not include the balances and activities of those plans 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 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 2002 was 3.52%. The City of Topeka employer contributions to KPERS for the years ending December 31, 2002, 2001, and 2000 were \$791,389, \$670,339, and \$683,500 respectively, equal to the statutorily required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2002 is 13.48%. 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. The City's employer contributions to KP&F for the years ending December 31, 2002, 2001, and 2000 were \$3,521,564, \$3,366,574, and \$3,540,376 respectively, equal to the statutorily required contributions for each year.

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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 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 Improvements	Administrative	Accounts for revenues set aside from zoo admissions. The funds are used for capital improvements at the zoo.
Transient Guest Tax	K.S.A. 12-1697 Topeka Resolution #4045	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.

**Special Revenue Funds** (Continued...)

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Capital Projects Planning	K.S.A. 12-1,118 Topeka Ordinance #15687	Represents resources set aside to be used for preliminary costs of planning for a capital improvement in advance of formal authorization and funding of the project. Fund is reimbursed after project is authorized.
Unsafe Structures Removal	K.S.A 17-1750 & 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.
Retirement Reserve	Administrative Action	Provides funding for and absorbs those accrued sick leave, vacation, compensatory time and other related costs of City employees upon their retirement.
Governmental Grants	Public Law 93-838 City Code Chapter 42 Various Grant Contracts	The fiscal entity provided to account for receipt and expenditure of the proceeds provided by the U.S. Department of Housing and Urban Development under the Community Development Block Grant Programs and other various grants mostly related to health and social service functions.
Park Land Acquisition	Administrative	Reserves funds transferred from other City 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.

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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
- (4) Streets and Trafficways
- (5) Park Improvements

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**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2002**

	<b>Special Revenue Funds</b>				
	<b>Downtown Improvement District</b>	<b>Special Alcohol Program</b>	<b>General Improvement</b>	<b>Special Liability Expense</b>	<b>Zoo Improvement</b>
<b>Assets</b>					
Cash and equity in Treasurer's Fund	\$ 1,304	\$ 225,846	\$ 466,715	\$ 794,101	\$ 162,960
Receivables:					
Accounts receivable	56,653	-	-	-	-
General property taxes	-	-	127,746	341,373	-
Notes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 57,957</b>	<b>\$ 225,846</b>	<b>\$ 594,461</b>	<b>\$ 1,135,474</b>	<b>\$ 162,960</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 14,615	\$ 3,629	\$ -	\$ 4,726	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	13,995	-	-	-	-
Due to others	-	-	-	-	-
Temporary notes payable	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Deferred revenue	266	-	127,746	341,373	-
<b>Total liabilities</b>	<b>28,876</b>	<b>3,629</b>	<b>127,746</b>	<b>346,099</b>	<b>-</b>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	14,071	30,094	-	214,425	-
Unreserved for:					
Special Revenue Funds	15,010	192,123	466,715	574,950	162,960
Capital Project Funds	-	-	-	-	-
<b>Total fund balances</b>	<b>29,081</b>	<b>222,217</b>	<b>466,715</b>	<b>789,375</b>	<b>162,960</b>
<b>Total liabilities and fund balances</b>	<b>\$ 57,957</b>	<b>\$ 225,846</b>	<b>\$ 594,461</b>	<b>\$ 1,135,474</b>	<b>\$ 162,960</b>

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

**Special Revenue Funds**

<b>Transient Guest Tax</b>	<b>Capital Projects Planning</b>	<b>Unsafe Structure Removal</b>	<b>Retirement Reserve</b>	<b>Governmental Grants</b>	<b>Park Land Acquisition</b>	<b>Undistributed Investment Earnings</b>
\$ 51,093	\$ 226,526	\$ 43,074	\$ 231,435	\$ 301,976	\$ 187,791	\$ (111,296)
-	-	-	18,759	31,323	-	224,885
315,917	-	-	-	-	-	-
-	-	-	-	24,322	-	-
-	-	-	-	1,090,004	-	-
-	-	-	-	-	-	111,896
<u>\$ 367,010</u>	<u>\$ 226,526</u>	<u>\$ 43,074</u>	<u>\$ 250,194</u>	<u>\$ 1,447,625</u>	<u>\$ 187,791</u>	<u>\$ 225,485</u>
\$ 46,250	\$ -	\$ 39,060	\$ -	\$ 352,959	\$ 17,009	\$ -
-	-	-	-	43,660	-	-
-	-	-	-	-	-	224,885
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,051,006	-	600
<u>46,250</u>	<u>-</u>	<u>39,060</u>	<u>-</u>	<u>1,447,625</u>	<u>17,009</u>	<u>225,485</u>
240,250	-	3,490	-	-	13,983	-
80,510	226,526	524	250,194	-	156,799	-
-	-	-	-	-	-	-
<u>320,760</u>	<u>226,526</u>	<u>4,014</u>	<u>250,194</u>	<u>-</u>	<u>170,782</u>	<u>-</u>
<u>\$ 367,010</u>	<u>\$ 226,526</u>	<u>\$ 43,074</u>	<u>\$ 250,194</u>	<u>\$ 1,447,625</u>	<u>\$ 187,791</u>	<u>\$ 225,485</u>

*continued..*

**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2002**  
*(continued)*

	<b>Capital Projects</b>					<b>Totals</b>
	<b>Bridges</b>	<b>Public Buildings and Facilities</b>	<b>Sanitary Sewers</b>	<b>Streets and Trafficways</b>	<b>Park Improvements</b>	
<b>Assets</b>						
Cash and equity in Treasurer's Fund	\$ 3,069,852	\$ 1,364,891	\$ (6,250)	\$ 3,866,448	\$ (637,313)	\$ 10,239,154
Receivables:						
Accounts receivable	-	-	-	-	-	331,619
General property taxes	-	-	-	-	-	785,036
Notes	-	-	-	-	-	24,322
Due from other governments	-	-	-	-	-	1,090,004
Other assets	-	-	-	-	-	111,896
<b>Total assets</b>	<b>\$ 3,069,852</b>	<b>\$ 1,364,891</b>	<b>\$ (6,250)</b>	<b>\$ 3,866,448</b>	<b>\$ (637,313)</b>	<b>\$ 12,582,031</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts and contracts payable	\$ 117,967	\$ 67,327	\$ 12,488	\$ 193,334	\$ 126,433	\$ 995,797
Accrued liabilities	-	-	-	-	-	43,660
Due to other funds	-	-	-	-	-	238,880
Due to others	-	10,000	-	-	-	10,000
Temporary notes payable	3,008,150	2,242,256	504,886	4,092,496	-	9,847,788
Other current liabilities	-	-	-	12,932	-	12,932
Deferred revenue	-	-	-	-	-	1,520,991
<b>Total liabilities</b>	<b>3,126,117</b>	<b>2,319,583</b>	<b>517,374</b>	<b>4,298,762</b>	<b>126,433</b>	<b>12,670,048</b>
<b>Fund Balances</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	516,313
Unreserved for:						
Special Revenue Funds	-	-	-	-	-	2,126,311
Capital Project Funds	(56,265)	(954,692)	(523,624)	(432,314)	(763,746)	(2,730,641)
<b>Total fund balances</b>	<b>(56,265)</b>	<b>(954,692)</b>	<b>(523,624)</b>	<b>(432,314)</b>	<b>(763,746)</b>	<b>(88,017)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,069,852</b>	<b>\$ 1,364,891</b>	<b>\$ (6,250)</b>	<b>\$ 3,866,448</b>	<b>\$ (637,313)</b>	<b>\$ 12,582,031</b>

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**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2002**

	<b>Special Revenue Funds</b>				
	<b>Downtown Improvement District</b>	<b>Special Alcohol Program</b>	<b>General Improvement</b>	<b>Special Liability Expense</b>	<b>Zoo Improvement</b>
<b>Revenues:</b>					
Taxes and assessments	\$ 192,376	\$ -	\$ 547,320	\$ 405,208	\$ -
Intergovernmental	-	406,864	-	-	-
Charges for services	-	-	-	-	126,096
Interest from investments	647	-	-	-	-
Other	428	-	1,769	-	4,195
<b>Total revenues</b>	<u>193,451</u>	<u>406,864</u>	<u>549,089</u>	<u>405,208</u>	<u>130,291</u>
<b>Expenditures:</b>					
General government	-	-	-	367,344	-
Public safety	-	-	-	-	-
Public works	202,861	-	-	-	-
Public housing	-	-	-	-	-
Social services	-	320,412	-	-	-
Construction	-	-	-	-	-
Interest	-	-	-	-	-
Engineering and others	-	-	-	-	-
<b>Total expenditures</b>	<u>202,861</u>	<u>320,412</u>	<u>-</u>	<u>367,344</u>	<u>-</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>(9,410)</u>	<u>86,452</u>	<u>549,089</u>	<u>37,864</u>	<u>130,291</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(300,000)	(100,000)	(65,000)
Contingency	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(100,000)</u>	<u>(65,000)</u>
<b>Net change in fund balances</b>	(9,410)	86,452	249,089	(62,136)	65,291
<b>Fund balances - beginning</b>	38,491	135,765	217,626	851,511	97,669
<b>Fund balances - ending</b>	<u>\$ 29,081</u>	<u>\$ 222,217</u>	<u>\$ 466,715</u>	<u>\$ 789,375</u>	<u>\$ 162,960</u>

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

**Special Revenue Funds**

<b>Transient Guest Tax</b>	<b>Capital Projects Planning</b>	<b>Unsafe Structure Removal</b>	<b>Retirement Reserve</b>	<b>Governmental Grants</b>	<b>Park Land Acquisition</b>	<b>Undistributed Investment Earnings</b>
\$ 1,276,153	\$ -	\$ 28	\$ -	\$ -	\$ -	\$ -
-	-	-	-	7,294,167	-	-
-	-	-	527,810	-	-	-
-	-	-	-	-	-	-
-	234,048	-	-	173,412	-	-
<u>1,276,153</u>	<u>234,048</u>	<u>28</u>	<u>527,810</u>	<u>7,467,579</u>	<u>-</u>	<u>-</u>
1,274,125	59,490	92,408	591,019	1,879,143	39,326	-
-	-	-	-	856,846	-	-
-	-	-	-	-	-	-
-	-	-	-	4,267,288	-	-
-	-	-	-	664,302	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,274,125</u>	<u>59,490</u>	<u>92,408</u>	<u>591,019</u>	<u>7,667,579</u>	<u>39,326</u>	<u>-</u>
2,028	174,558	(92,380)	(63,209)	(200,000)	(39,326)	-
-	-	-	-	200,000	68,400	-
(46,400)	-	-	-	-	-	-
<u>(30,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(77,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>68,400</u>	<u>-</u>
(75,169)	174,558	(92,380)	(63,209)	-	29,074	-
395,929	51,968	96,394	313,403	-	141,708	-
<u>\$ 320,760</u>	<u>\$ 226,526</u>	<u>\$ 4,014</u>	<u>\$ 250,194</u>	<u>\$ -</u>	<u>\$ 170,782</u>	<u>\$ -</u>

*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, 2002**  
*(Continued)*

	<b>Capital Projects</b>					<b>Totals</b>
	<b>Bridges</b>	<b>Public Buildings and Facilities</b>	<b>Sanitary Sewers</b>	<b>Streets and Trafficways</b>	<b>Park Improvements</b>	
<b>Revenues:</b>						
Taxes and assessments	\$ 366,964	\$ -	\$ -	\$ -	\$ -	\$ 2,788,049
Intergovernmental	-	42,272	-	-	-	7,743,303
Charges for services	-	-	-	-	-	653,906
Interest from investments	-	-	-	-	-	647
Other	-	580,293	-	-	-	994,145
<b>Total revenues</b>	<u>366,964</u>	<u>622,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,180,050</u>
<b>Expenditures:</b>						
General government	-	-	-	-	-	4,302,855
Public safety	-	-	-	-	-	856,846
Public works	-	-	-	-	-	202,861
Public housing	-	-	-	-	-	4,267,288
Social services	-	-	-	-	-	984,714
Construction	110,027	1,933,529	125,738	729,196	1,005,042	3,903,533
Interest	7,703	(29,778)	(384)	(54,349)	-	(76,808)
Engineering and others	486,784	472,630	18,885	1,306,866	220,230	2,505,394
<b>Total expenditures</b>	<u>604,514</u>	<u>2,376,381</u>	<u>144,239</u>	<u>1,981,713</u>	<u>1,225,272</u>	<u>16,946,683</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>(237,550)</u>	<u>(1,753,816)</u>	<u>(144,239)</u>	<u>(1,981,713)</u>	<u>(1,225,272)</u>	<u>(4,766,633)</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	379,625	400,243	-	1,000,000	85,000	2,133,268
Operating transfers out	(20,975)	(15,243)	-	-	-	(547,618)
Contingency	-	-	-	-	-	(30,797)
<b>Total other financing sources (uses)</b>	<u>358,650</u>	<u>385,000</u>	<u>-</u>	<u>1,000,000</u>	<u>85,000</u>	<u>1,554,854</u>
<b>Net change in fund balances</b>	121,100	(1,368,816)	(144,239)	(981,713)	(1,140,272)	(3,211,780)
<b>Fund balances - beginning</b>	(177,365)	414,124	(379,385)	549,399	376,526	3,123,763
<b>Fund balances - ending</b>	<u>\$ (56,265)</u>	<u>\$ (954,692)</u>	<u>\$ (523,624)</u>	<u>\$ (432,314)</u>	<u>\$ (763,746)</u>	<u>\$ (88,017)</u>

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Bridge Projects**  
**From Inception and for the Year Ended December 31, 2002**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 6,560,549	\$ 366,964	\$ 6,927,513	\$ 8,770,070
Intergovernmental revenue	20,975	-	20,975	2,414,400
Total revenues	<u>6,581,524</u>	<u>366,964</u>	<u>6,948,488</u>	<u>11,184,470</u>
<b>Expenditures</b>				
Construction	6,181,776	110,027	6,291,803	10,318,415
Interest	907,355	7,703	915,058	555,520
Engineering and others	1,172,682	486,784	1,659,466	3,741,487
Total expenditures	<u>8,261,813</u>	<u>604,514</u>	<u>8,866,327</u>	<u>14,615,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,680,289)</u>	<u>(237,550)</u>	<u>(1,917,839)</u>	<u>(3,430,952)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	1,502,924	-	1,502,924	3,252,302
Transfer in	-	379,625	379,625	178,650
Transfer out	-	(20,975)	(20,975)	-
Total other financing sources (uses)	<u>1,502,924</u>	<u>358,650</u>	<u>1,861,574</u>	<u>3,430,952</u>
Net change in fund balances	<u>\$ (177,365)</u>	121,100	<u>\$ (56,265)</u>	<u>\$ -</u>
Fund balance - beginning		(177,365)		
Fund balance - ending		<u>\$ (56,265)</u>		

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

**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, 2002**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 1,762,067	\$ 42,272	\$ 1,804,339	\$ 4,256,760
Other financing sources	1,260,416	580,293	1,840,709	1,696,725
Total revenues	<u>3,022,483</u>	<u>622,565</u>	<u>3,645,048</u>	<u>5,953,485</u>
<b>Expenditures</b>				
Construction	2,579,470	1,933,529	4,512,999	8,120,480
Interest	-	(29,778)	(29,778)	40,710
Engineering and others	2,574,623	472,630	3,047,253	2,610,439
Total expenditures	<u>5,154,093</u>	<u>2,376,381</u>	<u>7,530,474</u>	<u>10,771,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,131,610)</u>	<u>(1,753,816)</u>	<u>(3,885,426)</u>	<u>(4,818,144)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	939,658	0	939,658	3,818,978
Transfer in	1,606,076	400,243	2,006,319	999,166
Transfer out	-	(15,243)	(15,243)	-
Total other financing sources (uses)	<u>2,545,734</u>	<u>385,000</u>	<u>2,930,734</u>	<u>4,818,144</u>
Net change in fund balances	<u>\$ 414,124</u>	<u>(1,368,816)</u>	<u>\$ (954,692)</u>	<u>\$ -</u>
Fund balance - beginning		414,124		
Fund balance - ending		<u>\$ (954,692)</u>		

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

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sanitary Sewers**  
**From Inception and for the Year Ended December 31, 2002**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 16,606	\$ -	\$ 16,606	\$ 1,197,400
Intergovernmental revenue	-	-	-	37,778
Other financing sources	-	-	-	74,970
Total revenues	<u>16,606</u>	<u>-</u>	<u>16,606</u>	<u>1,310,148</u>
<b>Expenditures</b>				
Construction	478,184	125,738	603,922	1,074,921
Interest	42,830	(384)	42,446	97,276
Engineering and others	107,811	18,885	126,696	280,692
Total expenditures	<u>628,825</u>	<u>144,239</u>	<u>773,064</u>	<u>1,452,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(612,219)</u>	<u>(144,239)</u>	<u>(756,458)</u>	<u>(142,741)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	232,834	-	232,834	129,443
Transfer in	-	-	-	13,298
Total other financing sources (uses)	<u>232,834</u>	<u>-</u>	<u>232,834</u>	<u>142,741</u>
Net change in fund balances	<u>\$ (379,385)</u>	(144,239)	<u>\$ (523,624)</u>	<u>\$ -</u>
Fund balance - beginning		(379,385)		
Fund balance - ending		<u>\$ (523,624)</u>		

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

**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, 2002**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 422,014	\$ -	\$ 422,014	\$ 4,997,065
Intergovernmental revenue	1,336,747	-	1,336,747	8,511,102
Other financing sources	-	-	-	141,805
Total revenues	<u>1,758,761</u>	<u>-</u>	<u>1,758,761</u>	<u>13,649,972</u>
<b>Expenditures</b>				
Construction	12,407,546	729,196	13,136,742	23,708,911
Interest	705,295	(54,349)	650,946	1,698,766
Engineering and others	9,776,348	1,306,866	11,083,214	16,786,905
Total expenditures	<u>22,889,189</u>	<u>1,981,713</u>	<u>24,870,902</u>	<u>42,194,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,130,428)</u>	<u>(1,981,713)</u>	<u>(23,112,141)</u>	<u>(28,544,610)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	20,222,446	-	20,222,446	26,989,403
Transfer in	1,725,293	1,000,000	2,725,293	1,555,207
Transfer out	(267,912)	-	(267,912)	-
Total other financing sources (uses)	<u>21,679,827</u>	<u>1,000,000</u>	<u>22,679,827</u>	<u>28,544,610</u>
Net change in fund balances	<u>\$ 549,399</u>	<u>(981,713)</u>	<u>\$ (432,314)</u>	<u>\$ -</u>
Fund balance - beginning		<u>549,399</u>		
Fund balance - ending		<u>\$ (432,314)</u>		

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

**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, 2002**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,165,024
Other financing sources	-	-	-	125,000
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,290,024</u>
<b>Expenditures</b>				
Construction	4,655,013	1,005,042	5,660,055	7,466,496
Interest	-	-	-	89,691
Engineering and others	1,048,627	220,230	1,268,857	1,458,754
Total expenditures	<u>5,703,640</u>	<u>1,225,272</u>	<u>6,928,912</u>	<u>9,014,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,703,640)</u>	<u>(1,225,272)</u>	<u>(6,928,912)</u>	<u>(7,724,917)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	4,804,872	-	4,804,872	6,608,046
Transfer in	1,313,317	85,000	1,398,317	1,116,871
Transfer out	(38,023)	-	(38,023)	-
Total other financing sources (uses)	<u>6,080,166</u>	<u>85,000</u>	<u>6,165,166</u>	<u>7,724,917</u>
Net change in fund balances	<u>\$ 376,526</u>	<u>(1,140,272)</u>	<u>\$ (763,746)</u>	<u>\$ -</u>
Fund balance - beginning		376,526		
Fund balance - ending		<u>\$ (763,746)</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>
Combined Water Utility & Water Pollution Control Utility	K.S.A. 13-1254 & K.S.A. 12-6311	Provides accountability for all phases of operation and maintenance of the City's public water supply and water pollution control.
Stormwater Utility	Topeka Ordinance #16472	Administers the maintenance and operation of the City's stormwater utility system.
Combined Public Parking Facilities	K.S.A. 13-1379	Accounts for revenues and expenses of parking meters, and for the operation and maintenance of the City's parking garages.
Public Golf Course	Topeka City Code Section 29-207	Accounts for assets, liabilities, equities, revenues, costs and expenses related to operation of the Public Golf Course.
Concessions	Topeka City Code Section 29-19.5	The Concession Fund is established to provide accountability and fiscal control over all concession stands operated by the Parks and Recreation Department.

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Enterprise Funds**  
**December 31, 2002**

	<b>Combined Water and Water Pollution Control</b>	<b>Stormwater Utility</b>	<b>Combined Public Parking Facilities</b>	<b>Public Golf Course</b>	<b>Concessions</b>	<b>Totals</b>
<b>Assets</b>						
<b>Current assets:</b>						
Cash and equity in Treasurer's Fund	\$ 9,642,135	\$ (266,870)	\$ 1,533,539	\$ 148,117	\$ (15,573)	\$ 11,041,348
Accounts receivable	6,661,656	756,934	48,439	-	-	7,467,029
Prepaid costs	2,410	-	1,810	512	6,665	11,397
Due from other funds	88,817	2,293	-	-	-	91,110
Inventory	2,485,337	-	-	-	7,500	2,492,837
Other assets						
<b>Total current assets</b>	<b>18,880,355</b>	<b>492,357</b>	<b>1,583,788</b>	<b>148,629</b>	<b>(1,408)</b>	<b>21,103,721</b>
<b>Noncurrent assets:</b>						
Restricted assets:						
Cash and equity in Treasurer's Fund	9,185,337	-	-	-	-	9,185,337
Other restricted assets	2,495,421	-	-	-	-	2,495,421
Capital assets, net of accumulated depreciation (where applicable)	237,494,076	20,478,124	16,441,229	562,572	-	274,976,001
Other assets	29,947	-	-	-	-	29,947
<b>Total noncurrent assets</b>	<b>249,204,781</b>	<b>20,478,124</b>	<b>16,441,229</b>	<b>562,572</b>	<b>-</b>	<b>286,686,706</b>
<b>Total assets</b>	<b>268,085,136</b>	<b>20,970,481</b>	<b>18,025,017</b>	<b>711,201</b>	<b>(1,408)</b>	<b>307,790,427</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts and contracts payable	5,229,860	729,591	70,178	4,986	79	6,034,694
Accrued liabilities	301,186	24,193	22,452	5,223	78	353,132
Due to other governments	1,986	-	-	-	-	1,986
Current portion of State revolving loan	2,175,000	-	-	-	-	2,175,000
Temporary notes payable	-	2,041,713	-	-	-	2,041,713
Other current liabilities	-	-	46,833	23,790	-	70,623
Liabilities payable from restricted assets:						
Revenue bonds payable	1,230,000	-	-	-	-	1,230,000
Accrued interest on revenue bonds	1,607,127	-	-	-	-	1,607,127
Customer deposits	472,846	-	-	-	-	472,846
Deferred revenue	299,265	-	-	-	-	299,265
<b>Total current liabilities</b>	<b>11,317,270</b>	<b>2,795,497</b>	<b>139,463</b>	<b>33,999</b>	<b>157</b>	<b>14,286,386</b>
<b>Noncurrent liabilities:</b>						
Revenue bonds payable	63,960,000	-	-	-	-	63,960,000
Premium on redemption of '77 bonds	(173,593)	-	-	-	-	(173,593)
Discount on issuance of '98 bonds	(831,625)	-	-	-	-	(831,625)
State revolving loan payable	35,417,045	-	-	-	-	35,417,045
General obligation bonds payable	-	-	6,240,000	-	-	6,240,000
Non-current accrued liabilities	402,126	36,089	42,329	17,735	-	498,279
Non-current other liabilities	-	-	-	25,162	-	25,162
<b>Total noncurrent liabilities</b>	<b>98,773,953</b>	<b>36,089</b>	<b>6,282,329</b>	<b>42,897</b>	<b>-</b>	<b>105,135,268</b>
<b>Total liabilities</b>	<b>110,091,223</b>	<b>2,831,586</b>	<b>6,421,792</b>	<b>76,896</b>	<b>157</b>	<b>119,421,654</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	133,151,702	18,353,570	10,201,229	513,620	-	162,220,121
Restricted for debt service	4,661,853	-	-	-	-	4,661,853
Restricted for capital projects	1,500,000	-	-	-	-	1,500,000
Restricted for sinking funds	2,550,638	-	-	-	-	2,550,638
Restricted for deposits	472,846	-	-	-	-	472,846
Unrestricted	15,656,874	(214,675)	1,401,996	120,685	(1,565)	16,963,315
<b>Total net assets</b>	<b>\$ 157,993,913</b>	<b>\$ 18,138,895</b>	<b>\$ 11,603,225</b>	<b>\$ 634,305</b>	<b>\$ (1,565)</b>	<b>\$ 188,368,773</b>

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

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Enterprise Funds**  
**Year Ended December 31, 2002**

	<b>Combined Water and Water Pollution Control</b>	<b>Stormwater Utility</b>	<b>Combined Public Parking Facilities</b>	<b>Public Golf Course</b>	<b>Concessions</b>	<b>Totals</b>
<b>Operating revenues:</b>						
<b>Charges for services:</b>						
Metered water	\$ 18,830,873	\$ -	\$ -	\$ -	\$ -	\$ 18,830,873
Sewer service charges	14,872,715	4,155,695	-	-	-	19,028,410
Parking fees	-	-	2,475,841	-	-	2,475,841
Meter fines	-	-	345,929	-	-	345,929
Green fees	-	-	-	828,181	-	828,181
Merchandise sales, net of cost of goods sold	46,715	-	-	-	181,373	228,088
Other	1,183,805	33,000	-	-	-	1,216,805
<b>Total operating revenues</b>	<b>34,934,108</b>	<b>4,188,695</b>	<b>2,821,770</b>	<b>828,181</b>	<b>181,373</b>	<b>42,954,127</b>
<b>Operating expenses before depreciation and payments in lieu of taxes and debt service:</b>						
Salaries, wages, and benefits	8,175,273	492,648	731,661	438,508	58,767	9,896,857
Purchased services	8,444,187	1,149,513	586,776	100,322	20,802	10,301,600
Commodities	4,464,776	110,409	98,265	163,512	97,121	4,934,083
Other	378,227	15,090	-	27,579	8,972	429,868
<b>Total operating expenses before depreciation and payments in lieu of taxes and debt service</b>	<b>21,462,463</b>	<b>1,767,660</b>	<b>1,416,702</b>	<b>729,921</b>	<b>185,662</b>	<b>25,562,408</b>
<b>Operating income (loss) before depreciation and payments in lieu of taxes and debt service</b>	<b>13,471,645</b>	<b>2,421,035</b>	<b>1,405,068</b>	<b>98,260</b>	<b>(4,289)</b>	<b>17,391,719</b>
Depreciation expense	5,524,694	287,194	526,197	52,102	-	6,390,187
Payments in lieu of debt service	-	58,301	810,078	27,244	-	895,623
Payments in lieu of taxes	3,390,000	250,000	140,000	13,000	-	3,793,000
<b>Operating income (loss)</b>	<b>4,556,951</b>	<b>1,825,540</b>	<b>(71,207)</b>	<b>5,914</b>	<b>(4,289)</b>	<b>6,312,909</b>
<b>Other income (expense):</b>						
Interest income	715,952	34,914	69,146	-	-	820,012
Interest expense	(4,676,446)	-	-	(2,785)	-	(4,679,231)
Other income	1,747,553	2,474	1,559	-	-	1,751,586
Gain (loss) on disposal of fixed assets	68,026	78,000	2,250	2,140	-	150,416
<b>Nonoperating revenues (expenses)</b>	<b>(2,144,915)</b>	<b>115,388</b>	<b>72,955</b>	<b>(645)</b>	<b>-</b>	<b>(1,957,217)</b>
<b>Income (loss) before operating transfers</b>	<b>2,412,036</b>	<b>1,940,928</b>	<b>1,748</b>	<b>5,269</b>	<b>(4,289)</b>	<b>4,355,692</b>
Operating transfers in (out)	(2,000,000)	-	-	-	-	(2,000,000)
<b>Change in net assets</b>	<b>412,036</b>	<b>1,940,928</b>	<b>1,748</b>	<b>5,269</b>	<b>(4,289)</b>	<b>2,355,692</b>
<b>Net assets, beginning of year</b>	<b>157,581,877</b>	<b>16,197,967</b>	<b>11,601,477</b>	<b>629,036</b>	<b>2,724</b>	<b>186,013,081</b>
<b>Net assets, end of year</b>	<b>\$157,993,913</b>	<b>\$ 18,138,895</b>	<b>\$ 11,603,225</b>	<b>\$634,305</b>	<b>\$ (1,565)</b>	<b>\$ 188,368,773</b>

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

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended December 31, 2002**

	Combined Water and Water Pollution Control	Stormwater Utility	Combined Public Parking Facilities	Public Golf Course	Concessions	Totals
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 34,162,888	\$ 4,196,658	\$ 2,820,446	\$ 828,181	\$ 181,373	\$42,189,546
Payments to suppliers	(11,978,100)	(945,941)	(786,702)	(306,335)	(128,390)	(14,145,468)
Payments to employees	(8,175,273)	(492,648)	(731,661)	(438,508)	(58,767)	(9,896,857)
Payments for interfund services used	(3,390,000)	(308,301)	(950,078)	(40,244)	-	(4,688,623)
Net cash provided by operating activities	<u>10,619,515</u>	<u>2,449,768</u>	<u>352,005</u>	<u>43,094</u>	<u>(5,784)</u>	<u>13,458,598</u>
<b>Cash flows from non-capital financing activities</b>						
Transfer to other funds	(2,000,000)	-	-	-	-	(2,000,000)
Other	1,747,553	2,474	1,558	-	-	1,751,585
Customer deposits	(16,205)	-	-	-	-	(16,205)
Net cash provided (used) by non-capital financing activities	<u>(268,652)</u>	<u>2,474</u>	<u>1,558</u>	<u>-</u>	<u>-</u>	<u>(264,620)</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from capital debt	11,139,537	2,041,713	-	-	-	13,181,250
Receipts from underwriter	24,808,624	-	-	-	-	24,808,624
Purchases of capital assets	(25,767,530)	(4,605,291)	(2,675,657)	(22,563)	-	(33,071,041)
Acquisition and construction of capital assets	-	-	(200,000)	-	-	(200,000)
Principal paid on capital debt	(11,593,257)	(2,000,000)	-	-	-	(13,593,257)
Interest paid on capital debt	(4,197,831)	-	-	(2,785)	-	(4,200,616)
Capital lease paid	-	-	-	(22,494)	-	(22,494)
Proceeds from sales of capital assets	68,026	78,000	2,250	2,140	-	150,416
Net cash provided (used) by capital and related financing activities	<u>(5,542,431)</u>	<u>(4,485,578)</u>	<u>(2,873,407)</u>	<u>(45,702)</u>	<u>-</u>	<u>(12,947,118)</u>
<b>Cash flows from investing activities</b>						
Interest and dividends received	715,952	34,914	69,146	-	-	820,012
Net cash provided (used) by investing activities	<u>715,952</u>	<u>34,914</u>	<u>69,146</u>	<u>-</u>	<u>-</u>	<u>820,012</u>
Net increase (decrease) in cash and cash equivalents	5,524,384	(1,998,422)	(2,450,698)	(2,608)	(5,784)	1,066,872
Cash and cash equivalents, beginning	13,303,088	1,731,552	3,984,237	150,725	(9,789)	19,159,813
Cash and cash equivalents, ending	<u>\$ 18,827,472</u>	<u>\$ (266,870)</u>	<u>\$ 1,533,539</u>	<u>\$ 148,117</u>	<u>\$ (15,573)</u>	<u>\$20,226,685</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income	\$ 4,556,951	\$ 1,825,540	\$ (71,207)	\$ 5,914	\$ (4,289)	\$ 6,312,909
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	5,524,694	287,194	526,197	52,102	-	6,390,187
Changes in assets and liabilities:						
Accounts receivable	(413,311)	1,748	(1,324)	-	-	(412,887)
Due from other funds	(20,041)	6,215	-	-	-	(13,826)
Inventories	271,063	-	-	-	-	271,063
Prepaid items	14,101	-	(1,810)	-	(1,500)	10,791
Accounts payable	1,041,174	364,464	(131,172)	(13,156)	(73)	1,261,237
Accrued liabilities	54,123	(43,857)	31,321	(1,766)	78	39,899
Due to other governments	(71,370)	-	-	-	-	(71,370)
Unearned revenue	(337,869)	-	-	-	-	(337,869)
Other current liabilities	-	8,464	-	-	-	8,464
Total adjustments	<u>6,062,564</u>	<u>624,228</u>	<u>423,212</u>	<u>37,180</u>	<u>(1,495)</u>	<u>7,145,689</u>
Net cash provided by operating activities	<u>\$ 10,619,515</u>	<u>\$ 2,449,768</u>	<u>\$ 352,005</u>	<u>\$ 43,094</u>	<u>\$ (5,784)</u>	<u>\$ 13,458,598</u>

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

**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 costs and expenses for the Information Technology Department.
Fleet Services	Topeka Ordinance #15665	Accounts for the costs for repair and maintenance of Public Works Department vehicles and also for the costs for fuel and repair of other City vehicles as needed.
Combined Risk Management, including:		
Employees Health Insurance	Administrative	Provides fiscal and accounting control for the City Employee Health Self-Insurance Plan.
Workers' Compensation and Vehicle Self-Insurance	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 and physical damage claims to City vehicles and helicopter.
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.
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.

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2002**

	<b>Information Technology</b>	<b>Fleet Services</b>	<b>Combined Risk Management</b>	<b>Totals</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and equity in Treasurer's Fund	\$ 335,386	\$ 567,669	\$ 7,137,194	\$ 8,040,249
Accounts receivable	-	-	213,582	213,582
Prepaid costs	-	-	150,000	150,000
Due from other funds	-	-	14,757	14,757
Due from other governments	-	29	-	29
Inventory	4,588	58,396	-	62,984
Other assets	161,913	-	-	161,913
<b>Total current assets</b>	<b>501,887</b>	<b>626,094</b>	<b>7,515,533</b>	<b>8,643,514</b>
<b>Noncurrent assets:</b>				
Capital assets, net of accumulated depreciation (where applicable)	3,595,265	180,616	-	3,775,881
<b>Total noncurrent assets</b>	<b>3,595,265</b>	<b>180,616</b>	<b>-</b>	<b>3,775,881</b>
<b>Total assets</b>	<b>4,097,152</b>	<b>806,710</b>	<b>7,515,533</b>	<b>12,419,395</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	108,989	49,045	107,468	265,502
Accrued liabilities	22,518	31,366	-	53,884
Estimated insurance claims	-	-	930,679	930,679
Other current liabilities	637,881	-	-	637,881
<b>Total current liabilities</b>	<b>769,388</b>	<b>80,411</b>	<b>1,038,147</b>	<b>1,887,946</b>
<b>Noncurrent liabilities:</b>				
Non-current accrued liabilities	36,764	47,651	-	84,415
Non-current other liabilities	2,107,823	-	-	2,107,823
<b>Total noncurrent liabilities</b>	<b>2,144,587</b>	<b>47,651</b>	<b>-</b>	<b>2,192,238</b>
<b>Total liabilities</b>	<b>2,913,975</b>	<b>128,062</b>	<b>1,038,147</b>	<b>4,080,184</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	849,561	180,616	-	1,030,177
Unrestricted	333,616	498,032	6,477,386	7,309,034
<b>Total net assets</b>	<b>\$ 1,183,177</b>	<b>\$ 678,648</b>	<b>\$ 6,477,386</b>	<b>\$ 8,339,211</b>

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

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2002**

	<u>Information Technology</u>	<u>Fleet Services</u>	<u>Combined Risk Management</u>	<u>Totals</u>
<b>Operating revenues:</b>				
Charges for services	\$ 2,484,084	\$ 1,113,659	\$ 8,740,435	\$ 12,338,178
Other	188,247	-	89,675	277,922
<b>Total operating revenues</b>	<u>2,672,331</u>	<u>1,113,659</u>	<u>8,830,110</u>	<u>12,616,100</u>
<b>Operating expenses before depreciation:</b>				
Salaries, wages, and benefits	746,273	838,551	-	1,584,824
Purchased services	1,319,527	111,276	1,910,531	3,341,334
Commodities	149,488	55,982	666	206,136
Capital outlay	193,038	-	-	193,038
Insurance claims	-	-	5,626,610	5,626,610
Other payments	111,380	5,786	-	117,166
<b>Total operating expenses before depreciation</b>	<u>2,519,706</u>	<u>1,011,595</u>	<u>7,537,807</u>	<u>11,069,108</u>
<b>Operating income before depreciation</b>	152,625	102,064	1,292,303	1,546,992
Depreciation	<u>547,850</u>	<u>16,110</u>	<u>-</u>	<u>563,960</u>
<b>Operating income (loss)</b>	(395,225)	85,954	1,292,303	983,032
<b>Non-operating revenues</b>				
Interest income	-	704	95,727	96,431
Gain on disposal of fixed assets	4,642	450	-	5,092
<b>Total other income (expense) before operating transfers</b>	(390,583)	87,108	1,388,030	1,084,555
Operating transfers in	<u>150,000</u>	<u>-</u>	<u>1,300,000</u>	<u>1,450,000</u>
<b>Increase (decrease) in net assets</b>	(240,583)	87,108	2,688,030	2,534,555
<b>Total Net Assets Beginning of Year</b>	<u>1,423,760</u>	<u>591,540</u>	<u>3,789,356</u>	<u>5,804,656</u>
<b>Total Net Assets End of Year</b>	<u>\$ 1,183,177</u>	<u>\$ 678,648</u>	<u>\$ 6,477,386</u>	<u>\$ 8,339,211</u>

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

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2002**

	<b>Information Technology</b>	<b>Fleet Services</b>	<b>Combined Risk Management</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 2,672,331	\$ 1,113,659	\$ 8,727,704	\$ 12,513,694
Payments to suppliers	(1,894,270)	(188,137)	(7,805,394)	(9,887,801)
Payments to employees	(746,273)	(838,551)	-	(1,584,824)
Net cash provided by operating activities	<u>31,788</u>	<u>86,971</u>	<u>922,310</u>	<u>1,041,069</u>
<b>Cash flows from non-capital financing activities</b>				
Transfer In	150,000	-	1,300,000	1,450,000
Other	-	-	89,674	89,674
Net cash provided (used) by non-capital financing activities	<u>150,000</u>	<u>-</u>	<u>1,389,674</u>	<u>1,539,674</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital debt	261,086	-	-	261,086
Purchases of capital assets	(783,335)	(20,044)	-	(803,379)
Proceeds from sales of capital assets	4,642	450	-	5,092
Net cash provided (used) by capital and related financing activities	<u>(517,607)</u>	<u>(19,594)</u>	<u>-</u>	<u>(537,201)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	-	704	95,729	96,433
Net cash provided (used) by investing activities	<u>-</u>	<u>704</u>	<u>95,729</u>	<u>96,433</u>
Net increase in cash and cash equivalents	(335,819)	68,081	2,407,713	2,139,975
Cash and cash equivalents, January 1	671,205	499,588	4,729,481	5,900,274
Cash and cash equivalents, December 31	<u>\$ 335,386</u>	<u>\$ 567,669</u>	<u>\$ 7,137,194</u>	<u>\$ 8,040,249</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (395,225)	\$ 85,954	\$ 1,202,628	\$ 893,357
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	547,850	16,110	-	563,960
Changes in assets and liabilities:				
Accounts receivable	-	-	(12,731)	(12,731)
Due from other funds	-	-	909	909
Inventories	-	4,613	-	4,613
Prepaid items	(161,913)	417	-	(161,496)
Accounts payable	(18,206)	(99,140)	82,596	(34,750)
Accrued liabilities	59,282	31,366	(351,092)	(260,444)
Other current liabilities	-	47,651	-	47,651
Total adjustments	<u>427,013</u>	<u>1,017</u>	<u>(280,318)</u>	<u>147,712</u>
Net cash provided by operating activities	<u>\$ 31,788</u>	<u>\$ 86,971</u>	<u>\$ 922,310</u>	<u>\$ 1,041,069</u>

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

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Risk Management Funds**  
**December 31, 2002**

	<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>Assets</b>						
<b>Current assets:</b>						
Cash and equity in Treasurer's Fund	\$ 2,872,356	\$ 352,552	\$ 2,035,776	\$ 1,388,374	\$ 488,136	\$ 7,137,194
Accounts receivable	35,933	-	174,508	-	3,141	213,582
Prepaid costs	-	-	150,000	-	-	150,000
Due from other funds	12,945	-	-	1,812	-	14,757
<b>Total current assets</b>	<u>2,921,234</u>	<u>352,552</u>	<u>2,360,284</u>	<u>1,390,186</u>	<u>491,277</u>	<u>7,515,533</u>
<b>Total assets</b>	<u>2,921,234</u>	<u>352,552</u>	<u>2,360,284</u>	<u>1,390,186</u>	<u>491,277</u>	<u>7,515,533</u>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts and contracts payable	-	-	88,240	-	19,228	107,468
Estimated insurance claims	601,686	-	328,993	-	-	930,679
<b>Total current liabilities</b>	<u>601,686</u>	<u>-</u>	<u>417,233</u>	<u>-</u>	<u>19,228</u>	<u>1,038,147</u>
<b>Total liabilities</b>	<u>601,686</u>	<u>-</u>	<u>417,233</u>	<u>-</u>	<u>19,228</u>	<u>1,038,147</u>
<b>Net assets</b>						
Unrestricted	<u>2,319,548</u>	<u>352,552</u>	<u>1,943,050</u>	<u>1,390,186</u>	<u>472,049</u>	<u>6,477,386</u>
<b>Total net assets</b>	<u>\$ 2,319,548</u>	<u>\$ 352,552</u>	<u>\$ 1,943,050</u>	<u>\$ 1,390,186</u>	<u>\$ 472,049</u>	<u>\$ 6,477,386</u>

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

**City of Topeka, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Risk Management Funds**  
**December 31, 2002**

	<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>Operating revenues</b>						
Fees for service	\$ 1,227,717	\$ 85,616	\$7,324,616	\$ -	\$ 102,486	\$ 8,740,435
<b>Operating expenses:</b>						
Purchased services	874,435	25,000	1,001,096	-	10,000	1,910,531
Commodities	666	-	-	-	-	666
Insurance claims	-	-	5,148,203	-	-	5,148,203
Other payments	324,956	72,549	-	-	80,902	478,407
<b>Total operating expenses</b>	<b>1,200,057</b>	<b>97,549</b>	<b>6,149,299</b>	<b>-</b>	<b>90,902</b>	<b>7,537,807</b>
<b>Operating income (loss)</b>	<b>27,660</b>	<b>(11,933)</b>	<b>1,175,317</b>	<b>-</b>	<b>11,584</b>	<b>1,202,628</b>
<b>Nonoperating revenues</b>						
Interest income	80,629	-	1,982	13,116	-	95,727
Gain on disposal of fixed assets	60,511	24,639	4,525	-	-	89,675
<b>Income before operating transfers</b>	<b>168,800</b>	<b>12,706</b>	<b>1,181,824</b>	<b>13,116</b>	<b>11,584</b>	<b>1,388,030</b>
Operating transfers in	-	-	300,000	1,000,000	-	1,300,000
<b>Increase in net assets</b>	<b>168,800</b>	<b>12,706</b>	<b>1,481,824</b>	<b>1,013,116</b>	<b>11,584</b>	<b>2,688,030</b>
	-					
<b>Total Net Assets Beginning of Year</b>	<b>2,150,748</b>	<b>339,846</b>	<b>461,227</b>	<b>377,070</b>	<b>460,465</b>	<b>3,789,356</b>
<b>Total Net Assets End of Year</b>	<b>\$ 2,319,548</b>	<b>\$ 352,552</b>	<b>\$1,943,051</b>	<b>\$ 1,390,186</b>	<b>\$ 472,049</b>	<b>\$ 6,477,386</b>

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

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Risk Management Funds**  
**For the Year Ended December 31, 2002**

	<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>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 1,224,839	\$ 85,616	\$ 7,317,787	\$ 117	\$ 99,345	\$ 8,727,704
Payments to suppliers	<u>(1,189,449)</u>	<u>(97,549)</u>	<u>(6,424,301)</u>	<u>-</u>	<u>(94,095)</u>	<u>(7,805,394)</u>
Net cash provided by operating activities	<u>35,390</u>	<u>(11,933)</u>	<u>893,486</u>	<u>117</u>	<u>5,250</u>	<u>922,310</u>
<b>Cash flows from non-capital financing activities</b>						
Transfer in	-	-	300,000	1,000,000	-	1,300,000
Other	60,511	24,638	4,525	-	-	89,674
Net cash provided by non-capital financing activities	<u>60,511</u>	<u>24,638</u>	<u>304,525</u>	<u>1,000,000</u>	<u>-</u>	<u>1,389,674</u>
<b>Cash flows from investing activities</b>						
Interest and dividends received	80,630	-	1,982	13,117	-	95,729
Net cash provided by investing activities	<u>80,630</u>	<u>-</u>	<u>1,982</u>	<u>13,117</u>	<u>-</u>	<u>95,729</u>
Net increase in cash and cash equivalents	176,531	12,705	1,199,993	1,013,234	5,250	2,407,713
Cash and cash equivalents, January 1	2,695,825	339,847	835,783	375,140	482,886	4,729,481
Cash and cash equivalents, December 31	<u>\$ 2,872,356</u>	<u>\$ 352,552</u>	<u>\$ 2,035,776</u>	<u>\$ 1,388,374</u>	<u>\$ 488,136</u>	<u>\$ 7,137,194</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 27,660	\$ (11,933)	\$ 1,175,317	\$ -	\$ 11,584	\$ 1,202,628
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Accounts receivable	(2,878)	-	(6,829)	117	(3,141)	(12,731)
Due from other funds	909	-	-	-	-	909
Accounts payable	9,699	-	76,090	-	(3,193)	82,596
Accrued liabilities	-	-	(351,092)	-	-	(351,092)
Total adjustments	<u>7,730</u>	<u>-</u>	<u>(281,831)</u>	<u>117</u>	<u>(6,334)</u>	<u>(280,318)</u>
Net cash provided (used) by operating activities	<u>\$ 35,390</u>	<u>\$ (11,933)</u>	<u>\$ 893,486</u>	<u>\$ 117</u>	<u>\$ 5,250</u>	<u>\$ 922,310</u>

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

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Category and Source**  
**December 31, 2002**

	<b>2002</b>
Governmental funds capital assets by category:	
Land	\$ 6,346,009
Buildings, Improvements, Infrastructure	802,943,527
Furniture and Fixtures	1,506,496
Vehicles	14,298,281
Machinery and Equipment	4,550,181
Construction in Progress	49,312,511
Total governmental funds capital assets	\$ 878,957,005
Investments in governmental funds capital assets by source:	
General fund	\$ 812,191,359
Special revenue funds	17,453,135
Capital projects funds	49,312,511
Total governmental funds capital assets	\$ 878,957,005

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

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**December 31, 2002**

Function and activity	Land	Buildings and Improvements	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Construction in Process	Totals
<b>General Government:</b>							
City Council	\$ -	\$ -	\$ 3,983	\$ -	\$ -	\$ -	\$ 3,983
Mayor/CAO	3,087,998	10,013,374	97,666	94,269	80,120	5,467,844	18,841,271
Legal Services	-	64,865	33,968	-	2,550	-	101,383
Administrative and Financial Service	-	-	59,464	-	-	-	59,464
Human resources	-	-	35,312	-	-	-	35,312
Planning	-	-	-	-	-	-	-
Municipal court	-	71,402	74,679	13,934	-	-	160,015
Community Development	-	-	-	-	-	-	-
Total General Government	<u>3,087,998</u>	<u>10,149,641</u>	<u>305,072</u>	<u>108,203</u>	<u>82,670</u>	<u>5,467,844</u>	<u>19,201,428</u>
<b>Public Safety:</b>							
Police	446,152	15,160,922	580,554	4,118,856	128,171	570,589	21,005,244
Fire	53,136	4,367,464	229,077	5,419,983	1,176,935	911,479	12,158,074
Total Public Safety	<u>499,288</u>	<u>19,528,386</u>	<u>809,631</u>	<u>9,538,839</u>	<u>1,305,106</u>	<u>1,482,068</u>	<u>33,163,318</u>
<b>Public Works:</b>							
Administration	-	-	100,811	182,885	42,733	13,117	339,546
Engineering	-	44,140	60,147	391,008	119,338	-	614,633
Building inspection	-	-	21,343	167,623	-	-	188,966
Trafficways	-	648,112,903	59,259	258,540	98,176	7,839,950	656,368,828
Transportation	75,142	1,302,470	29,052	2,255,077	1,694,053	18,486,900	23,842,694
Bridges	-	111,761,825	-	-	-	8,887,302	120,649,127
Total Public Works	<u>75,142</u>	<u>761,221,338</u>	<u>270,612</u>	<u>3,255,133</u>	<u>1,954,300</u>	<u>35,227,269</u>	<u>802,003,794</u>
<b>Parks and Recreation:</b>							
Parks	2,683,580	11,766,054	93,374	1,358,487	1,083,463	2,299,218	19,284,176
Recreation	-	278,108	27,807	37,620	124,642	4,836,112	5,304,289
Total Parks and Recreation	<u>2,683,580</u>	<u>12,044,162</u>	<u>121,181</u>	<u>1,396,107</u>	<u>1,208,105</u>	<u>7,135,330</u>	<u>24,588,465</u>
Total governmental funds capital assets	<u>\$6,346,008</u>	<u>\$802,943,527</u>	<u>\$ 1,506,496</u>	<u>\$ 14,298,282</u>	<u>\$4,550,181</u>	<u>\$49,312,511</u>	<u>\$878,957,005</u>

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

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**December 31, 2002**

Function and activity	<b>Governmental Fund Capital Assets 01/01/02</b>	<b>Additions *</b>	<b>Deductions</b>	<b>Governmental Fund Capital Assets 12/31/02</b>
<b>General Government:</b>				
City Council	\$ -	\$ 3,983	\$ -	\$ 3,983
Mayor/CAO	428,356	13,128,283	183,211	13,373,428
Legal Services	170,779	-	69,396	101,383
Administrative and Financial Services	2,640,839	-	2,581,375	59,464
Human resources	61,721	-	26,410	35,311
Planning	141,184	-	141,184	-
Municipal court	158,513	70,868	69,366	160,015
Community Development	112,255	-	112,255	-
Total General Government	<u>3,713,647</u>	<u>13,203,134</u>	<u>3,183,197</u>	<u>13,733,584</u>
<b>Public Safety:</b>				
Police	21,021,056	1,422,696	2,009,098	20,434,654
Fire	11,786,468	582,580	1,122,452	11,246,596
Total Public Safety	<u>32,807,524</u>	<u>2,005,276</u>	<u>3,131,550</u>	<u>31,681,250</u>
<b>Public Works:</b>				
Administration	78,528	247,901	-	326,429
Engineering	731,813	75,505	192,685	614,633
Building inspection	170,345	46,389	27,768	188,966
Trafficways	3,204,089	646,505,078	1,180,289	648,528,878
Transportation	6,257,849	-	902,055	5,355,794
Bridges	-	111,761,825	-	111,761,825
Total Public Works	<u>10,442,624</u>	<u>758,636,698</u>	<u>2,302,797</u>	<u>766,776,525</u>
<b>Parks and Recreation:</b>				
Parks	23,321,503	1,833,273	8,169,819	16,984,957
Recreation	596,517	-	128,339	468,178
Total Parks and Recreation	<u>23,918,020</u>	<u>1,833,273</u>	<u>8,298,158</u>	<u>17,453,135</u>
Total governmental funds capital assets	<u>\$ 70,881,815</u>	<u>\$ 775,678,381</u>	<u>\$ 16,915,702</u>	<u>\$ 829,644,494</u>

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

*\* Includes infrastructure assets added to comply with GASB 34*

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# **STATISTICAL SECTION**

**City of Topeka, Kansas**  
**Government-wide Expenses by Function**  
*(Dollar Values Expressed in Thousands)*

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Misc</u>	<u>Parks &amp; Recreation</u>	<u>Public Housing</u>	<u>Social Services</u>
2002	\$ 12,118	\$ 41,094	\$ 41,126	\$ 2,676	\$ 9,637	\$ 4,267	\$ 985

<u>Fiscal Year</u>	<u>Interest on Long-term Debt</u>	<u>Water &amp; WPC</u>	<u>Stormwater Utility</u>	<u>Combined Public Parking</u>	<u>Public Golf Course</u>	<u>Concessions</u>	<u>Total</u>
2002	\$ 4,996	\$ 35,054	\$ 2,363	\$ 2,893	\$ 825	\$ 186	\$158,220

**Government-wide Revenues by Source**  
*(Dollar Values Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Grants and Contributions Not Restricted to Specific Programs</u>	<u>Unrestricted Investment Earnings</u>	<u>Misc</u>	<u>Total</u>
2002	\$ 51,271	\$ 11,597	\$ 3,339	\$ 75,259	\$ 2,164	\$ 820	\$ 124	\$144,574

**City of Topeka, Kansas**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses, Permits, and Franchise Fees</b>	<b>Intergovernmental</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Investment Earnings</b>	<b>Other</b>	<b>Transfers in (including Residual Equity)</b>	<b>Total</b>
1993	45,697,012	5,462,252	7,612,650	3,973,813	1,731,313	784,428	477,892	2,008,682	67,748,042
1994	50,989,941	5,579,952	8,125,746	4,893,984	1,807,889	1,093,623	392,505	1,427,794	74,311,434
1995	55,780,410	5,593,654	9,399,991	4,892,781	1,986,976	1,687,596	298,132	3,532,666	83,172,206
1996	56,805,927	6,084,293	9,368,692	4,813,739	2,093,587	1,981,729	342,725	499,579	81,990,271
1997	54,590,497	5,884,455	9,155,944	4,158,883	2,151,313	2,128,450	278,572	457,488	78,805,602
1998	55,014,520	6,196,109	9,324,742	4,666,721	2,299,047	1,719,290	1,155,709	596,101	80,972,239
1999	54,483,057	6,463,590	9,268,718	4,693,973	2,167,287	2,225,874	206,138	6,230,784	85,739,421
2000	57,401,716	6,799,125	9,425,441	5,572,504	2,148,457	1,779,797	574,474	357,152	84,058,666
2001	59,096,303	6,917,851	9,041,122	4,681,426	1,997,472	1,887,941	650,367	111,702	84,384,184
2002	63,975,302	7,169,730	8,826,036	5,681,888	2,810,433	916,562	773,819	2,194,800	92,348,570

(1) Includes General, Special Revenue (except Grants, Housing Authority and Capital Projects), and Debt Service Funds.

**General Governmental Tax Revenues By Type**  
**Last Ten Fiscal Years**

<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>
1993	19,272,337	2,760,026	17,688,167	865,755	2,477,153	2,633,574	45,697,012
1994	22,810,996	3,167,980	18,450,778	964,494	3,010,636	2,585,057	50,989,941
1995	24,798,823	4,177,008	19,208,857	1,046,089	3,857,897	2,691,736	55,780,410
1996	25,475,408	4,200,551	19,497,912	1,028,575	3,936,927	2,666,554	56,805,927
1997	22,450,970	3,902,570	19,986,737	1,122,508	4,677,407	2,450,305	54,590,497
1998	21,545,787	3,423,334	21,494,909	1,196,311	4,775,864	2,578,315	55,014,520
1999	21,503,441	3,021,489	21,351,466	1,256,968	4,625,444	2,724,249	54,483,057
2000	22,395,766	3,163,024	23,429,086	1,287,693	4,595,280	2,530,867	57,401,716
2001	24,664,506	3,050,674	23,426,098	1,312,588	4,690,768	1,951,669	59,096,303
2002	25,680,271	3,245,558	27,027,030	1,276,153	4,843,557	1,902,733	63,975,302

**City of Topeka, Kansas**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works, Highways, and Streets</b>	<b>Parks and Recreation</b>	<b>Debt Service</b>	<b>Others</b>	<b>Transfers Out (operating &amp; equity )</b>	<b>Total</b>
1993	5,448,282	31,275,223	7,241,289	6,104,207	11,339,732	644,005	4,162,620	66,215,358
1994	7,128,528	29,669,609	9,541,145	6,849,105	12,895,896	620,008	3,623,440	70,327,731
1995	7,718,626	30,548,107	9,798,393	6,684,500	13,569,611	672,405	7,475,612	76,467,254
1996	9,536,631	32,764,621	11,885,688	7,444,530	14,261,767	628,716	4,766,503	81,288,456
1997	9,969,337	32,599,000	10,848,168	7,612,799	12,994,684	802,038	2,781,337	77,607,363
1998	10,442,157	33,899,400	12,475,195	7,802,901	13,951,473	759,552	2,041,800	81,372,478
1999	11,732,499	34,264,290	14,149,219	7,986,463	14,556,528	653,571	8,376,367	91,718,937
2000	11,168,945	34,864,520	12,735,726	8,259,734	13,332,440	220,903	872,802	81,455,070
2001	12,280,385	35,555,733	10,592,280	8,661,674	12,898,659	1,234,346	1,193,325	82,416,402
2002	10,953,820	39,919,696	13,929,884	9,254,347	12,352,811	3,029,731	3,673,450	93,113,739

(1) Includes General, Special Revenue (except Grants, Housing Authority and Capital Projects), and Debt Service Funds.

**City of Topeka, Kansas**  
**Schedule of Property Taxes Receivable by Fund and Tax Type**  
**December 31, 2002**

	<u>Total</u>	<u>General Property Tax</u>	<u>Vehicle Ad Valorem Tax</u>	<u>Delinquent Taxes Expected to be Collected</u>
General Fund	\$ 12,664,238	\$ 11,310,236	\$ 1,266,292	\$ 87,710
Special Revenue Funds:				
General Improvement	127,746	60,390	58,715	8,641
Special Liability Expense	341,373	298,597	34,135	8,641
Parks & Recreation	7,780,017	6,978,620	767,676	33,721
Total Special Revenue Funds	8,249,136	7,337,607	860,526	51,003
Debt Service	10,614,805	9,570,417	982,620	61,768
	31,528,179	28,218,260	3,109,438	200,481
Other taxes				
Sales	2,318,252			
Franchise	901,284			
Special assessment	1,321,475			
Transient guest	315,917			
Motor fuel	1,283,320			
Total	<u>\$ 37,668,427</u>			

**Principal Taxpayers**  
**December 31, 2002**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxes Levied</u>	<u>2002 Assessed Valuation</u>
Western Resources	Electric Utility	\$ 8,533,528	\$ 65,427,341
Southwestern Bell	Telephone Utility	3,920,317	28,791,495
Simon Property Group	Retail	2,003,622	13,566,312
Santa Fe	Railroad	1,799,995	12,990,436
Security Benefit Group	Insurance	1,408,971	9,581,347
Kansas Gas Service	Gas Utility	1,112,604	8,260,339
Frito Lay	Manufacturing	881,457	5,977,534
John Q Hammons Hotels	Hotel & Lodging	755,607	5,403,751
Hallmark Cards	Manufacturing/Printing	722,106	5,172,516
Blue Cross Blue Shield of Kansas	Health insurance	720,244	4,743,450
Riviana Foods/Hills Pet Products	Manufacturing	521,505	3,727,387
Walmart Properties	Retail	520,700	3,620,912
Wanamaker Venture	Retail	506,241	3,427,701
Payless Shoe Source	Shoe distribution	493,076	3,529,241
KPERS	Retirement	459,590	3,286,776
Gunning Investments	Retail	427,517	2,894,675
IRET	Apartments	419,621	2,842,455
Charles Bennett Trust	Retail	359,889	2,574,090
Sisters of Charity of Leavenworth	Medical	338,888	2,444,585
American Investors Life Insurance	Insurance	306,936	2,195,066
NNN White Lakes	Retail/Office	288,725	2,064,826

See independent auditor's report.

**City of Topeka, Kansas**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
1993	20,057,272	18,904,506	94.25%	367,830	19,272,336	96.09%
1994	23,872,422	22,735,125	95.24%	75,871	22,810,996	95.55%
1995	25,667,212	24,403,366	95.08%	395,457	24,798,823	96.62%
1996	25,872,478	25,008,608	96.66%	466,800	25,475,408	98.47%
1997	22,946,271	22,205,221	96.77%	245,749	22,450,970	97.84%
1998	21,920,747	21,235,622	96.87%	310,166	21,545,788	98.29%
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%	343,825	25,680,272	97.81%

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

**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Levy Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Corporation</b>	<b>Total</b>
1993	411,730,268	70,721,986	89,850,444	56,234,037	628,536,735
1994	432,080,007	74,928,743	99,972,727	63,741,548	670,723,025
1995	472,359,626	79,845,254	102,308,809	61,119,560	715,633,249
1996	490,985,132	81,230,816	99,411,687	64,243,472	735,871,107
1997	518,150,716	86,571,975	102,065,940	67,939,717	774,728,348
1998	537,961,023	91,755,768	101,862,417	66,580,530	798,159,738
1999	567,535,489	94,568,971	102,234,340	76,232,926	840,571,726
2000	598,880,284	100,095,765	103,112,439	82,107,765	884,196,253
2001	639,811,794	104,293,494	102,761,506	90,808,628	937,675,422
2002	663,952,786	99,512,426	106,771,595	90,583,484	960,820,291

**City of Topeka, Kansas**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(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	
1994	16.641	15.864	8.092	3.719	<b>44.316</b>	1.500	35.778	45.276	18.034	9.656	<b>154.560</b>
1995	18.296	17.418	7.444	1.813	<b>44.971</b>	1.500	35.534	59.591	17.251	10.632	<b>169.479</b>
1996	16.725	15.797	8.034	1.628	<b>42.184</b>	1.500	32.668	63.786	17.828	10.829	<b>168.795</b>
1997	10.184	14.806	7.969	3.094	<b>36.053</b>	1.500	36.668	60.856	17.599	11.540	<b>164.216</b>
1998	8.674	14.004	8.085	1.825	<b>32.588</b>	1.500	37.193	58.771	17.847	10.816	<b>158.715</b>
1999	10.233	12.482	7.470	1.486	<b>31.671</b>	1.500	36.958	50.971	18.317	11.291	<b>150.708</b>
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>

**Computation of Direct and Overlapping Bonded Debt**  
**December 31, 2002**

	Total	Estimated Percent Overlapping	Estimated Amount Overlapping
Shawnee County	\$ 64,670,000	70.84%	\$ 45,812,228
Unified School District No. 345	13,870,000	29.39%	4,076,393
Unified School District No. 437	32,520,000	62.68%	20,383,536
Unified School District No. 450	5,970,000	22.16%	1,322,952
Unified School District No. 501	63,770,000	100.00%	63,770,000
Washburn University	27,335,000	100.00%	27,335,000
Topeka Shawnee Co. Library	21,600,000	70.84%	15,301,440
MTAA (Metro Airport)	160,000	70.84%	113,344
	<u>229,895,000</u>		<u>178,114,893</u>
Direct debt, City of Topeka:			
General obligation bonds	108,215,000		108,215,000
Temporary notes	11,850,000		11,850,000
	<u>120,065,000</u>		<u>120,065,000</u>
Total direct and overlapping debt	<u>\$ 349,960,000</u>		<u>\$ 298,179,893</u>

**City of Topeka, Kansas**  
**Computation of Legal Debt Margin**  
**December 31, 2002**

<b>Assessed valuation (1)</b>	<u>\$960,820,291</u>
<b>Legal debt limit (2)</b>	<u>288,246,087</u>
<b>General obligation debt:</b>	
General obligation bonds	108,215,000
Bond anticipation notes	<u>11,850,000</u>
<b>Total general obligation debt outstanding</b>	<u>120,065,000</u>
<b>Deductions allowed by law:</b>	
Sanitary and storm sewer bonds	3,595,040
Water distribution system improvement bonds	16,600
Flood control & drainage bonds	1,319,800
Temporary notes	<u>503,208</u>
<b>Total deductions</b>	<u>5,434,648</u>
<b>Total general obligation debt applicable to debt limit</b>	114,630,352
Less amount available in Debt Service Fund	<u>1,612,599</u>
Total unfunded debt applicable to debt limit	<u>113,017,753</u>
Debt margin	<u><u>\$175,228,334</u></u>

(1) 2001 assessed valuation as certified by Shawnee County Clerk on November 1, 2002

(2) 30.00% of (1), rate computed as pursuant to K.S.A. 10-308

**City of Topeka, Kansas**  
**Ratio of Net General Obligation Bonded Debt to Assessed Value**  
**and Net General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Assessed Valuation (3)</b>	<b>Total Bonded Debt (1)</b>	<b>Amount Available in Debt Service Fund</b>	<b>Debt Payable from Enterprise Fund</b>	<b>Net Bonded Debt</b>	<b>Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1993	122,082	628,536,735	113,040,000	191,843	2,113,000	110,735,157	17.62%	907
1994	122,656	670,723,025	113,370,000	272,868	2,073,000	111,024,132	16.55%	905
1995	123,174	715,633,249	113,215,000	1,160,590	2,028,000	110,026,410	15.37%	893
1996	123,675	735,871,107	113,785,000	1,222,966	1,983,000	110,579,034	15.03%	894
1997	123,806	774,728,348	112,850,000	2,196,766	1,565,000	109,088,234	14.08%	881
1998	123,993	798,159,738	112,820,000	3,061,402	1,140,000	108,618,598	13.61%	876
1999	124,529	840,571,726	110,345,000	2,732,106	760,000	106,852,894	12.71%	858
2000	124,529	884,196,253	109,155,000	2,859,741	380,000	105,915,259	11.98%	851
2001	122,377	937,675,422	115,420,000	2,825,395	-	112,594,605	12.01%	920
2002	122,377	960,820,291	108,215,000	1,612,599	-	106,602,401	11.09%	871

(1) Includes all general obligation and special assessment bonds.

(2) Population estimates, U.S. Bureau of Census, ([www.census.gov/population/estimates/metro-city/placebyco/SC99T8\\_KS.txt](http://www.census.gov/population/estimates/metro-city/placebyco/SC99T8_KS.txt)).

(3) Includes Motor Vehicle, for purpose of bonded indebtedness limitations.

**Ratio of Annual Debt Service Expenditures for**  
**General Obligation Bonded Debt to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures (1)</b>	<b>Total Debt Service as % of Total General Expenditures</b>
1993	4,980,000	6,359,732	11,339,732	66,215,358	17.13%
1994	6,675,000	6,220,896	12,895,896	70,327,731	18.34%
1995	7,275,000	6,294,611	13,569,611	76,467,254	17.75%
1996	8,045,000	6,216,767	14,261,767	81,288,456	17.54%
1997	7,517,000	5,477,684	12,994,684	77,607,363	16.74%
1998	8,235,000	5,716,473	13,951,473	81,372,478	17.15%
1999	8,885,000	5,671,528	14,556,528	91,718,937	15.87%
2000	7,660,000	5,672,440	13,332,440	81,455,070	16.37%
2001	7,475,000	5,423,659	12,898,659	83,332,588	15.48%
2002	7,205,000	5,531,627	12,736,627	93,113,739	13.68%

(1) Includes General, Special Revenue (except Grants and Housing Authority), and Debt Service Funds

**City of Topeka, Kansas**  
**Special Assessment Billings and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Current Assessment Due (1)</b>	<b>Current Assessment Collected (2)</b>	<b>Delinquent Assessment Collected (2)</b>	<b>Total Collections</b>	<b>Current Collections Over Current Assessment</b>	<b>Total Collections Over Current Assessment</b>
1993	2,791,764	2,251,197	245,433	2,496,630	80.64%	89.43%
1994	2,586,658	2,095,955	295,322	2,391,277	81.03%	92.45%
1995	2,514,105	2,118,411	324,284	2,442,695	84.26%	97.16%
1996	2,347,135	2,043,625	382,519	2,426,144	87.07%	103.37%
1997	2,314,952	2,096,401	98,368	2,194,769	90.56%	94.81%
1998	2,373,480	2,156,182	140,364	2,296,546	90.84%	96.76%
1999	2,405,379	2,269,244	201,992	2,471,236	94.34%	102.74%
2000	2,301,507	2,158,897	130,392	2,289,289	93.80%	99.47%
2001	1,873,351	1,781,866	86,979	1,868,845	95.12%	99.76%
2002	1,377,506	1,313,620	233,458	1,547,078	95.36%	112.31%

(1) Shawnee County's Tax Roll

(2) As collected and distributed by Shawnee County

**Revenue Bond Coverage - Water Works and Combined Water and Water Pollution Control Utility**  
**Revenue and Refunding Revenue Bonds**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Revenue (1)</b>	<b>Operating Expenses (2)</b>	<b>Net revenue available for Debt Service</b>	<b>Debt Service Requirement (For Next Fiscal Year)</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
<b>Water Works Improvement Bonds</b>							
1993	12,286,322	10,283,121	2,003,201	760,000	957,900	1,717,900	1.17
1994	15,148,584	10,852,857	4,295,727	805,000	912,300	1,717,300	2.50
1995	16,349,341	11,902,952	4,446,389	855,000	864,000	1,719,000	2.59
1996	16,102,316	12,161,988	3,940,328	905,000	812,700	1,717,700	2.29
1997	17,327,002	12,846,287	4,480,715	960,000	758,400	1,718,400	2.61
<b>Water &amp; Water Pollution Control Utilities Refunding &amp; Revenue Bonds</b>							
1998	34,493,897	23,361,992	11,131,905	320,000	2,419,019	2,739,019	4.06
1999	35,054,711	21,252,013	13,802,698	695,000	2,061,285	2,756,285	5.01
2000	36,973,272	21,972,611	15,000,661	725,000	2,033,485	2,758,485	5.44
2001	34,326,844	24,052,621	10,274,223	1,190,000	2,920,130	4,110,130	2.50
2002	37,465,639	26,852,463	10,613,176	1,230,000	3,321,653	4,551,653	2.33

(1) Operating revenue and other income

(2) Excluding depreciation and interest expenses

**City of Topeka, Kansas**  
**Schedule of Bonded Indebtedness**  
**December 31, 2002**

Purpose	Series	Interest rates	Issue Date	Final maturity	Principal Amount	Outstanding 01/01/2002	Retired	Outstanding 12/31/2002
<b>General obligation bonds (A)</b>								
<b>Building Improvements</b>	1995B	4.00%-5.65%	08/01/95	08/15/11	\$ 5,996,000	\$ 5,996,000	\$ 250,000	\$ 5,746,000
	1996A	3.85%-5.50%	12/01/96	08/15/16	2,314,486	120,000	120,000	-
	1997A	4.15%-5.30%	06/15/97	08/15/17	623,700	540,000	30,000	510,000
	1998A	3.09%-5.00%	07/01/98	08/15/18	1,590,500	1,430,500	80,000	1,350,500
	1999A	4.10%-5.25%	06/01/99	08/15/19	10,155,700	10,155,700	-	10,155,700
	2000A	4.70%-5.90%	05/15/00	08/15/20	403,000	382,850	20,150	362,700
	2001A	4.05%-5.00%	03/01/01	08/15/21	6,240,000	6,240,000	-	6,240,000
	2001B	4.00%-5.10%	08/01/01	08/01/21	7,595,000	7,595,000	395,000	7,200,000
					<u>34,918,386</u>	<u>32,460,050</u>	<u>895,150</u>	<u>31,564,900</u>
<b>Drainage Improvements</b>	1998A	3.90%-4.20%	07/01/98	08/15/04	453,000	280,000	90,000	190,000
	1999A	4.10%-5.25%	06/01/99	08/15/19	299,800	299,800	-	299,800
	2001B	4.00%-5.10%	08/01/01	08/01/21	900,000	900,000	70,000	830,000
					<u>1,652,800</u>	<u>1,479,800</u>	<u>160,000</u>	<u>1,319,800</u>
<b>Sanitary and Storm Sewer</b>	1995B	4.00%-5.65%	08/01/95	08/15/11	2,794,000	2,114,000	340,000	1,774,000
	1996A	3.85%-5.50%	12/01/96	08/15/06	94,042	6,100	6,100	-
	1997A	4.15%-5.30%	06/15/97	08/15/17	175,750	159,000	7,000	152,000
	1998A	3.90%-4.55%	07/01/98	08/15/09	240,800	200,800	20,000	180,800
	1999A	4.10%-5.25%	06/01/99	08/15/19	670,000	670,000	-	670,000
	2000A	4.70%-5.90%	05/15/00	08/15/20	35,300	31,770	3,530	28,240
	2001B	4.00%-5.10%	08/01/01	08/01/21	850,000	850,000	60,000	790,000
					<u>4,859,892</u>	<u>4,031,670</u>	<u>436,630</u>	<u>3,595,040</u>
<b>Street Improvements</b>	1995B	4.00%-5.65%	08/01/95	08/15/11	2,120,000	1,980,000	580,000	1,400,000
	1996A	3.85%-5.50%	12/01/96	08/15/07	173,841	17,500	17,500	-
	1997A	4.15%-5.30%	06/15/97	08/15/17	1,507,000	1,230,000	90,000	1,140,000
	1998A	3.90%-4.55%	07/01/98	08/15/09	778,700	628,700	75,000	553,700
	1999A	4.10%-5.25%	06/01/99	08/15/19	3,003,200	3,003,200	-	3,003,200
	2000A	4.70%-5.90%	05/15/00	08/15/20	340,500	311,960	28,540	283,420
	2001B	4.00%-5.10%	08/01/01	08/01/21	1,981,500	1,981,500	116,500	1,865,000
					<u>9,904,741</u>	<u>9,152,860</u>	<u>907,540</u>	<u>8,245,320</u>
<b>Trafficway Improvements</b>	1995B	4.00%-5.65%	08/01/95	08/15/11	4,906,000	4,745,000	437,000	4,308,000
	1996A	3.85%-5.50%	12/01/96	08/15/16	4,554,122	116,400	116,400	-
	1997A	4.15%-5.30%	06/15/97	08/15/17	3,792,550	3,591,000	108,000	3,483,000
	1998A	3.90%-5.00%	07/01/98	08/15/18	10,245,500	10,179,500	52,000	10,127,500
	1999A	4.10%-5.25%	06/01/99	08/15/19	20,085,600	20,085,600	-	20,085,600
	2000A	4.70%-5.90%	05/15/00	08/15/20	2,422,200	2,359,420	62,780	2,296,640
	2001B	4.00%-5.10%	08/01/01	08/01/21	16,428,500	16,428,500	3,673,500	12,755,000
					<u>62,434,472</u>	<u>57,505,420</u>	<u>4,449,680</u>	<u>53,055,740</u>
<b>Park Improvements</b>	1995B	4.00%-5.65%	08/01/95	08/15/11	480,000	480,000	43,000	437,000
	1996A	3.85%-5.50%	12/01/96	08/15/16	1,348,509	65,000	65,000	-
	1997A	4.15%-5.30%	06/15/97	08/15/17	901,000	780,000	40,000	740,000
	1998A	3.90%-5.00%	07/01/98	08/15/17	546,500	490,500	28,000	462,500
	1999A	4.10%-5.25%	06/01/99	08/15/19	3,469,100	3,469,100	-	3,469,100
	2000A	4.70%-5.90%	05/15/00	08/15/20	3,649,000	3,579,000	90,000	3,489,000
	2001B	4.00%-5.10%	08/01/01	08/01/21	1,910,000	1,910,000	90,000	1,820,000
					<u>12,304,109</u>	<u>10,773,600</u>	<u>356,000</u>	<u>10,417,600</u>
<b>Waterworks Improvement</b>	1999A	4.10%-5.25%	06/01/99	08/15/19	16,600	16,600	-	16,600
					<u>16,600</u>	<u>16,600</u>	<u>-</u>	<u>16,600</u>
<b>Total general obligation bonds (A)</b>					<b>\$ 126,091,000</b>	<b>\$ 115,420,000</b>	<b>\$ 7,205,000</b>	<b>\$ 108,215,000</b>
<b>Revenue Bonds (B):</b>								
W&WPC Util. Refunding Revenue	1998A	3.80%-4.70%	06/01/98	08/01/12	11,315,000	9,575,000	755,000	8,820,000
W&WPC Util. Revenue	1998B	4.80%5.10%	06/01/98	08/01/28	31,440,000	31,440,000	-	31,440,000
W&WPC Util. Revenue	2001A	5.30%-6.00%	12/01/01	08/01/19	25,365,000	25,365,000	435,000	24,930,000
<b>Total all revenue bonds</b>					<b>\$ 68,120,000</b>	<b>\$ 66,380,000</b>	<b>\$ 1,190,000</b>	<b>\$ 65,190,000</b>
<b>Total all bonded indebtedness</b>					<b>\$ 194,211,000</b>	<b>\$ 181,800,000</b>	<b>\$ 8,395,000</b>	<b>\$ 173,405,000</b>

Notes:

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

(B) Payable from combined Water and Water Pollution Control Utility Fund or general property tax.

See independent auditors' report.

**City of Topeka, Kansas**  
**Schedule of Temporary Notes Outstanding**  
**December 31, 2002**

Purpose	Project Number	Financial Institution Underwriter	Series Number	Interest Rate	Total
Topeka Boulevard Bridge Repairs	120530	US Bancorp Piper Jaffray	2002-A	4.00%	\$ 753,306
SW 2nd/Ward Creek Bridge	120420	US Bancorp Piper Jaffray	2002-A	4.00%	35,154
Topeka Boulevard Bridge Repairs	12053B	US Bancorp Piper Jaffray	2002-A	4.00%	2,008,815
PL&Rt Study Topeka Boulevard Bridge	120533	US Bancorp Piper Jaffray	2002-A	4.00%	200,882
Fiber Optic Network	170318	US Bancorp Piper Jaffray	2002-A	4.00%	1,707,493
2 New Fire Trucks	170319	US Bancorp Piper Jaffray	2002-A	4.00%	527,314
2432 SE Eveningtide Way	405854	US Bancorp Piper Jaffray	2002-A	4.00%	11,048
Oakwood Hills Sub., blcks A,B	405963	US Bancorp Piper Jaffray	2002-A	4.00%	115,507
10th & Croco & 21st St	407710	US Bancorp Piper Jaffray	2002-A	4.00%	203,895
Cloverleaf Sub., blcks 1-5	40887H	US Bancorp Piper Jaffray	2002-A	4.00%	57,251
SE 43rd and 43 Terr - Southboro	40583H	US Bancorp Piper Jaffray	2002-A	4.00%	115,507
Wanamaker Basin Drainage, Ph 1	150201	US Bancorp Piper Jaffray	2002-A	4.00%	610,680
Wanamaker Basin Drainage, Ph 3	150203	US Bancorp Piper Jaffray	2002-A	4.00%	564,477
North Topeka Drainage Phase 2	150382	US Bancorp Piper Jaffray	2002-A	4.00%	859,773
Oakwood Hills Sub., blcks A,B	603892	US Bancorp Piper Jaffray	2002-A	4.00%	261,146
SE 43rd Illinois - Indiana	604683	US Bancorp Piper Jaffray	2002-A	4.00%	200,882
SW 34th Pl, PT Sub7, Belle	605422	US Bancorp Piper Jaffray	2002-A	4.00%	95,419
SW 40th & Gage	605432	US Bancorp Piper Jaffray	2002-A	4.00%	13,057
Minnesota, 44th Ter - 45th	60552H	US Bancorp Piper Jaffray	2002-A	4.00%	173,763
SE Aries Ave	605540	US Bancorp Piper Jaffray	2002-A	4.00%	75,331
Cloverleaf Sub., blcks 1-5	60560H	US Bancorp Piper Jaffray	2002-A	4.00%	477,094
SE 27th & Flora Ct	60563H	US Bancorp Piper Jaffray	2002-A	4.00%	120,529
SW Cambridge 41st - 43rd	605720	US Bancorp Piper Jaffray	2002-A	4.00%	50,220
Traffic Signal - S Kansas & 11th St	140870	US Bancorp Piper Jaffray	2002-A	4.00%	150,661
Traffic Signal - SE Madison & 6th St	140920	US Bancorp Piper Jaffray	2002-A	4.00%	125,550
Traffic Signal - SE Madison & 8th St	140950	US Bancorp Piper Jaffray	2002-A	4.00%	125,550
Traffic Signal - SE Madison & 4th St	140960	US Bancorp Piper Jaffray	2002-A	4.00%	150,661
Traffic Signal Upgrade - 18 Locations	141010	US Bancorp Piper Jaffray	2002-A	4.00%	60,264
Huntoon - Fairlawn - Glendale	701674	US Bancorp Piper Jaffray	2002-A	4.00%	175,771
Kansas Ave - 37th - I-470	701830	US Bancorp Piper Jaffray	2002-A	4.00%	150,661
SW 6th - MacVicar - Oakley	701920	US Bancorp Piper Jaffray	2002-A	4.00%	165,727
Indust Rd SW 53 to SW 57	701971	US Bancorp Piper Jaffray	2002-A	4.00%	1,406,171
SE 6th & Deer Creek Parkway	701882	US Bancorp Piper Jaffray	2002-A	4.00%	100,441
Total Temporary Notes - Matures 12/01/03					\$ 11,850,000

See independent auditor's report.

**City of Topeka, Kansas**  
**Debt Service Payments to Final Maturity**  
**Revenue Bonds**  
**December 31, 2002**

<b>Water and Water Pollution Control</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2003	1,230,000	3,321,653	4,551,653
2004	1,280,000	3,262,553	4,542,553
2005	1,325,000	3,199,877	4,524,877
2006	1,385,000	3,134,694	4,519,694
2007	1,445,000	3,066,132	4,511,132
2008	1,510,000	2,994,247	4,504,247
2009	1,575,000	2,923,387	4,498,387
2010	1,650,000	2,850,330	4,500,330
2011	1,725,000	2,769,887	4,494,887
2012	1,810,000	2,684,702	4,494,702
2013	1,900,000	2,593,767	4,493,767
2014	1,995,000	2,501,937	4,496,937
2015	2,095,000	2,404,182	4,499,182
2016	2,200,000	2,300,827	4,500,827
2017	2,315,000	2,189,360	4,504,360
2018	2,435,000	2,071,682	4,506,682
2019	2,565,000	1,947,095	4,512,095
2020	2,705,000	1,814,570	4,519,570
2021	2,845,000	1,674,365	4,519,365
2022	2,995,000	1,526,907	4,521,907
2023	3,160,000	1,371,675	4,531,675
2024	3,325,000	1,207,365	4,532,365
2025	3,505,000	1,034,475	4,539,475
2026	3,690,000	852,225	4,542,225
2027	3,885,000	660,360	4,545,360
2028	4,095,000	458,355	4,553,355
2029	1,435,000	245,430	1,680,430
2030	1,515,000	167,940	1,682,940
2031	1,595,000	86,130	1,681,130
	<b>\$ 65,190,000</b>	<b>\$ 57,316,109</b>	<b>\$ 122,506,109</b>

*See independent auditor's report.*

**City of Topeka, Kansas**  
**Schedule of Industrial Revenue Bonds (1)**  
**December 31, 2002**

Obligated Entity or Purpose	Interest Rates	Issue Date	Final Maturity	Principal Amount	As of 01/01/2002	Issued	Retired	As of 12/31/2002	
Brewster Place	4.55 - 6.20%	06/15/99	06/01/19	\$ 9,970,000	\$ 9,865,000	\$ -	\$ 340,000	\$ 9,525,000	
Brewster Place	5.00 - 6.50%	11/01/00	12/01/15	2,100,000	2,100,000	-	100,000	2,000,000	
Brewster Place	3.75 - 6.00%	08/15/02	08/01/22	2,225,000	-	2,225,000	-	2,225,000	
Brock Hotel Corp	8.50% - 8.625%	05/01/80	01/01/03	4,400,000	4,400,000	-	-	4,400,000	
Fairlawn Green Acquisition	7.25%	11/01/96	12/15/21	2,275,000	2,275,000	-	-	2,275,000	
Fairlawn Green Acquisition	9.00%	11/01/96	12/15/21	525,000	525,000	-	-	525,000	
Fleming Court Apts.	9.60%	04/01/91	06/24/05	170,000	10,000	-	10,000	-	
Fleming Court Apts.	Var. Rate	12/01/00	12/01/28	3,880,000	3,860,000	-	25,000	3,835,000	
Great Plains Hotel	Var. Rate	12/01/88	10/01/13	4,300,000	3,180,000	-	155,000	3,025,000	
Hill's Pet Nutrition	5.45%	06/18/02	08/01/12	15,000,000	-	15,000,000	-	15,000,000	
Industrial Space Available	10.75%	12/01/82	12/01/02	915,000	100,000	-	100,000	-	
Kensington Park Apts.	7.00% - 8.00%	08/01/92	08/15/17	2,490,000	2,172,590	-	48,239	2,124,351	
League of KS Municipalities	Var. Rate	07/01/94	04/01/09	1,070,000	695,000	-	70,000	625,000	
League of KS Municipalities	Var. Rate	07/01/94	04/01/09	500,000	340,000	-	30,000	310,000	
Louisiane Suites	11-11.5%	12/01/86	12/01/16	2,400,000	2,010,000	-	2,010,000	-	
Macy Company, Inc	4.00%, 4.05%	11/01/64	11/01/04	4,000,000	540,000	-	175,000	365,000	
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	
Payless Shoesource Corp.	7.00%	08/01/97	08/01/07	4,225,000	2,545,000	-	420,000	2,125,000	
Payless Shoesource Corp.	7.00%	08/01/97	08/01/07	13,731,000	8,251,000	-	1,375,000	6,876,000	
Payless Shoesource Corp.	7.00%	10/01/99	10/02/09	3,844,000	3,070,000	-	385,000	2,685,000	
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,563,000	10,563,000	-	1,063,000	9,500,000	
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,393,000	10,393,000	-	1,033,000	9,360,000	
Payless Shoesource Corp.	7.00%	09/01/98	09/01/08	13,200,000	9,240,000	-	1,320,000	7,920,000	
Payless Shoesource Corp.	6.00%	10/29/02	10/01/12	14,000,000	-	14,000,000	-	14,000,000	
Presbyterian Manor	6.80% - 8.625%	06/01/88	06/01/10	8,320,000	6,120,000	-	-	6,120,000	
Reser's Fine Foods	4.5-5.4	03/15/98	04/01/05	5,650,000	3,465,000	-	805,000	2,660,000	
Robert E Lee	4.50% - 6.50%	02/15/92	04/01/02	1,330,000	205,000	-	205,000	-	
Security Benefit	5.75%	03/01/02	03/01/12	50,000,000	-	50,000,000	-	50,000,000	
Sunwest Hospital	Variable	05/01/88	07/09/05	5,500,000	4,510,000	-	145,000	4,365,000	
Trojan Villa Apts.	6.375%	08/01/92	10/01/02	550,000	450,000	-	450,000	-	
YMCA	5.50 - 7.50%	08/01/00	09/01/25	8,500,000	8,500,000	-	-	8,500,000	
					<u>\$ 209,926,000</u>	<u>\$ 103,284,590</u>	<u>\$ 81,225,000</u>	<u>\$ 10,264,239</u>	<u>\$ 174,245,351</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**  
**Property Value, Construction, and Bank Deposits**  
**Last Ten Fiscal Years**  
*(Dollar Values Expressed in Thousands)*

Fiscal Year	Number of Residential Units (1)	Value	Number of Commercial Units (1)	Value	Bank Deposits (2)	Estimated True Value of Property (3)		
						Commercial	Residential	Nontaxable
1993	641	35,605	287	46,297	960,719	676,191	2,104,992	703,982
1994	630	33,947	321	53,838	877,045	745,274	2,132,390	714,091
1995	560	33,940	333	83,403	975,994	765,078	2,439,895	736,187
1996	537	31,851	332	72,179	970,259	812,697	2,498,506	787,509
1997	558	33,963	313	76,610	901,055	878,626	2,591,669	815,403
1998	490	34,081	362	67,602	967,015	923,940	2,664,960	838,511
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

Sources:

- (1) City Development Coordination Office
- (2) Kansas Bankers Association
- (3) Shawnee County Real Property Abstract

**Demographic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (2)	501 School District Enrollment (3)	Unemployment Rate % (4)
1993	122,082	\$15,573	14,959	4.7%
1994	122,656	\$19,561	14,489	4.4%
1995	123,174	\$20,480	14,539	4.2%
1996	123,675	\$21,156	14,107	5.6%
1997	123,806	\$22,752	14,167	5.7%
1998	123,993	\$23,888	14,232	5.2%
1999	124,529	\$25,508	14,135	3.6%
2000	124,529	\$26,910	14,144	4.1%
2001	122,377	\$26,394	14,018	4.7%
2002	122,377	\$27,784	13,876	4.0%

Sources:

- (1) Population estimates, U.S. Bureau of Census website.
- (2) U.S. Department of Commerce - Survey of Current Business - 1992 -93 from KDHR estimate.
- (3) School District 501 only. Private schools and school districts 437, 345, and 450, which partially overlap the city boundaries, are not included.
- (4) Kansas Department of Human Resources

# City of Topeka, Kansas

## Miscellaneous Statistics

December 31, 2002

### General

Year of incorporation	1854
Form of government	Mayor - Council - Chief Administrative Officer
Area	56.58 square miles
Miles of streets	671 miles

### Fire Protection

Number of stations	12
Number of firefighters	239

### Police Protection

Number of stations	1
Number of police officers	277

### Water Distribution

Number of consumers	51,237
Average daily consumption	23.74 mgd
Total miles of water mains	808

### Sewage Treatment

Sanitary sewers	750 miles
Storm sewers	220 miles

### Recreation and culture sites

Convention center / Sports arena	1
Automotive race track	1
Zoological garden	1
Performing arts center	3
Community centers	7
Public swimming pools / golf courses	6
Public tennis courts / baseball diamonds	77
Public library	1
Lakes and reservoirs within 65 miles	16

### Medical and Health Care

Hospital / medical center complexes	4
Mental health and psychiatric centers	3

### Transportation

Airports	2
Air taxi service	1
Major railroads	2

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# **SINGLE AUDIT**

**City of Topeka, Kansas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2002**

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 01/01/2002	Expenditures	Unexpended Grant Amount at 12/31/2002
<b>U.S. Department of Housing and Urban Development:</b>						
Community Development Block Grant - Emergency Shelter	14.231	S-00-DC-20-0001	\$ 42,592	\$ 4,883	\$ 3,791	\$ 1,092
Community Development Block Grant - Emergency Shelter	14.231	S-01-DC-20-0001	44,132	44,132	44,132	-
Community Development Block Grant - Emergency Shelter	14.231	S-02-DC-20-0001	43,060	43,060	-	43,060
Community Development Block Grant - Emergency Shelter	14.231	S-00-MC-20-0003	87,000	4,350	-	4,350
Community Development Block Grant - Emergency Shelter	14.231	S-01-MC-20-0003	87,000	79,913	67,956	11,957
Community Development Block Grant - Emergency Shelter	14.231	S-02-MC-20-0003	83,000	83,000	23,046	59,954
Community Development Block Grant - 21st year	# *	14.218 B-95-MC-20-0003	2,524,755	23,604	23,604	-
Community Development Block Grant - 23rd year	# *	14.218 B-97-MC-20-0003	2,187,966	137,448	-	137,448
Community Development Block Grant - 24th year	# *	14.218 B-98-MC-20-0003	2,565,759	296,015	66,782	229,233
Community Development Block Grant - 25th year	# *	14.218 B-99-MC-20-0003	2,574,635	149,259	147,280	1,979
Community Development Block Grant - 26th year	# *	14.218 B-00-MC-20-0003	2,717,935	507,626	121,809	385,817
Community Development Block Grant - 27th year	# *	14.218 B-01-MC-20-0003	2,799,958	1,243,959	1,066,790	177,169
Community Development Block Grant - 28th year	# *	14.218 B-02-MC-20-0003	2,851,746	2,851,746	2,209,352	642,394
Section 8 Housing Voucher Program:						
Shelter Plus Care Grant	*	14.238 KS01C90-3001	5,026,200	3,774,099	995,142	2,778,957
Shelter Plus Care Grant	*	14.238 KS01C90-3002	322,416	25,885	25,885	-
HOME - 1999		14.239 M99-MC200203	668,000	386,999	61,967	325,032
HOME - 2000		14.239 M00-MC200203	669,000	515,300	-	515,300
HOME - 2001		14.239 M01-MC200203	742,000	560,333	559,758	575
HOME - 2002		14.239 M02-MC200203	739,000	739,000	427,328	311,672
HOPE III - 1995		14.240 H3-95-KS0004-I-N	500,000	1,450	-	1,450
<b>Total U.S. Department of Housing and Urban Development</b>			<b>27,276,154</b>	<b>11,472,061</b>	<b>5,844,622</b>	<b>5,627,439</b>
<b>Environmental Protection Agency:</b>						
Passed through Kansas Department of Health and Environment:						
Capitalization Grants for State Revolving Funds	*	66.458 C20 1270 01	29,835,125	11,310,008	10,511,766	798,242
<b>Total Environmental Protection Agency</b>			<b>29,835,125</b>	<b>11,310,008</b>	<b>10,511,766</b>	<b>798,242</b>
<b>U.S. Department of Transportation:</b>						
Passed through Kansas Department of Transportation:						
Urban Highway Administration - Planning Funding Assistance		20.205 L-0132-02	271,635	271,635	271,635	-
<b>Total U.S. Department of Transportation</b>			<b>271,635</b>	<b>271,635</b>	<b>271,635</b>	<b>-</b>
<b>U.S. Department of Justice:</b>						
Local Law Enforcement Block Grant		16.592 2000LBBX1404	299,590	281,812	281,812	-
Local Law Enforcement Block Grant		16.592 2001LLBX2922	165,133	165,133	74,699	90,434
Local Law Enforcement Block Grant		16.592 2002LBBX2388	169,860	169,860	-	169,860
Weed and Seed Program		16.595 2000-WS-0X-0140	175,000	65,447	65,447	-
Weed and Seed Program		16.595 2002-WS-QX-0052	225,000	225,000	126,271	98,729
Violence Against Women Act		16.588 01-VAWA-19	80,000	43,049	43,049	-
Victims of Crime Act		16.575 03/04-VOCA-43	159,542	159,542	12,619	146,923
Public Safety Partnership		16.710 2002-SH-WX-0138	229,800	229,800	-	229,800
Passed through Kansas Justice Coordinating Council:						
Byrne Grant	*	16.579 B2002-43	355,457	190,977	119,328	71,649
<b>Total U.S. Department of Justice</b>			<b>1,859,382</b>	<b>1,530,620</b>	<b>723,225</b>	<b>807,395</b>
<b>Total Federal Awards</b>			<b>\$59,242,296</b>	<b>\$24,584,324</b>	<b>\$ 17,351,248</b>	<b>\$ 7,233,076</b>

# Transfers of Program Income were made  
\* Major Program

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

**City of Topeka, Kansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**December 31, 2002**

**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 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, 2002 was \$37,592,045

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Certified Public Accountants  
and Management Consultants

John R. Helms, CPA  
Roger L. Johnson, CPA  
Darrell D. Loyd, CPA  
Eric L. Otting, CPA  
John E. Wendling, CPA

Donald L. Nelson, CPA  
Jere Noe, CPA  
Adam C. Crouch, CPA  
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Gary D. Knoll, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING 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 City of Topeka, Kansas, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 21, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

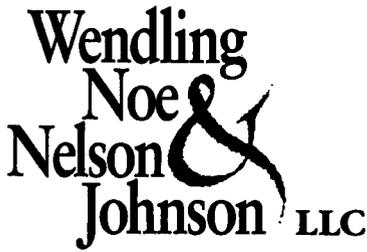
In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management 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 Noe Nelson & Johnson LLC*

Topeka, Kansas  
April 21, 2003



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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, 2002. 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.

As described in items 02-1 and 02-2 in the accompanying schedule of findings and questioned costs, the City of Topeka, Kansas, did not comply with requirements regarding eligibility and Housing Quality Standards that are applicable to its Shelter Plus Care Program. Compliance with such requirements is necessary, in our opinion, for the City of Topeka, Kansas, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2002.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the ability of the City of Topeka, Kansas, to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of management 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 Noe Nelson & Jock LLC*

Topeka, Kansas  
April 21, 2003

CITY OF TOPEKA, KANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended December 31, 2002

Section I - Summary of Auditor's Results

Financial statements --

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weaknesses identified? \_\_\_\_\_ Yes   X   No

• Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

Federal awards --

Internal control over major programs:

• Material weaknesses identified? \_\_\_\_\_ Yes   X   No

• Reportable conditions identified that are not considered to be material weaknesses?   X   Yes \_\_\_\_\_ No

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for Shelter Plus Care Program which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes \_\_\_\_\_ No

Identification of major programs:

<u>CFDA number</u>	<u>Program name</u>
14.231	Community Development Block Grant
14.238	Shelter Plus Care Program
66.458	Capitalization Grant - State Revolving Loan Fund
16.579	Byrme Grant

Dollar threshold used to  
distinguish between  
type A and type B  
programs

\$300,000

Auditee qualified as low risk auditee?

\_\_\_\_\_ Yes

\_\_\_X\_\_\_ No

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

02-1 • 14.238 - Shelter Plus Care Program, Housing and Urban Development

- Eligibility: (24CFR, Section 582.5) - Individual must complete and sign an application from which eligibility is determined, in addition family income must be re-examined at least once every twelve months and rent and housing assistance payments adjusted as necessary.

- During our audit, we reviewed tenant files to test eligibility. See results below.

	<u>Tenant files</u>	<u>Monthly payment</u>	<u>Annual payment</u>
Exceptions noted			
No application	4	\$ 1,002	\$ 12,024
No recertifications	3	1,290	15,480
Incorrect computations rent overpaid	<u>5</u>	<u>828</u>	<u>9,936</u>
Total exceptions	<u>12</u>	<u>3,120</u>	<u>37,440</u>
Total examined	<u>34</u>	<u>13,424</u>	<u>161,088</u>
Total transactions	<u>217</u>	<u>85,085</u>	<u>1,021,027</u>

- Client does not have an effective system to track and monitor tenant's files indicating who and when files need to be updated.
- Rent subsidy computations are not subject to independent check or review.

- We recommend the client implement a tracking system indicating when each tenant is due to be recertified, and monitor this on a current basis. In addition, a checklist should be developed to assure all necessary documents are included in the file, and subject files to a final review, to include checking subsidy computations.
- Management concurs with the findings and recommendation.

02-2 • 14.238 - Shelter Plus Care Program, Housing and Urban Development

- Housing Quality Standards: [24CFR, Section 582.305(a)] - Non-federal entities must inspect all units annually during the grant period to ensure that units continue to meet quality standards.
  - In the course of our audit, we reviewed thirty-four tenant files to test if the quality standards were being monitored. We found three tenant files in which an annual property inspection had not been performed since 2001.
  - Client does not have an effective system to track when Annual Property Inspections are due.
  - We recommend the client implement a tracking system indicating when the Annual Property Inspections are due, and ensure that the inspections are completed timely.
  - Management concurs with the finding and recommendation.

CITY OF TOPEKA, KANSAS

FOLLOW-UP ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2002

Findings - Federal Award Findings and Questioned Costs

01-1 • 14.238 - Shelter Plus Care Program, Housing and Urban Development

- Eligibility: (24CFR, Section 582.5) - Reexamine family income and composition at least once every 12 months and adjust the total rent and housing assistance payment as necessary.

- In the course of our audit, we reviewed tenant files to test eligibility. One of the tests was to determine if the annual re-examination of family income was completed. We found seven tenant files in which the re-examination had not been done since 2000.

	<u>Tenant files</u>	<u>Monthly payment</u>	<u>Annual payment</u>
Exceptions noted	7	\$ 2,078	\$ 24,936
Total examined	20	6,817	81,804
Total transactions	209	73,306	879,672

- Client does not have an effective system to track and monitor tenant's files indicating who and when files need to be updated.
- We recommend the client implement a tracking system indicating when each tenant is due to be recertified, and monitor this on a current basis. In addition, a checklist should be developed to assure all necessary documents are included in the file.
- Status, see current year finding 02-1.

01-2 • 14.238 - Shelter Plus Care Program, Housing and Urban Development

- Housing Quality Standards: [24CFR, Section 582.305(a)] - Non-federal entities must inspect all units annually during the grant period to ensure that units continue to meet quality standards.

- In the course of our audit, we reviewed twenty tenant files to test if the quality standards were being monitored. We found three tenant files in which an annual property inspection had not been performed since 2000.
- Client does not have an effective system to track when Annual Property Inspections are due.
- We recommend the client implement a tracking system indicating when the Annual Property Inspections are due, and ensure that the inspections are completed timely.
- Status, see current year finding 02-2.

01-3 • 16.595 - Weed and Seed Program, Department of Justice

- Monitoring and Reporting Program Performance: [28CFR, Section 66.40(1)(2)] - Semi-annual reports for each grant shall be due within 30 days after the reporting period. The final performance report shall be due within 90 days after the expiration or termination of the grant support.

- In the course of our audit, we reviewed the Categorical Assistance Progress Reports filed. We noted that while there were two grants awarded, 1999-WS-QX-0137 and 2000-WS-QX-0140, the reports filed were on a combined basis and not a separate report for each grant.

We also noted that the "final" Categorical Assistance Progress Report for grant 1999-WS-QX-0137 which was due by December 29, 2001, had not been filed.

- Client does not have an effective system to track when Categorical Assistance Progress Reports are due.
- We recommend the client implement a tracking system indicating when the Categorical Assistance Progress Reports are due and ensure that the reports are filed timely.
- Status, separate reports have been filed for each grant. No further action required.

01-4 • 16.595 - Weed and Seed Program, Department of Justice

- Financial Reporting: [28CFR Section 66.41(b)(1)] - Financial Status Reports are due quarterly and must be submitted within 45 days following the end of each calendar quarter. Even when there have been no outlays, a financial report containing zeros must be submitted.

- In the course of our audit, we noted that the Financial Status Reports for grant awards 1999-WS-QX-0137 and 2000-WS-QX-0140 were not being filed in a timely manner.
- Client does not have an effective system to track when Financial Status Reports are due.
- We recommend the client implement a tracking system indicating when the Financial Status Reports are due and ensure that the reports are filed timely.
- Status reports were timely filed in 2002. No further action required.

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