

# *The City of Topeka, Kansas*



Photos courtesy of Bill Stephens

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended December 31, 2003

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2003**

**Mayor**

Duane F. Pomeroy, Acting Mayor

**City Council Members**

<b><u>Name</u></b>	<b><u>District #</u></b>	<b><u>Current Term Expires</u></b>
John Alcala	2	April 2007
Clark R. Duffy	6	April 2007
Bill Haynes	5	April 2005
Harold Lane	3	April 2005
John Nave	4	April 2007
Duane Pomeroy	1	April 2005
Jeff Preisner	8	April 2007
Gary Price	9	April 2005
Lisa Stubbs	7	April 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

**City of Topeka, Kansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2003**

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# CITY OF TOPEKA

James A. McClinton, Mayor

FINANCIAL SERVICES DEPARTMENT  
CITY CONTROLLER DIVISION  
215 SE 7<sup>th</sup> Street, Room 358  
Topeka, KS 66603-3914  
Website: <http://www.topeka.org>

Linda Wood, City Controller  
E-mail: [Lwood@topeka.org](mailto:Lwood@topeka.org)  
Telephone: 785-368-3970  
Fax: 785-368-3975

April 15, 2004

Mayor James A. McClinton  
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, 2003. 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, 2003. 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, for the year ended December 31, 2003. 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 2002 CAFR, the City's organization chart and mission statement, and a list of principal officials at December 31, 2003. 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, 2003, 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, 2003, are fairly presented in conformity with GAAP.

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

## **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 122,712, the City is the fourth largest city in Kansas. The land within the City covers more than 58.467 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. In 2003, the City annexed 1.072 square miles of real estate.

The City of Topeka has operated since 1985 under the form of government known as the Strong Mayor-City Council-Chief Administrative Officer model. 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 and the City Attorney, 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 proven to be necessary and meaningful, and which can be provided by the City most cost effectively. Major services provided under general governmental and enterprise functions are: police and fire protection; 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 (e.g., General), 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 expenditure controls under what are commonly known as the "cash basis law" and the "budget basis law." Simply put, the cash basis body of law provides that government entities must have sufficient cash to pay for their operating expenditures. The simple explanation of the budget basis law is that government entities cannot spend more in appropriated funds than provided in the published, adopted budget. The City has in place certain internal budgetary controls, designed to ensure compliance with legal provisions of the annually appropriated budget adopted by the City's governing body.

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 31, 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 relatively stable economy, in comparison to the nation. Although there were some downturns in the State and local economies in 2003, management has seen some local indicators of growth and recovery already in 2004. For instance, Topeka had rebound in sales tax and transient guest tax collections for the last quarter of 2003.

The strength of our local economy is attributed in large part to the fact that Topeka is the hub of a Metropolitan Statistical Area. The U.S. Bureau of the Census defines a Metropolitan Statistical Area as "...a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core." The Topeka Metropolitan Statistical Area (the "Topeka MSA") includes not only all of Shawnee County, but also all of the adjacent counties of Jackson, Jefferson, Osage, and Wabaunsee. Well over half of Topeka MSA employers are service organizations, including State, local, and

Federal government entities, but there are also a significant number of manufacturing and wholesale and retail trade employers.

Topeka recently received word that the local office of TeleTech, a telephone support services contractor, is closing its operation here, putting about 600 employees out of work. However, the City's new Target Distribution Center, is currently hiring in preparation of its opening. It 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. 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.

The City was also successful in retaining the Burlington Northern Santa Fe Railway shop facility in Topeka. Approximately 85 employees will be added, either transferring to Topeka from the Burlington, Iowa, shop, or being recalled or hired in Topeka.

The City is actively engaged in a neighborhood revitalization plan for its Monroe Neighborhood, which includes the Monroe School, a recently designated National Parks Historic site. The *Brown v. Board of Education* Supreme Court decision, which mandated desegregation in public schools, was decided in 1954, and Topeka is planning a celebration of the 50<sup>th</sup> anniversary, including an expected visit by President Bush. The revitalization efforts, the celebration, and the anticipated tourism interest in this historic site also should affect Topeka's local economy favorably, both in 2004 and subsequently.

Topeka's Mayor is working with our Congressional delegation on retaining the military base at Forbes Field. The 190<sup>th</sup> Air Refueling Wing is stationed at Forbes, and their presence in Topeka is significant to our economy.

### **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, 2003, the City's outstanding loan balances for the Water Pollution Control Division were \$57,223,907. At this date, the City is poised to borrow an additional \$31 million for the second phase of improvements to the wastewater system. The City's long-range capital improvement program for the Water Pollution Control Division, including those projects that are expected to be funded with the low interest cost loans from the State, is summarized in the table below.

<u>Year of Projected Expenditures</u>	<u>Projected Major Capital Expenditures</u>	<u>Projected Routine Capital Expenditures</u>	<u>Total Projected Capital Expenditures</u>
2004	24,171,300	800,000	24,971,300
2005	11,519,400	800,000	12,319,400
2006	5,300,000	800,000	6,100,000
2007	9,303,400	800,000	10,103,400
2008	<u>9,644,000</u>	<u>800,000</u>	<u>10,444,000</u>
<b>Totals</b>	<u>\$59,938,100</u>	<u>\$ 4,000,000</u>	<u>\$63,938,100</u>

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

In 2003, a State budget crisis resulted in withdrawal of the previous 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 significant lost revenues to the City of Topeka in both calendar years 2003 and 2004. There is no indication that these funding sources will be restored to the City in the future. This withdrawal of State support of over \$2 million dollars resulted in a 2004 property tax increase of only 0.095 mill for Topeka taxpayers. The remaining shortfall was offset by reductions 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. In 2003, the City's Congressional delegation was successful in securing Federal appropriations totaling about \$11 million to assist in replacement of this bridge.

### **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 2003 was 2.191%. The total investment earnings in 2003 were \$1,192,286 on an average balance of \$45,145,958. Because of a depressed national economy, interest rates in 2003 were lower than they have been in recent past years. That fact, coupled with lower idle fund balances, resulted in a 32% decrease in investment earnings, compared to 2002 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, 2002. This was the ninth 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, to achieve continued conformance to the new reporting format prescribed by the Governmental Accounting Standards Board *Statement No. 34*, which also mandates the inclusion of infrastructure assets, and to ensure completion of this CAFR within an aggressively set deadline. We acknowledge and thank them for their work.

In closing, we thank the members of the City Council for their interest and effort in establishing and overseeing the financial policies of the City of Topeka in a responsible manner. Without the leadership and support of the governing body, preparation of this *Comprehensive Annual Financial Report* would not be possible.

Respectfully submitted,



David H. Graversen, Chief Administrative Officer



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



Linda Wood, CPM, CPA, City Controller

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# 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, 2002

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.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

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.

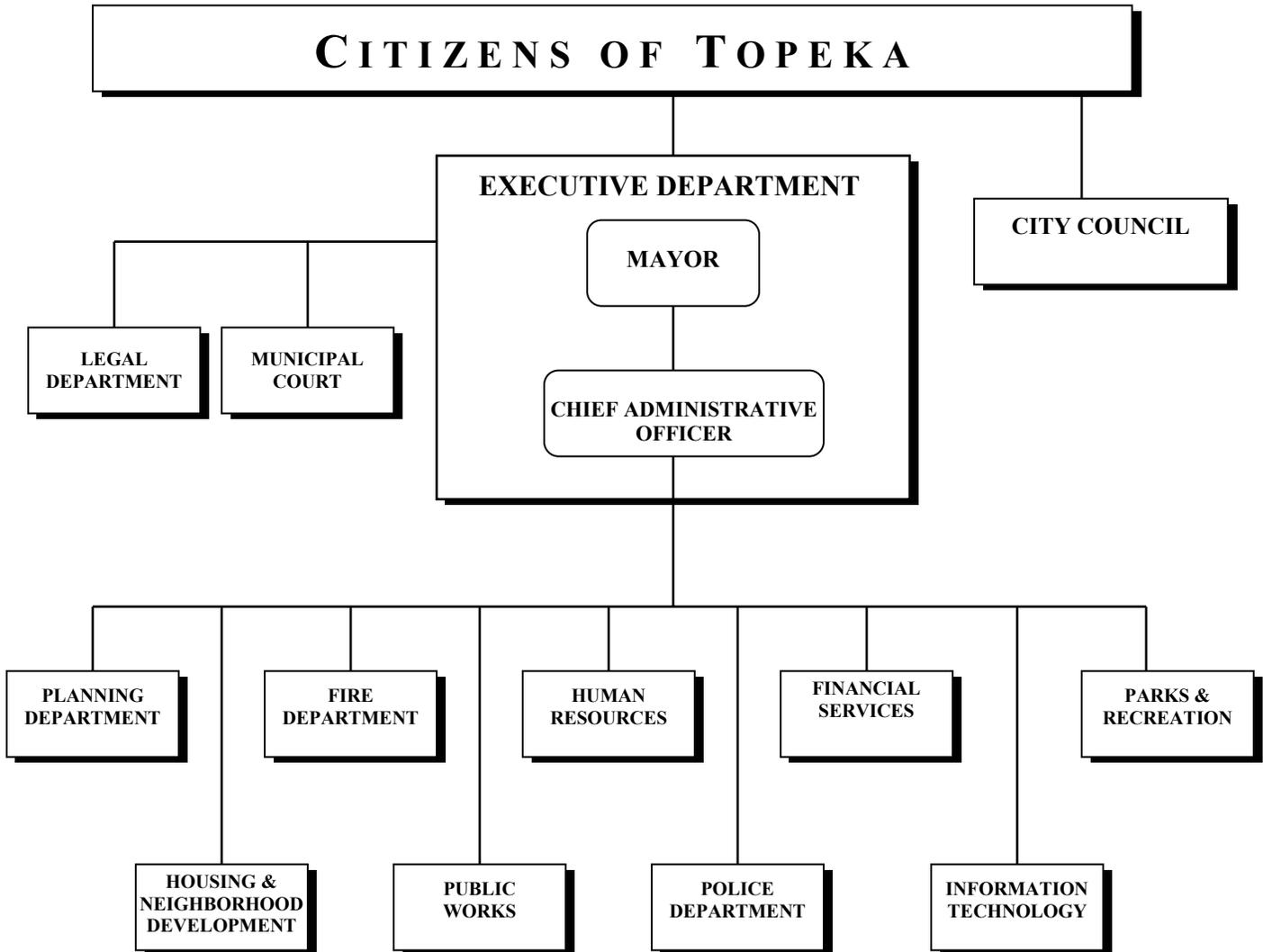
**Community Wide Goals**

(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.

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# 2003 City Organizational Chart



**City of Topeka, Kansas**  
**Principal Officials At December 31, 2003**

**Mayor**

Duane F. Pomeroy, Acting Mayor

**City Council Members**

District 1	Duane Pomeroy, Deputy Mayor
District 2	John Alcala
District 3	Harold Lane
District 4	John Nave
District 5	Bill Haynes
District 6	Clark R. Duffy
District 7	Lisa Stubbs
District 8	Jeff Preisner
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 & Research and Capital Planning, Jim Langford  
City Clerk, Iris Walker  
Fleet Services, Ron Raines  
Human Relations Commission, Robert Bugg, Interim  
Public Affairs - Public Information, Ruth Maus

Financial Services:

Cash Management, Vacant, City Treasurer  
Central Accounting and Reporting, Linda Wood, City Controller  
Contracts and Procurement, Jay Oyler, Director

Fire:

Administration, Vacant  
Deputy Fire Chief, Fire Marshall, Vacant  
Deputy Fire Chief, Operations, Daniel Neill

**City of Topeka, Kansas**  
**Principal Officials At December 31, 2003**

**Division Directors (continued)**

Legal:

Deputy City Attorney, Braxton Copley  
Risk Management, Eric Smith

Municipal Court:

Administration, Michele Mainey, Municipal Court Clerk  
Probation Division, Sue Gore

Parks & Recreation:

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

Planning:

Deputy Director, Bill Fiander  
Transportation & Long-Range Planning, Todd Girdler

Police:

Deputy Chief-Operations, Colonel Randy Adair  
Deputy Chief-Support, Colonel Stephen Harsha  
Administration, Major Randy Mills  
Criminal Investigation, Major Walter Wywadis  
East Patrol Uniform Division, Vacant  
Support Operations, Major Jerry Young  
West Patrol Uniform Division, Major John Sidwell

Public Works:

Administration, Mike McGee, Deputy Public Works Director  
Development Services, Miriam Berke  
Engineering, Tim Green, City Engineer  
Transportation Operations, Michael Pfender  
Water Pollution Control, Mark Green  
Water, Don Rankin



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

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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, Debt Service and Water, Water Pollution Control and Storm Water), and the aggregate remaining fund information of the City of Topeka, Kansas, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Topeka's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial and summarized comparative information has been derived from the City of Topeka's 2002 financial statements and, in our report dated April 21, 2003, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2002, from which such partial and summarized information was derived.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Kansas *Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Parks and Recreation, and Special Street Repairs funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required management's discussion and analysis on pages 17 through 25 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 February 18, 2004, 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 Mac Nelson & Johnson LLC*

Topeka, Kansas  
February 18, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Topeka, Kansas, we offer readers of the City of Topeka's financial statements this narrative overview and analysis of the financial activities of the City of Topeka for the year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Topeka exceeded its liabilities at the close of the most recent fiscal year by \$563,112,401. Of this amount, \$31,699,888 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased 3.8% to \$563.1 million as a result of this year's operations.
- As of the close of 2003, the City of Topeka's governmental funds reported combined ending fund balances of \$8,580,469, a decrease of \$5,479,907 in comparison with the prior year. Approximately three fifths (57%) of this total amount, \$4,890,529, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of 2003, unreserved fund balance for the General Fund only was \$4,192,045, or 7.64% of total General Fund revenues, and 7.14% of General Fund expenditures.
- For the General Fund, actual resources available for appropriation in 2003 (revenue inflows and fund balance) were \$2,938,973 less than the final budget, while actual appropriations (outflows) were \$7,131,018 less than budgeted for the year.
- The City of Topeka's total debt increased \$34,708,065 (15.3%) during 2003. The key factors were refunding of existing bonds, approval for additional state revolving loan amounts, and issuance of new bonds and temporary notes to finance capital projects.

### **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; and 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 statistical and financial information in addition to the basic financial statements themselves.

#### **Reporting the City as a Whole**

The government-wide financial statements (pages 27 and 28 of this CAFR) are designed to provide readers with a broad overview of the City of Topeka's finances, in a format similar to a private-sector business.

## **The Statement of Net Assets 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, water pollution control and storm water 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 about the City of Topeka as a whole. Some funds are required to be established by State law or by bond covenants. In addition, the City Council establishes other funds to help control and manage money for particular purposes, or to demonstrate that Topeka is complying with legal requirements for using certain taxes, grants, and other money. The City'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, on pages 30 and 32.

- *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 the *Statement of 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 \$563,112,401 at the close of 2003, the most recent fiscal year.

By far the largest portion of the City of Topeka’s net assets (92.3%) 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.

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**Table 1**  
**City of Topeka**  
**Condensed Statement of Net Assets**  
**December 31, 2003**

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Current and other assets</b>	\$ 81,123,662	\$ 80,081,952	\$ 21,665,544	\$ 32,814,426	\$ 102,789,206	\$ 112,896,378
<b>Capital assets, non-depreciable</b>	48,049,865	55,658,520	63,020,535	65,473,039	111,070,400	121,131,559
<b>Capital assets, net of depreciation</b>	425,036,921	432,238,626	249,497,712	209,502,962	674,534,633	641,741,588
<b>Total assets</b>	554,210,448	567,979,098	334,183,791	307,790,427	888,394,239	875,769,525
<b>Long-term liabilities outstanding</b>	155,658,466	150,364,237	133,185,119	110,943,296	288,843,585	261,307,533
<b>Other liabilities</b>	25,070,783	20,710,880	11,367,470	8,478,358	36,438,253	29,189,238
<b>Total liabilities</b>	180,729,249	171,075,117	144,552,589	119,421,654	325,281,838	290,496,771
<b>Net assets:</b>						
<b>Invested in capital assets, net of related debt</b>	347,949,488	371,387,011	172,063,436	162,220,121	520,012,924	533,607,132
<b>Restricted</b>	1,756,004	1,612,599	9,643,585	9,185,337	11,399,589	10,797,936
<b>Unrestricted</b>	23,775,707	23,904,371	7,924,181	16,963,315	31,699,888	40,867,686
<b>Total net assets</b>	\$ 373,481,199	\$396,903,981	\$ 189,631,202	\$188,368,773	\$ 563,112,401	\$ 585,272,754

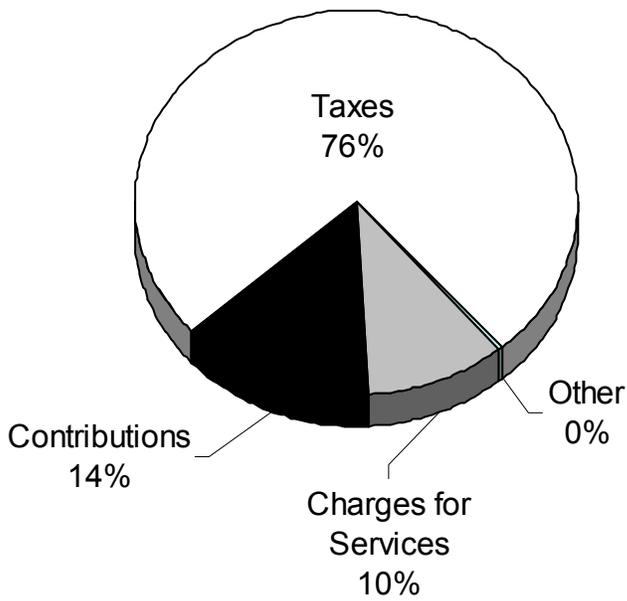
A portion of the City's net assets (2.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$31,699,888 may be used to meet the government's ongoing obligations to citizens and creditors.

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 5.9% from \$396.9 million to \$373.5 million in 2003. This decrease of \$23.4 million comes from the change in net assets as recorded in the *Statement of Activities* and flows through the *Statement of Net Assets*, on pages 28 and 27, respectively.

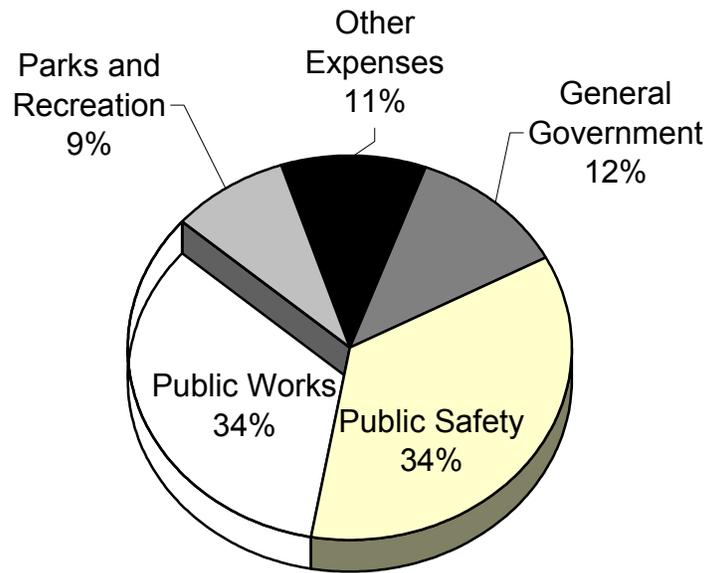
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**Fiscal Year 2003 Government Activities**  
(See Table 2 on next page)

**Sources of Revenue**



**Functional Expenses**



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

<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 9,847	\$ 7,928	\$ 44,935	\$ 43,344	\$ 54,782	\$ 51,272
Operating grants and contributions	7,851	11,564	-	33	7,851	11,597
Capital grants and contributions	5,785	2,010	-	1,329	5,785	3,339
<b>General revenues</b>						
Property taxes	35,368	33,684	-	-	35,368	33,684
Sales taxes	23,533	27,394	-	-	23,533	27,394
Franchise taxes	5,904	5,987	-	-	5,904	5,987
Motor fuel taxes	4,874	5,697	-	-	4,874	5,697
Alcoholic beverage taxes	1,261	1,220	-	-	1,261	1,220
Transient guest taxes	1,459	1,276	-	-	1,459	1,276
Grants and contributions not restricted to specific programs	-	2,164	-	-	-	2,164
Unrestricted investment earnings	-	-	485	820	485	820
Gain on sale of capital assets	-	5	-	150	-	155
Transfers	346	2,000	(346)	(2,000)	-	-
<b>Total revenues</b>	<b>96,228</b>	<b>100,929</b>	<b>45,074</b>	<b>43,676</b>	<b>141,302</b>	<b>144,605</b>
<b>Expenses</b>						
General government	14,081	12,150	-	-	14,081	12,150
Public safety	42,358	41,094	-	-	42,358	41,094
Public works	40,350	41,126	-	-	40,350	41,126
Miscellaneous	1,079	2,675	-	-	1,079	2,675
Parks and Recreation	10,274	9,637	-	-	10,274	9,637
Public Housing	3,813	4,267	-	-	3,813	4,267
Social Services	668	985	-	-	668	985
Capital Outlay	1,978	-	-	-	1,978	-
Interest	5,050	4,996	-	-	5,050	4,996
Water, Water Pollution Control, & Stormwater Utility	-	-	39,437	37,417	39,437	37,417
Combined Public Parking	-	-	3,273	2,893	3,273	2,893
Public Golf Course	-	-	898	825	898	825
Concessions	-	-	204	185	204	185
<b>Total expenses</b>	<b>119,651</b>	<b>116,930</b>	<b>43,812</b>	<b>41,320</b>	<b>163,463</b>	<b>158,250</b>
Increase (Decrease) in Net Assets	(23,423)	(16,001)	1,262	2,356	(22,161)	(13,645)
Net Assets - Beginning	396,904	412,905	188,369	186,013	585,273	598,918
Net Assets - Ending	\$ 373,481	\$ 396,904	\$ 189,631	\$ 188,369	\$ 563,112	\$ 585,273

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**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	\$ 14.1	\$ 8.2
Public Safety	42.4	41.6
Public works, highways & streets	40.3	31.8
Parks & recreation	<u>10.3</u>	<u>6.7</u>
Totals	<u>\$107.1</u>	<u>\$88.3</u>

- Property taxes increased by approximately \$1.7 million (5%) during 2003. 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 3.9%.
- Net sales and use tax decreased by approximately \$3.9 million (14.1%) during 2003. The percentage decrease closely mirrors the economy within the City during 2003.
- 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 \$1,943,000 in previously budgeted revenue for 2003. It is anticipated that this source of revenue will not be restored in the immediate future.

**Business-type Activities**

Business-type activities increased the City’s net assets by \$1,262,429 during 2003. Table 4 presents the net cost of the City’s three largest business-type activities – Water & Water Pollution Control, Stormwater, 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, & Stormwater Utility	\$ 39.4	\$ 1.6
Public Parking	3.3	(.4)
Public Golf Course	<u>.9</u>	<u>(.1)</u>
Totals	<u>\$ 43.6</u>	<u>\$1.1</u>

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

At December 31, 2003, the City's governmental funds reported combined fund balances of \$8.6 million, which is a decrease of \$5.5 million or 39% from the prior year. Included in this amount is a net decrease in fund balance for the General Fund of \$3.7 million.

- Income from operations of the Parks and Recreation Program increased \$66,168 due to increased program use and higher fees.
- In the Debt Service Fund, the fund balance increased \$143,405, as a direct result of refinancing of several series of the City's general obligation bonds.
- In the non-major governmental funds, fund balances decreased \$2,266,635, primarily attributable to the City's aggressive capital improvement program during 2003.

### **General Fund Budgetary Highlights**

The final expenditures from the General Fund at year-end were \$7.1 million less than the final budget. The budget to actual variance in appropriations was principally due to not spending \$3 million that was budgeted as a contingency. Actual revenues were lower than the final budget by \$3.8 million, of which \$1.2 million was attributable to a shortfall in the anticipated collection of local retail sales taxes, and not receiving approximately \$2 million in transfer payments from the State of Kansas.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2003, the City had \$785.6 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 \$22.7 million, or 3%, during the year.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Land	\$ 6,346,009	\$ 6,346,009	\$ 1,664,898	\$ 1,911,649	\$ 8,010,907	\$ 8,257,658
Buildings, Improvements, Infrastructure	415,115,099	421,657,705	246,047,257	200,572,208	661,162,356	622,229,913
Furniture and Fixtures	3,097,521	3,916,990	42,528	212,346	3,140,049	4,129,336
Vehicles	4,285,438	4,597,356	1,891,041	1,644,958	6,176,479	6,242,314
Machinery and Equipment	2,538,863	2,066,575	1,516,886	7,073,450	4,055,749	9,140,025
Construction in Progress	41,703,856	49,312,511	61,355,637	63,561,390	103,059,493	112,873,901
<b>Total Capital Assets</b>	<b>\$ 473,086,786</b>	<b>\$ 487,897,146</b>	<b>\$ 312,518,247</b>	<b>\$ 274,976,001</b>	<b>\$ 785,605,033</b>	<b>\$ 762,873,147</b>

The City's seven-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of another \$257 million worth of capital assets for fiscal 2004 through 2010. Funding is budgeted to come from projected enterprise fund revenues (\$117.8 million), general obligation bonds (\$64.9 million), utility revenue bonds (\$24.6 million), state revolving fund loans (\$15.9 million) and special benefit districts and other sources (\$29 million) over the next seven years. The most significant projects include construction of various streets, trafficways and bridges, water treatment and distribution system improvements, and wastewater collection and treatment facilities.

### **Debt**

At December 31, 2003, the City had total bonded debt outstanding of \$176.8 million. Of this amount, \$112,885,000 comprises debt backed by the full faith and credit of the government. The remainder of the City debt represents revenue bonds. In addition, the City is obligated for \$64.0 million of state revolving fund loans secured solely by specified revenue sources and \$17 million of temporary notes.

Moody's Investors Service has assigned the City's general obligation bonds ratings of "Aa3" upon their issuance. Moody's informed the City during 2003 that they were assigning the City's revenue bonds a rating of "A2". Previously the City's revenue bonds had been rated "A1". The "A2" rating was a reflection of the system's stable service area, satisfactory legal covenants, satisfactory debt service coverage level with junior lien status of the revenue bonds, and an increasing debt profile. The City's utility revenue bonds are subordinate to the State Revolving Fund loans.

Additional information on the City of Topeka's long-term debt can be found in note IV, section F on pages 57 – 59 of this report.

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

The unemployment rate for the City of Topeka is currently 5.1%, which is an increase from the rate of 4.2% a year ago. This compares favorably to the state's average unemployment rate of 4.9% and the national average rate of 6.0%. 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 2004 fiscal year.

During 2003, unreserved fund balance in the general fund decreased to \$4,192,045. The City anticipated an unreserved fund balance of \$4,365,028 when it adopted its 2004 operating budget. The City anticipated increasing the unreserved general fund balance to approximately \$5,486,000 in the 2004 fiscal year budget.

The City's Water, Wastewater, and Stormwater rates were increased approximately 8%, 8.5%, and 6%, respectively, for 2004, with additional increases approved for 2005, 2006, and 2007. These rate increases were necessary to finance debt service on new revenue bond debt issued in January 2004.

### **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.

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**City of Topeka, Kansas**  
**Statement of Net Assets**  
**December 31, 2003**

*With comparative totals for December 31, 2002*

	<b>Primary Government</b>		<b>Totals</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>2003</b>	<b>2002</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 26,981,911	\$ 1,543,579	\$ 28,525,490	42,474,929
Receivables (net of allowance for uncollectibles)	47,811,780	7,724,801	55,536,581	54,356,302
Due from other governments	631,976	-	631,976	1,287,505
Internal balances	5,075,509	(5,075,509)	-	-
Inventories	74,680	3,130,688	3,205,368	2,617,111
Prepaid Costs	164,620	36,397	201,017	176,017
Restricted assets:				
Cash and equity in Treasurer's Fund	215,853	9,643,585	9,859,438	9,185,337
Other restricted assets	-	4,645,504	4,645,504	2,495,421
Capital assets:				
Land and infrastructure	48,049,865	63,020,535	111,070,400	121,131,559
Depreciable buildings, property, and equipment, net of depreciation	425,036,921	249,497,712	674,534,633	641,741,588
Other assets	167,333	16,499	183,832	303,756
<b>Total assets</b>	<b>554,210,448</b>	<b>334,183,791</b>	<b>888,394,239</b>	<b>875,769,525</b>
<b>Liabilities</b>				
Accounts payable and other current liabilities	2,723,223	4,990,136	7,713,359	9,608,527
Accrued interest payable	1,819,868	-	1,819,868	1,941,644
Salaries & wages payable	3,421,598	417,787	3,839,385	3,228,281
Due to other governments	-	571	571	1,986
Due to others	-	-	-	10,000
Estimated insurance claims	2,649,680	-	2,649,680	2,548,800
Temporary notes payable	14,456,414	2,543,586	17,000,000	11,850,000
Liabilities payable from restricted assets	-	3,415,390	3,415,390	3,309,973
Deferred revenue	43,736,484	258,432	43,994,916	42,706,956
Non-current liabilities:				
Due within one year	9,768,192	2,860,860	12,629,052	13,875,792
Due in more than one year	102,153,790	130,065,827	232,219,617	201,414,812
<b>Total liabilities</b>	<b>180,729,249</b>	<b>144,552,589</b>	<b>325,281,838</b>	<b>290,496,771</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	347,949,488	172,063,436	520,012,924	533,607,132
Restricted for debt service	1,756,004	4,661,853	6,417,857	6,274,452
Restricted for capital projects	-	1,500,000	1,500,000	1,500,000
Restricted for sinking funds	-	3,009,686	3,009,686	2,550,638
Restricted for deposits	-	472,046	472,046	472,846
Unrestricted	23,775,707	7,924,181	31,699,888	40,867,686
<b>Total net assets</b>	<b>\$ 373,481,199</b>	<b>\$ 189,631,202</b>	<b>\$ 563,112,401</b>	<b>\$ 585,272,754</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, 2003**  
*With comparative totals for December 31, 2002*

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues		Primary Government		Business-Type	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ (14,080,934)	\$ 4,842,720	\$ -	\$ (8,177,597)	\$ -	\$ (8,177,597)
Public Safety	(42,357,922)	113,169	-	(41,593,008)	-	(41,593,008)
Public Works	(40,349,669)	2,720,868	4,636,012	(31,843,844)	-	(31,843,844)
Miscellaneous	(1,078,991)	145,301	-	(933,690)	-	(933,690)
Parks and Recreation	(10,273,609)	2,025,330	1,148,880	(6,700,450)	-	(6,700,450)
Public Housing	(3,813,103)	398,949	1,148,880	(115,000)	-	115,000
Social Services	(668,354)	3,928,103	-	(5,176)	-	(5,176)
Capital Outlay	(1,978,441)	663,178	-	(1,978,441)	-	(1,978,441)
Interest	(5,050,028)	-	-	(5,050,028)	-	(5,050,028)
<b>Total Governmental Activities</b>	<b>(119,651,051)</b>	<b>9,847,388</b>	<b>5,784,892</b>	<b>(96,167,234)</b>	<b>-</b>	<b>(96,167,234)</b>
<b>Business-Type Activities:</b>						
Water, Water Pollution Control, & Stormwater Utility	(39,436,709)	41,080,327	-	-	1,643,618	3,456,072
Public Parking	(3,273,200)	2,847,252	-	-	(425,948)	(69,648)
Public Golf Course	(897,809)	802,887	-	-	(94,922)	3,129
Concessions	(203,799)	204,931	-	-	1,132	(4,289)
<b>Total Business-Type Activities</b>	<b>(43,811,517)</b>	<b>44,935,397</b>	<b>-</b>	<b>-</b>	<b>1,123,880</b>	<b>3,385,264</b>
<b>Total Primary Government</b>	<b>\$ (163,462,568)</b>	<b>\$ 54,782,785</b>	<b>\$ 5,784,892</b>	<b>\$ (96,167,234)</b>	<b>\$ 1,123,880</b>	<b>\$ (92,043,376)</b>
<b>General revenues:</b>						
Property taxes				35,368,108		33,683,841
Sales taxes				23,532,671		27,393,994
Franchise taxes				5,904,563		5,986,826
Motor fuel taxes				4,873,724		5,697,432
Alcoholic beverage taxes				1,260,704		1,220,592
Transient guest taxes				1,458,615		1,276,153
Grants and contributions not restricted to specific programs				-		-
Unrestricted investment earnings				-	484,616	2,163,903
Gain (loss) on sale of capital assets				-	-	820,012
Transfers				346,067	(346,067)	155,508
<b>Total general revenues and transfers</b>				<b>72,744,452</b>	<b>138,549</b>	<b>78,398,261</b>
<b>Change in net assets</b>				<b>(23,422,782)</b>	<b>1,262,429</b>	<b>(13,645,115)</b>
<b>Net assets - beginning</b>				<b>396,903,981</b>	<b>188,368,773</b>	<b>598,917,869</b>
<b>Net assets - ending</b>				<b>\$ 373,481,199</b>	<b>\$ 189,631,202</b>	<b>\$ 585,272,754</b>

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

**City of Topeka, Kansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2003**

*With comparative totals for December 31, 2002*

	<u>Special Revenue Funds</u>				<u>Other Governmental Funds</u>	<u>Totals</u>	
	<u>General</u>	<u>Parks and Recreation</u>	<u>Special Street Repairs</u>	<u>Debt Service Fund</u>		<u>2003</u>	<u>2002</u>
<b>Assets</b>							
Cash and equity in Treasurer's Fund	\$ 153,044	\$ 1,202,792	\$ 2,027,725	\$ 1,746,095	\$ 12,656,092	\$ 17,785,748	\$ 23,393,332
Receivables (net of allowance for uncollectibles):							
Accounts receivable	151,924	-	-	-	252,739	404,663	476,776
General property taxes	19,657,685	6,104,138	1,212,000	9,287,456	2,579,854	38,841,133	37,668,427
Notes	-	-	-	-	24,322	24,322	24,322
Other	-	-	-	8,541,662	-	8,541,662	8,506,165
Prepaid costs	9,130	5,490	-	-	-	14,620	14,620
Due from other funds	5,244,737	42,758	-	9,909	-	5,297,404	133,014
Due from other governments	1,442	-	-	-	630,505	631,947	1,287,476
Inventory	18,758	800	-	-	-	19,558	61,290
Restricted assets:							
Cash and equity in Treasurer's Fund	-	-	-	-	215,853	215,853	-
Other assets	-	2,490	-	-	43,408	45,898	111,896
<b>Total assets</b>	<b>\$ 25,236,720</b>	<b>\$ 7,358,468</b>	<b>\$ 3,239,725</b>	<b>\$ 19,585,122</b>	<b>\$ 16,402,773</b>	<b>\$ 71,822,808</b>	<b>\$ 71,677,318</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts and contracts payable	\$ 457,927	\$ 99,312	\$ 59,606	\$ -	\$ 756,652	\$ 1,373,497	\$ 2,242,433
Salaries & wages payable	2,922,316	282,648	76,353	-	70,733	3,352,050	2,821,265
Due to other funds	-	-	-	-	246,522	246,522	238,880
Due to others	-	-	-	-	-	-	10,000
Temporary notes payable	-	-	-	-	14,456,414	14,456,414	9,847,788
Other	37,768	-	-	-	12,932	50,700	48,885
Liabilities payable from restricted assets:							
Accrued interest on revenue bonds	-	-	-	-	29,716	29,716	-
Deferred revenue	16,729,494	6,104,138	-	17,829,118	3,070,690	43,733,440	42,407,691
<b>Total liabilities</b>	<b>20,147,505</b>	<b>6,486,098</b>	<b>135,959</b>	<b>17,829,118</b>	<b>18,643,659</b>	<b>63,242,339</b>	<b>57,616,942</b>
<b>Fund Balances:</b>							
Reserved for:							
Encumbrances	897,170	123,473	443,872	-	469,421	1,933,936	1,721,427
Debt service	-	-	-	1,756,004	-	1,756,004	1,612,599
Unreserved, reported in:							
General Fund	4,192,045	-	-	-	-	4,192,045	8,226,144
Special Revenue Funds	-	748,897	2,659,894	-	2,168,032	5,576,823	5,230,847
Capital Projects Funds	-	-	-	-	(4,878,339)	(4,878,339)	(2,730,641)
<b>Total fund balances (deficits)</b>	<b>5,089,215</b>	<b>872,370</b>	<b>3,103,766</b>	<b>1,756,004</b>	<b>(2,240,886)</b>	<b>8,580,469</b>	<b>14,060,376</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,236,720</b>	<b>\$ 7,358,468</b>	<b>\$ 3,239,725</b>	<b>\$ 19,585,122</b>	<b>\$ 16,402,773</b>	<b>\$ 71,822,808</b>	<b>\$ 71,677,318</b>

*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, 2003**

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	\$ 8,580,469
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.	470,077,214
Long term debt, compensated absences, and estimated insurance claims have not been included in the governmental fund activity on the balance sheet.	
Bonds payable	(106,645,000)
Compensated absences	(2,977,818)
Estimated insurance claims	(2,649,680)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds on the balance sheet.	(1,790,152)
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>8,886,166</u>
Net assets of governmental activities as reported on the statement of net assets	<u><u>\$ 373,481,199</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, 2003**  
*With comparative totals for December 31, 2002*

	<u>Special Revenue Funds</u>				Other Governmental Funds	<u>Totals</u>	
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund		2003	2002
<b>Revenues:</b>							
Taxes and assessments	\$ 40,828,813	\$ 7,514,974	\$ -	\$ 11,519,094	\$ 2,182,335	\$ 62,045,216	\$ 64,342,266
Licenses and permits	7,093,894	396	-	-	73,253	7,167,543	7,220,562
Intergovernmental	520,656	420,234	4,890,128	59,749	9,239,138	15,129,905	16,695,475
Fees for service	3,204,512	1,761,818	6,153	-	1,166,869	6,139,352	5,682,954
Investment income	391,010	-	-	89,925	866	481,801	916,562
Fines and forfeitures	2,605,243	-	-	-	-	2,605,243	2,810,433
Rents and interest	-	98,640	-	-	-	98,640	647
Other	251,577	214,259	85,160	106,793	1,314,479	1,972,268	1,462,123
Total revenues	<u>54,895,705</u>	<u>10,010,321</u>	<u>4,981,441</u>	<u>11,775,561</u>	<u>13,976,940</u>	<u>95,639,968</u>	<u>99,131,022</u>
<b>Expenditures:</b>							
Current:							
General government	9,222,441	-	-	-	5,113,780	14,336,221	13,862,851
Public safety	40,546,282	-	-	-	526,882	41,073,164	40,776,542
Public works	7,552,967	-	5,320,394	-	156,025	13,029,386	13,929,884
Miscellaneous	1,078,991	-	-	-	-	1,078,991	2,706,328
Parks and recreation	-	9,739,990	-	-	-	9,739,990	9,254,347
Public housing	-	-	-	-	3,813,103	3,813,103	4,267,288
Social services	-	-	-	-	668,354	668,354	984,714
Construction	-	-	-	-	12,087,729	12,087,729	3,903,533
Engineering and others	-	-	-	-	5,029,601	5,029,601	2,505,394
Debt service:							
Principal retirement	-	-	-	7,365,000	-	7,365,000	7,205,000
Interest	-	-	-	4,832,447	266,594	5,099,041	5,147,811
Total expenditures	<u>58,400,681</u>	<u>9,739,990</u>	<u>5,320,394</u>	<u>12,197,447</u>	<u>27,662,068</u>	<u>113,320,580</u>	<u>104,543,692</u>
Excess (deficiency) of revenues over expenditures	<u>(3,504,976)</u>	<u>270,331</u>	<u>(338,953)</u>	<u>(421,886)</u>	<u>(13,685,128)</u>	<u>(17,680,612)</u>	<u>(5,412,670)</u>
<b>Other financing sources (uses):</b>							
Proceeds of general obligation bonds	-	-	-	31,386,247	11,225,786	42,612,033	-
Defeasance of bonds	-	-	-	(30,820,956)	-	(30,820,956)	-
Transfers in	300,000	114,700	250,000	-	2,743,589	3,408,289	4,777,124
Transfers out	(511,340)	-	-	-	(2,550,882)	(3,062,222)	(3,709,668)
Sale of property	16,928	26,106	20,527	-	-	63,561	64,754
Total other financing sources (uses)	<u>(194,412)</u>	<u>140,806</u>	<u>270,527</u>	<u>565,291</u>	<u>11,418,493</u>	<u>12,200,705</u>	<u>1,132,210</u>
Net change in fund balances	<u>(3,699,388)</u>	<u>411,137</u>	<u>(68,426)</u>	<u>143,405</u>	<u>(2,266,635)</u>	<u>(5,479,907)</u>	<u>(4,280,460)</u>
Fund balances - beginning of year	<u>8,788,603</u>	<u>461,233</u>	<u>3,172,192</u>	<u>1,612,599</u>	<u>25,749</u>	<u>14,060,376</u>	<u>18,340,836</u>
Fund balances (deficits) - end of year	<u>\$ 5,089,215</u>	<u>\$ 872,370</u>	<u>\$ 3,103,766</u>	<u>\$ 1,756,004</u>	<u>\$ (2,240,886)</u>	<u>\$ 8,580,469</u>	<u>\$ 14,060,376</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, 2003**

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 from the preceding <i>Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds</i>	\$ (5,479,907)
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.	(14,044,051)
Issuance of long-term debt, net of defeasance of long-term debt, is included in revenues of the governmental funds, but not in the statement of activities.	(12,035,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.	7,365,000
The net change in accrued interest on general obligation bonds is included in the statement of activities, but is not a current source or use of financial resources and therefore not reported in the governmental funds.	151,492
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.	72,729
Internal service funds are used by management to charge the costs of certain activities, such as fleet service, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities, but not included in governmental funds.	546,955
Change in net assets of governmental activities as shown on the government-wide <i>Statement of Activities</i>	<u><u>\$ (23,422,782)</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, 2003**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property tax	\$ 10,911,807	10,911,807	\$ 10,936,293	\$ 24,486
Auto ad volorem tax	1,266,300	1,266,300	1,342,955	76,655
Local retail sales tax	24,733,000	24,733,000	23,532,671	(1,200,329)
Payment in lieu of debt service	751,471	751,471	751,471	-
Payment in lieu of taxes	4,223,500	4,223,500	4,174,277	(49,223)
Licenses	242,800	242,800	248,619	5,819
Permits	839,450	839,450	1,062,144	222,694
Franchise fees	5,817,000	5,817,000	5,783,131	(33,869)
Intergovernmental	2,575,124	2,575,124	520,656	(2,054,468)
Fees for services	3,199,852	3,199,852	3,204,512	4,660
Municipal court	2,914,000	2,914,000	2,605,243	(308,757)
Special assessments	60,000	60,000	91,146	31,146
Interest	833,000	833,000	391,010	(441,990)
Other	287,500	287,500	251,577	(35,923)
Total revenues	58,654,804	58,654,804	54,895,705	(3,759,099)
<b>Expenditures</b>				
General government:				
City Council	205,599	205,599	250,873	(45,274)
Mayor/CAO	2,780,571	2,780,571	2,503,744	276,827
Legal Services	1,601,601	1,601,601	1,339,365	262,236
Administrative and Financial Services	1,942,981	1,942,981	1,809,261	133,720
Municipal Court	1,685,425	1,685,425	1,468,193	217,232
Human Resources	956,469	956,469	787,186	169,283
Contributions to Agencies	1,242,387	1,242,387	1,102,498	139,889
Public Safety:				
Police	25,004,274	25,004,274	23,288,576	1,715,698
Fire	17,574,015	17,574,015	17,409,576	164,439
Public Works:				
General	5,615,036	5,615,036	4,874,506	740,530
Transportation	1,609,542	1,609,542	1,367,424	242,118
Technical Services	1,111,444	1,111,444	1,030,517	80,927
Bridges	356,933	356,933	346,797	10,136
Miscellaneous Non-Departmental	4,156,941	4,156,941	1,156,876	3,000,065
Total expenditures	65,843,218	65,843,218	58,735,392	7,107,826
Excess (deficit) of revenues over expenditures	(7,188,414)	(7,188,414)	(3,839,687)	3,348,727
<b>Other financing sources (uses)</b>				
Transfers in	200,000	200,000	300,000	100,000
Transfers out	(534,532)	(534,532)	(511,340)	23,192
Sale of property	-	-	16,928	16,928
Total other financing sources (uses)	(334,532)	(334,532)	(194,412)	140,120
Net change in fund balance	(7,522,946)	(7,522,946)	(4,034,099)	3,488,847
Beginning fund balance	7,522,946	7,522,946	8,226,144	703,198
Ending fund balance	\$ -	\$ -	\$ 4,192,045	\$ 4,192,045

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

**City of Topeka, Kansas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Parks and Recreation Fund**  
**For the Year Ended December 31, 2003**

	<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	\$ 7,469,526	\$ 7,469,526	\$ 7,514,974	\$ 45,448
Licenses & permits	-	-	396	396
Intergovernmental revenue	387,000	387,000	420,234	33,234
Fees for service	1,792,925	1,792,925	1,761,818	(31,107)
Miscellaneous	93,000	93,000	98,640	5,640
Other	95,289	95,289	214,259	118,970
Total revenues	<u>9,837,740</u>	<u>9,837,740</u>	<u>10,010,321</u>	<u>172,581</u>
<b>Expenditures</b>				
Parks:				
General Administration	651,118	651,118	599,236	51,882
Park Administration	493,265	493,265	510,935	(17,670)
Maintenance	1,804,749	1,804,749	1,599,389	205,360
Forestry	624,992	624,992	646,619	(21,627)
Horticulture	729,458	729,458	675,189	54,269
Zoo	1,823,973	1,823,973	1,769,392	54,581
Recreation:				
Administration	354,542	354,542	330,807	23,735
Community Arts	19,603	19,603	19,973	(370)
Special Services	386,866	386,866	340,969	45,897
Recreation Centers	1,404,529	1,404,529	1,315,095	89,434
Day Camps	394,114	394,114	336,020	58,094
Athletics	454,118	454,118	444,735	9,383
Aquatics	476,080	476,080	487,577	(11,497)
Mini Train and Carousel	121,423	121,423	102,763	18,660
Helen Hocker Theatre	337,866	337,866	348,687	(10,821)
Ward Meade Park	332,845	332,845	323,209	9,636
Total expenditures	<u>10,409,541</u>	<u>10,409,541</u>	<u>9,850,595</u>	<u>558,946</u>
Excess (deficit) of revenues over expenditures	<u>(571,801)</u>	<u>(571,801)</u>	<u>159,726</u>	<u>731,527</u>
<b>Other financing sources</b>				
Transfers in	124,000	124,000	114,700	(9,300)
Sale of property	-	-	26,106	26,106
Total other financing sources	<u>124,000</u>	<u>124,000</u>	<u>140,806</u>	<u>16,806</u>
Net change in fund balance	(447,801)	(447,801)	300,532	748,333
Beginning fund balance	<u>447,801</u>	<u>447,801</u>	<u>448,365</u>	<u>564</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,897</u>	<u>\$ 748,897</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, 2003**

	<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>				
Licenses & permits	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Intergovernmental revenue	5,520,000	5,520,000	4,890,128	(629,872)
Fees for service	200,000	200,000	6,153	(193,847)
Miscellaneous	25,000	25,000	85,160	60,160
Total revenues	<u>5,747,000</u>	<u>5,747,000</u>	<u>4,981,441</u>	<u>(765,559)</u>
<b>Expenditures</b>				
Transportation:				
Repair in-house	3,246,503	3,246,503	2,506,378	740,125
Administration	1,190,342	1,190,342	938,379	251,963
Contractual services	2,731,214	2,731,214	1,804,622	926,592
Total expenditures	<u>7,168,059</u>	<u>7,168,059</u>	<u>5,249,379</u>	<u>1,918,680</u>
Excess (deficit) of revenues over expenditures	<u>(1,421,059)</u>	<u>(1,421,059)</u>	<u>(267,938)</u>	<u>1,153,121</u>
<b>Other financing sources</b>				
Transfers in	-	-	250,000	250,000
Sale of property	-	-	20,527	20,527
Total other financing sources	<u>-</u>	<u>-</u>	<u>270,527</u>	<u>270,527</u>
Net change in fund balance	(1,421,059)	(1,421,059)	2,589	1,423,648
Beginning fund balance	<u>1,771,110</u>	<u>1,771,110</u>	<u>2,657,305</u>	<u>886,195</u>
Ending fund balance	<u>\$ 350,051</u>	<u>\$ 350,051</u>	<u>\$ 2,659,894</u>	<u>\$ 2,309,843</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, 2003**

*With comparative totals for December 31, 2002*

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Assets</b>				
<b>Current assets:</b>				
Cash and equity in Treasurer's Fund	\$ -	\$ 1,543,579	\$ 1,543,579	\$ 9,196,163
Receivables (net of allowance for uncollectibles):				
Accounts receivable	7,684,739	40,062	7,724,801	-
Prepaid costs	27,410	8,987	36,397	150,000
Due from other funds	76,286	-	76,286	24,627
Due from other governments	-	-	-	29
Inventory	3,123,188	7,500	3,130,688	55,122
Other assets	-	-	-	121,435
<b>Total current assets</b>	<u>10,911,623</u>	<u>1,600,128</u>	<u>12,511,751</u>	<u>9,547,376</u>
<b>Non-current assets:</b>				
Restricted assets:				
Cash and equity in Treasurer's Fund	9,643,585	-	9,643,585	-
Other restricted assets	4,645,504	-	4,645,504	-
Capital assets:				
Land and infrastructure	61,914,204	1,106,331	63,020,535	-
Depreciable buildings, property, and equipment, net of depreciation	234,088,026	15,409,686	249,497,712	3,009,572
Other assets	16,499	-	16,499	-
<b>Total non-current assets</b>	<u>310,307,818</u>	<u>16,516,017</u>	<u>326,823,835</u>	<u>3,009,572</u>
<b>Total assets</b>	<u>321,219,441</u>	<u>18,116,145</u>	<u>339,335,586</u>	<u>12,556,948</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	4,924,378	22,380	4,946,758	485,194
Salaries & wages payable	383,743	34,044	417,787	69,548
Due to other funds	5,137,712	14,083	5,151,795	-
Due to other governments	571	-	571	-
Current portion of State revolving loan	2,363,284	-	2,363,284	-
Temporary notes payable	2,543,586	-	2,543,586	-
Estimated insurance claims	-	-	-	813,832
Other	-	68,540	68,540	547,226
Liabilities payable from restricted assets:				
Revenue bonds payable	1,297,675	-	1,297,675	-
Accrued interest on revenue bonds	1,645,669	-	1,645,669	-
Customer deposits	472,046	-	472,046	-
Deferred revenue	258,432	-	258,432	3,044
<b>Total current liabilities</b>	<u>19,027,096</u>	<u>139,047</u>	<u>19,166,143</u>	<u>1,918,844</u>
<b>Non-current liabilities:</b>				
Revenue bonds payable	62,662,325	-	62,662,325	-
Premium on redemption of '77 bonds	(135,016)	-	(135,016)	-
Discount on issuance of '98 bonds	(792,495)	-	(792,495)	-
State revolving loan payable	62,091,013	-	62,091,013	-
General obligation bonds payable	-	6,240,000	6,240,000	-
Accrued liabilities	423,532	48,882	472,414	83,148
Other	-	-	-	1,668,790
<b>Total non-current liabilities</b>	<u>124,249,359</u>	<u>6,288,882</u>	<u>130,538,241</u>	<u>1,751,938</u>
<b>Total liabilities</b>	<u>143,276,455</u>	<u>6,427,929</u>	<u>149,704,384</u>	<u>3,670,782</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	161,812,581	10,250,855	172,063,436	793,556
Restricted for debt service	4,661,853	-	4,661,853	-
Restricted for capital projects	1,500,000	-	1,500,000	-
Restricted for sinking funds	3,009,686	-	3,009,686	-
Restricted for deposits	472,046	-	472,046	-
Unrestricted	6,486,820	1,437,361	7,924,181	8,092,610
<b>Total net assets</b>	<u>\$ 177,942,986</u>	<u>\$ 11,688,216</u>	<u>\$ 189,631,202</u>	<u>\$ 8,886,166</u>

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

**City of Topeka, Kansas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds		Governmental Activities	
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Operating revenues:</b>				
Metered water	\$ 19,810,195	\$ -	\$ 19,810,195	\$ -
Sewer service charges	19,691,518	-	19,691,518	-
Parking fees	-	2,523,271	2,523,271	-
Meter fines	-	322,773	322,773	-
Greens fees	-	802,887	802,887	-
Merchandise sales, net of cost of goods sold	-	204,931	204,931	12,403,152
Other	1,579,851	1,208	1,581,059	350,132
<b>Total operating revenues</b>	<u>41,081,564</u>	<u>3,855,070</u>	<u>44,936,634</u>	<u>12,753,284</u>
<b>Operating expenses:</b>				
Salaries, wages, and benefits	9,118,493	1,278,847	10,397,340	1,707,378
Purchased services	8,606,107	793,737	9,399,844	3,307,784
Commodities	5,039,470	402,911	5,442,381	221,118
Insurance claims	-	-	-	6,180,388
Other payments	116,409	32,835	149,244	-
Depreciation	7,046,894	595,126	7,642,020	590,854
Payments in lieu of debt service	56,768	777,997	834,765	-
Payments in lieu of taxes	3,900,000	179,500	4,079,500	-
<b>Total operating expenditures</b>	<u>33,884,141</u>	<u>4,060,953</u>	<u>37,945,094</u>	<u>12,007,522</u>
<b>Operating income</b>	<u>7,197,423</u>	<u>(205,883)</u>	<u>6,991,540</u>	<u>745,762</u>
<b>Non-operating Revenues (Expenses)</b>				
Interest income	455,323	28,056	483,379	105,550
Interest expense	(4,937,148)	(308,497)	(5,245,645)	(102,479)
Other income	-	-	-	25,054
Gain (loss) on disposal of capital assets	(615,420)	(5,358)	(620,778)	(226,932)
Total non-operating revenues (expenses)	<u>(5,097,245)</u>	<u>(285,799)</u>	<u>(5,383,044)</u>	<u>(198,807)</u>
Transfers In (Out)	<u>(290,000)</u>	<u>(56,067)</u>	<u>(346,067)</u>	<u>-</u>
<b>Change in Net Assets</b>	1,810,178	(547,749)	1,262,429	546,955
<b>Total Net Assets Beginning of Year</b>	<u>176,132,808</u>	<u>12,235,965</u>	<u>188,368,773</u>	<u>8,339,211</u>
<b>Total Net Assets End of Year</b>	<u>\$ 177,942,986</u>	<u>\$ 11,688,216</u>	<u>\$ 189,631,202</u>	<u>\$ 8,886,166</u>

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

**City of Topeka, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 40,788,606	\$ 3,863,447	\$ 44,652,053	\$ 12,960,040
Payments to suppliers	(8,731,941)	(1,276,350)	(10,008,291)	(9,543,708)
Payments to employees	(9,118,493)	(1,279,107)	(10,397,600)	(1,707,378)
Payments for interfund services used	(5,452,769)	(957,497)	(6,410,266)	-
Other	-	-	-	25,054
Net cash provided by operating activities	<u>17,485,403</u>	<u>350,493</u>	<u>17,835,896</u>	<u>1,734,008</u>
<b>Cash flows from non-capital financing activities</b>				
Transfer to other funds	(290,000)	(56,067)	(346,067)	-
Net cash provided (used) by non-capital financing activities	<u>(290,000)</u>	<u>(56,067)</u>	<u>(346,067)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Interest expense	-	-	-	(102,479)
Proceeds from capital debt	27,364,125	-	27,364,125	-
Payment of capital lease	-	(23,790)	(23,790)	(529,688)
Deposit with fiscal agent	(2,150,083)	-	(2,150,083)	-
Purchases of capital assets	(45,923,514)	(114,996)	(46,038,510)	(95,411)
Principal paid on capital debt	(1,152,299)	-	(1,152,299)	-
Interest paid on capital debt	(4,937,148)	(308,497)	(5,245,645)	-
Proceeds from sales of capital assets	231,176	2,297	233,473	43,934
Net cash provided (used) by capital and related financing activities	<u>(26,567,743)</u>	<u>(444,986)</u>	<u>(27,012,729)</u>	<u>(683,644)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends received	455,323	28,056	483,379	105,550
Net cash provided (used) by investing activities	<u>455,323</u>	<u>28,056</u>	<u>483,379</u>	<u>105,550</u>
Net increase (decrease) in cash and cash equivalents	(8,917,017)	(122,504)	(9,039,521)	1,155,914
Cash and cash equivalents, January 1	18,560,602	1,666,083	20,226,685	8,040,249
Cash and cash equivalents, December 31	<u>\$ 9,643,585</u>	<u>\$ 1,543,579</u>	<u>\$ 11,187,164</u>	<u>\$ 9,196,163</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	<u>\$ 7,197,423</u>	<u>\$ (205,883)</u>	<u>\$ 6,991,540</u>	<u>\$ 745,762</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Other	-	-	-	25,054
Depreciation expense	7,046,894	595,126	7,642,020	590,854
Changes in assets and liabilities:				
Accounts receivable	(266,149)	8,377	(257,772)	207,284
Due from other funds	14,824	-	14,824	(3,572)
Inventories	(637,851)	-	(637,851)	7,862
Prepaid items	(11,552)	-	(11,552)	40,478
Accounts payable	(1,035,073)	(52,863)	(1,087,936)	(56,923)
Accrued liabilities	82,223	(8,347)	73,876	175,432
Due to other funds	5,137,712	14,083	5,151,795	-
Due to other governments	(1,415)	-	(1,415)	-
Deferred revenue	(41,633)	-	(41,633)	3,044
Other current liabilities	-	-	-	(1,267)
Total adjustments	<u>10,287,980</u>	<u>556,376</u>	<u>10,844,356</u>	<u>988,246</u>
Net cash provided by operating activities	<u>\$ 17,485,403</u>	<u>\$ 350,493</u>	<u>\$ 17,835,896</u>	<u>\$ 1,734,008</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. The City of Topeka does not have any Expendable or Nonexpendable Trust Funds, only 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.

**City of Topeka, Kansas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2003**

	<b>Combined Agency Funds</b>
<b>Assets</b>	
Cash and equity in Treasurer's Fund	\$ 1,466,311
Accounts receivable	701
	1,467,012
<b>Total Assets</b>	<b>1,467,012</b>
<b>Liabilities</b>	
Accounts and contracts payable	\$ 15,332
Salaries & wages payable	9,638
Due to others	1,436,357
Other current liabilities	5,685
	1,467,012
<b>Total Liabilities</b>	<b>\$ 1,467,012</b>

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

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**City of Topeka, Kansas**  
**Notes to the Financial Statements**  
**December 31, 2003**

**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 of Topeka reports the following major proprietary funds:

The *water, water pollution control, and stormwater utility fund* provides accountability for all phases of operation and maintenance of the City's public water supply, water pollution control, and stormwater utility systems.

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.

## Notes to the Financial Statements (continued)

*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.

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

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

Additionally, the City reports the following fund types:

*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 an 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.

## Notes to the Financial Statements (continued)

### 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 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, 2003. 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 May 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, Water Pollution Control, and Stormwater Utility *statement of net assets*.

## Notes to the Financial Statements (continued)

### 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:

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 benefit-eligible 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 only for governmental funds on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees. The City does not recognize a liability for payment of accumulated sick leave, because the City policy is to pay only a portion of such leave in excess of a minimum number of hours, which varies according to the various employee bargaining units' contracts, making the dollar amount unsusceptible to estimate.

### 7. Long-term obligations

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

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

## Notes to the Financial Statements (continued)

### 8. Fund equity

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

### 9. Comparative data/reclassifications

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements. Effective in the 2003 statements, the Planning fund was reclassified as a non-major special revenue fund rather than a fiduciary fund, as it was presented in the 2002 statements. The 2002 comparative numbers have been adjusted to reflect the change. At the governmental fund level, assets increased \$166,811, liabilities increased \$53,045, revenues increased \$1,102,354, and expenses increased \$1,103,705.

## 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 \$8,580,469, and *net assets—governmental activities* as reported in the government-wide statement of net assets in the amount of \$373,481,199. 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. Using the GASB Statement 34 format, this represents a difference of \$470,077,214 to be added to the *fund balance—total governmental funds* amount of \$8,580,469.

#### 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 \$112,272,498 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 \$1,790,152 from the *fund balance—total governmental funds* amount.

## Notes to the Financial Statements (continued)

### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to the individual funds deriving a benefit from such services. The net of assets and liabilities of these internal service funds are included in governmental activities in the government-wide statement of net assets, because they primarily serve governmental activities of the City, so these assets and liabilities 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 \$23,422,782 “net change in fund balances” reported in the governmental funds statement of revenues, expenditures, and changes in fund balances to the \$5,479,907 “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.

### 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 \$14,044,051.

### 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.

Issuance of long-term bonds included in revenues of the governmental funds has the effect of increasing long-term liabilities in the amount of \$12,035,000.

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 decrease of \$7,365,000.

### Accrued interest

In the government-wide statement of activities, a net increase of \$151,492 of accrued interest on bonds payable has been recorded.

### 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 increase of \$72,729.

### Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to the individual funds deriving a benefit from such services. The adjustments for internal service funds “closes” those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds’ costs for the year, a net increase of \$546,955.

## Notes to the Financial Statements (continued)

### 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.
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 2003, there was one amendment to the originally adopted budget, which was approved by the governing body in August 2003. The Transient Guest Tax fund expenditures were increased by \$36,788, and the Capital Projects fund expenditures were increased by \$43,000.

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 of expenditures 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.

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

### **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. Management is not aware of any statutory violations.

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

The Concessions Fund, a non-major enterprise fund, had deficit net assets of \$433 in 2003. The combined Capital Project Funds, which are non-major governmental funds, had a combined deficit fund balance of \$4,878,339 at December 31, 2003.

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

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

At December 31, 2003, the carrying amount of the City's bank deposits, including certificates of deposit, was \$10,477,715, and the bank balances were \$11,896,522. Of the bank balances, \$441,162 was covered by Federal depository insurance. The market value of collateral was \$19,106,382 for securities held for the City by a 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 uncollateralized or collateralized with securities that were held by the banks not in the City's name (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, 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.

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

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

Type	Category			Carrying Amount	Reported Fair Value Amount
	1	2	3		
<b>Deposits:</b>					
Demand deposits	\$ 3,957,715	\$ -	\$ -	\$ 3,957,715	\$ 3,957,715
Certificates of deposit	6,520,000	-	-	6,520,000	6,520,000
<b>Total deposits</b>	<b>\$ 10,477,715</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,477,715</b>	<b>\$ 10,477,715</b>
<b>Investments:</b>					
U.S. Government Agencies	\$ 4,661,852	\$ -	\$ -	\$ 4,661,852	\$ 4,661,852
U.S. Treasury Notes	14,602,078	-	-	14,602,078	14,791,347
	<b>\$ 19,263,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,263,930</b>	<b>\$ 19,453,199</b>
Kansas Municipal Investment Pool, at fair value				10,106,915	
Petty cash and change funds				2,679	
<b>Total cash, deposits, and investments</b>				<b>\$ 39,851,239</b>	
The deposits and investments of the City are shown in the fund financial statements as follows:					
Cash and equity in Treasurer's Fund				29,991,801	
Restricted cash and equity in Treasurer's Fund				\$ 9,859,438	
<b>Total cash and equity in Treasurer's Fund</b>				<b>\$ 39,851,239</b>	

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

**B. Receivables**

Receivables at year-end for the government's individual major and nonmajor funds, and internal service funds 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>Non-major and Other Funds</u>	<u>Total</u>
<b>Receivables:</b>							
Taxes	\$ 19,657,685	\$ 6,104,138	\$ 1,212,000	\$ 9,287,456	\$ -	\$ 2,579,854	\$ 38,841,133
Accounts	151,924	-	-	-	7,724,801	252,739	8,129,464
Notes	-	-	-	-	-	24,322	24,322
Special assessments	-	-	-	8,541,662	-	-	8,541,662
Intergovernmental	1,442	-	-	-	-	630,534	631,976
<b>Gross receivables</b>	<u>\$ 19,811,051</u>	<u>\$ 6,104,138</u>	<u>\$ 1,212,000</u>	<u>\$ 17,829,118</u>	<u>\$ 7,724,801</u>	<u>\$ 3,487,449</u>	<u>\$ 56,168,557</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>
<b><u>Current Property Taxes Receivable:</u></b>	
General Fund	\$ 15,297,604
Debt service fund	6,822,362
Parks & Recreation Fund	5,422,891
Other, non-major funds	1,970,120
<b><u>Delinquent Property Taxes Receivable:</u></b>	
General Fund	86,380
Debt service fund	57,587
Parks & Recreation Fund	23,035
Other, non-major funds	26,260
<b><u>Special Assessments, Debt Service Fund:</u></b>	
Current	1,158,760
Delinquent	120,690
Not yet due	8,541,662
<b><u>Motor Vehicle <i>ad valorem</i> Taxes Receivable:</u></b>	
General Fund	1,333,510
Debt service fund	1,128,057
Parks & Recreation Fund	658,212
Other, non-major funds	207,150
<b>Grants, other, non-major funds</b>	867,160
<b>Other Deferred Revenues, general fund</b>	12,000
<b>Total deferred revenue for governmental funds</b>	<u>\$ 43,733,440</u>

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

**C. Capital assets**

Capital asset activity for the year ended December 31, 2003, including Internal Service Funds, 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	\$ 6,346,009	-	-	\$ 6,346,009
Construction in progress	49,312,511	17,383,924	24,992,579	41,703,856
Total non-depreciable capital assets	<u>55,658,520</u>	<u>17,383,924</u>	<u>24,992,579</u>	<u>48,049,865</u>
Depreciable capital assets:				
Buildings, improvements, infrastructure	803,095,942	21,311,679	2,669	824,404,952
Furniture and fixtures	7,233,120	292,617	2,041,947	5,483,790
Vehicles	14,455,277	1,146,791	320,945	15,281,123
Machinery and equipment	4,639,211	864,155	190,980	5,312,386
Total depreciable capital assets	<u>829,423,550</u>	<u>23,615,242</u>	<u>2,556,541</u>	<u>850,482,251</u>
Less accumulated depreciation	<u>(397,184,924)</u>	<u>(29,937,165)</u>	<u>(1,676,759)</u>	<u>(425,445,330)</u>
Depreciable capital assets, net of accumulated depreciation	<u>432,238,626</u>	<u>(6,321,923)</u>	<u>879,782</u>	<u>425,036,921</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$487,897,146</u>	<u>\$ 11,062,001</u>	<u>\$ 25,872,361</u>	<u>\$ 473,086,786</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Non-depreciable capital assets:				
Land	\$ 1,911,649	\$ -	\$ 246,751	\$ 1,664,898
Construction in progress	63,561,390	44,329,958	46,535,711	61,355,637
Total non-depreciable capital assets	<u>65,473,039</u>	<u>44,329,958</u>	<u>46,782,462</u>	<u>63,020,535</u>
Depreciable capital assets:				
Buildings and improvements	282,728,445	56,020,602	-	338,749,047
Furniture and fixtures	1,496,127	-	787,600	708,527
Vehicles	5,599,610	981,309	864,068	5,716,851
Machinery and equipment	14,262,678	562,957	10,412,629	4,413,006
Total depreciable capital assets:	<u>304,086,860</u>	<u>57,564,868</u>	<u>12,064,297</u>	<u>349,587,431</u>
Less accumulated depreciation	<u>(94,583,898)</u>	<u>(7,642,020)</u>	<u>(2,136,199)</u>	<u>(100,089,719)</u>
Depreciable capital assets, net of accumulated depreciation	<u>209,502,962</u>	<u>49,922,848</u>	<u>9,928,098</u>	<u>249,497,712</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$274,976,001</u>	<u>\$ 94,252,806</u>	<u>\$ 56,710,560</u>	<u>\$ 312,518,247</u>

## Notes to the Financial Statements (continued)

Depreciation expense was charged to activities as follows:

### Governmental activities:

General Government	\$ 207,651
Public Safety	1,284,758
Public Works	27,320,283
Park and Recreation	533,619
Internal Service	590,854
<b>Total depreciation expense - Governmental</b>	<b><u>\$ 29,937,165</u></b>

### Business-type activities:

Parking Garages	\$ 526,375
Water, Wastewater, Stormwater Systems	7,046,894
Other various activities	68,751
<b>Total depreciation expense - Business-type</b>	<b><u>\$ 7,642,020</u></b>

### Construction commitments

The City had open, active construction projects on December 31, 2003. 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 wastewater facilities. At year-end the City's open project expenditures and remaining commitments with contractors, by category were as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
General Government	\$ 8,636,784	\$ 1,370,796
Public Safety - Fire	1,611,676	497,302
Public Safety - Police	302,466	60,108
Public Works - Administration	23,213	35,495
Public Works - Traffic	4,346,496	3,716,231
Public Works - Transportation	30,554,946	20,495,335
Public Works - Bridges	10,581,611	7,912,510
Parks and Recreation	9,770,030	4,437,644
<b>Total</b>	<b><u>\$ 65,827,222</u></b>	<b><u>\$ 38,525,421</u></b>

### D. Interfund receivables and transfers

The composition of interfund balances at December 31, 2003 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Undistributed Investment Earnings	107,025
	Water, Water Pollution Control, and	
General	Stormwater Utility	5,137,712
Parks and Recreation	Transient Guest Tax	28,675
Parks and Recreation	Concessions	14,083
Debt Service	Undistributed Investment Earnings	9,909
Water & WPC & Stormwater Utility	Undistributed Investment Earnings	76,286
Self-Insurance	Undistributed Investment Earnings	16,517
Risk Management	Undistributed Investment Earnings	8,110
<b>Total</b>		<b><u>\$ 5,398,317</u></b>

## Notes to the Financial Statements (continued)

Interfund transfers:

	Transfer In:					Total
	General Fund	Parks and Recreation	Special Street Repairs	Non-major Governmental	Metro Planning	
<b>Transfer out:</b>						
General Fund	\$ -	\$ -	\$ -	\$ (23,192)	\$ 534,532	511,340
Nonmajor Governmental	300,000	114,700		2,131,537	-	2,546,237
Enterprise Fund	-	-	250,000	96,067	-	346,067
Metro Planning	-	-	-	4,645	-	4,645
<b>Total transfers out</b>	<u>\$ 300,000</u>	<u>\$ 114,700</u>	<u>\$ 250,000</u>	<u>\$ 2,209,057</u>	<u>\$ 534,532</u>	<u>\$ 3,408,289</u>

In the fund financial statements, total transfers in of \$3,408,289 are equal to the total transfers out of \$3,062,222 from governmental funds and \$346,067 from business type funds.

### E. Leases

#### Operating Leases

The City entered into a second operating lease for computers in 2003. The expenditures for both leases for the year ended December 31, 2003, were \$210,376.68. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2004	\$ 260,752
2005	260,752
2006	134,762
2007	7,279
2008	-
2009-2012	-
<b>Total</b>	<u>\$ 663,545</u>

#### 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	\$3,049,459	\$106,734
Less accumulated depreciation	(743,876)	(53,370)
<b>Total</b>	<u>\$2,305,583</u>	<u>\$ 53,364</u>

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

The future minimum lease obligations, and the net present value of these minimum lease payments at December 31, 2003, were as follows:

Year Ending December 31	Governmental Activities- Internal Service Funds	Business Activities- Enterprise Funds
2004	\$633,917	\$25,279
2005	543,793	-
2006	563,093	-
2007	146,182	-
2008	146,182	-
2009 and thereafter	499,454	-
Total minimum lease payments	2,532,621	25,279
Less: amount representing interest	(316,605)	(117)
Net present value of minimum lease payments	<u>\$2,216,016</u>	<u>\$25,162</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 is \$159,941,000. During the year, general obligation bonds totaling \$7,365,000 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 20-year serial bonds with nearly level debt service payments due each year. General obligation bonds currently outstanding, by purpose and type, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.70 - 5.90%	\$ 17,391,105
Governmental activities – refunding	1.80 - 5.25%	89,253,895
Business-type activities	2.70 - 5.90%	6,240,000
		<u>\$112,885,000</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>
2004	\$ 6,160,000	\$ 4,733,343
2005	8,080,000	4,614,474
2006	7,890,000	4,314,670
2007	7,900,000	4,012,493
2008	7,850,000	3,647,471
2009-2013	40,470,000	13,598,697
2014-2018	23,055,000	5,680,348
2019-2031	11,480,000	2,510,095
<b>Total</b>	<u>\$112,885,000</u>	<u>\$43,111,591</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 2003, \$1,230,000 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%	\$63,960,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending December 31 *</u>	<u>Principal</u>	<u>Interest</u>
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	1,510,000	2,994,247
2009-2013	8,660,000	13,822,073
2014-2018	11,040,000	11,467,988
2019-2033	37,315,000	13,046,892
<b>Total</b>	<b>\$63,960,000</b>	<b>\$53,994,456</b>

\* - See note V. C. re: subsequent events

### Advance and current refundings

On March 6, 2003, the City issued its Series 2003A General Obligation Refunding Bonds in the principal amount of \$6,205,000 (the 2003A Bonds). Proceeds of these bonds were used to currently refund the City's previously issued Series 1997A General Obligation Bonds (the 1997A Bonds) in the outstanding principal amount of \$6,025,000. The 1997A Bonds scheduled to mature on August 1 in the years 2003 through 2017, were paid and redeemed in full on August 1, 2003, and the associated liability is consequently removed from the City's 2003 *Statement of Net Assets – Government-Wide*, in the governmental activities column. A current interest payment of \$22,846.94 and an early redemption premium of \$45,187.50 on the 1997A Bonds were also paid from proceeds of the 2003A Bonds. The refunding of the 1997A Bonds resulted in net present value interest cost savings to the City in the amount of \$503,532.

On August 14, 2003, the City issued its Series 2003B General Obligation Refunding Bonds in the principal amount of \$24,905,000 (the 2003B Bonds). Proceeds of these bonds were used to currently refund the City's previously issued Series 1995B General Obligation Refunding Bonds (the 1995B Bonds) in the outstanding principal amount of \$11,765,000, and to currently refund the City's previously issued Series 1998A General Obligation Improvement and Refunding Bonds (the 1998A Bonds) in the outstanding principal amount of \$12,510,000. The 1995B Bonds scheduled to mature on August 15 in the years 2003 through 2011, and the 1998A Bonds scheduled to mature on August 15 in the years 2003 through 2018, were paid and redeemed in full on August 15, 2003, and the associated liabilities are consequently removed from the City's 2003 *Statement of Net Assets – Government-Wide*, in the governmental activities column. A current interest payment of \$353,647.50 and an early redemption premium of \$117,650 on the 1995B Bonds, and a current interest payment of \$296,361.25 plus an early redemption premium of \$125,100 on the 1998A Bonds were also paid from proceeds of the 2003B Bonds. The refunding of the Series 1995B Bonds, together with the refunding of the Series 1998A Bonds resulted in net present value interest cost savings to the City in the amount of \$2,011,228.02.

See also note V, section C *Subsequent Events*, on pages 61- 62, for information about a refunding bond issue closed in 2004.

## Notes to the Financial Statements (continued)

### Changes in long-term liabilities

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 101,975,000	\$ 42,335,000	\$ (37,665,000)	\$ 106,645,000	\$ 6,160,000
Capital leases	2,745,704	-	(529,688)	2,216,016	547,226
Compensated absences	3,235,842	1,285,312	(1,460,188)	3,060,966	3,060,966
Governmental activity					
<b>Long-term liabilities</b>	<u>\$ 107,956,546</u>	<u>\$ 43,620,312</u>	<u>\$ (39,654,876)</u>	<u>\$ 111,921,982</u>	<u>\$ 9,768,192</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	6,240,000	-	-	6,240,000	-
State revolving loan	37,592,045	29,255,534	(2,393,282)	64,454,297	2,363,284
Revenue bonds	63,960,000	-	(1,297,675)	62,662,325	-
Less deferred amounts:					
For issuance discounts	(831,625)	-	39,130	(792,495)	-
On refunding	(173,593)	-	38,577	(135,016)	-
Total bonds payable	<u>106,786,827</u>	<u>29,255,534</u>	<u>(3,613,250)</u>	<u>132,429,111</u>	<u>2,363,284</u>
Capital leases	48,952	-	(23,790)	25,162	25,162
Compensated absences	498,279	639,489	(665,354)	472,414	472,414
Business-type activity					
<b>Long-term liabilities</b>	<u>\$ 107,334,058</u>	<u>\$ 29,895,023</u>	<u>\$ (4,302,394)</u>	<u>\$ 132,926,687</u>	<u>\$ 2,860,860</u>

Long-term liability activity for the year ended December 31, 2003 was as follows:

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included above, as part of the totals for governmental activities. At year-end, \$83,148 of the compensated absences and \$2,216,016 of capital leases are attributable to internal service funds. For the governmental activities, compensated absences are generally liquidated by the general fund. The government-wide statement of net assets includes \$1,297,675 of the long-term liabilities due within one year for business-type activities in "liabilities payable from restricted assets." The remaining amount of \$62,662,325 is displayed as "non-current liabilities, due in more than one year" on that same statement.

### **G. Segment information**

The City has issued revenue bonds and has also entered into loan agreements with the Kansas Department of Health and Environment for loans from its Water Pollution Control State Revolving Loan Fund to finance its water, water pollution control, and stormwater utilities, which are structured to account for all phases of operation and maintenance of the City's public water supply, wastewater treatment, and stormwater responsibilities. The water, water pollution control, and stormwater activities are accounted for in separate funds. However, the revenue generated by the combined utility is pledged in loan agreements and in bond covenants for repayment of debt. Summary financial information for water, water pollution control, and stormwater utilities are presented below.

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Notes to the Financial Statements (continued)

**CONDENSED STATEMENT OF NET ASSETS**

**Water, Water Pollution Control, and Stormwater Utility  
At December 31, 2003**

<b>Assets:</b>	
Current assets	\$ 10,835,337
Due from other funds	76,286
Restricted assets	14,289,089
Capital assets - land and infrastructure	61,914,204
Capital assets - depreciable buildings, property, and equipment, net of accumulated depreciation	234,088,026
Other assets	16,499
<b>Total assets</b>	<u>321,219,441</u>
<b>Liabilities:</b>	
Current liabilities	15,611,706
Current liabilities payable from restricted assets	3,415,390
Non-current liabilities	124,249,359
<b>Total liabilities</b>	<u>143,276,455</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	161,812,581
Restricted	9,643,585
Unrestricted	6,486,820
<b>Total net assets</b>	<u>\$ 177,942,986</u>

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

**Water, Water Pollution Control, and Stormwater Utility  
For the Year Ended December 31, 2003**

Water, Water Pollution Control, and Stormwater revenues (pledged to repay bonds)	\$ 41,081,564
Depreciation expense	(7,046,894)
Other operating expenses	(26,837,247)
Operating income	<u>7,197,423</u>
Non-operating revenues (expenses):	
Interest Income	455,323
Interest expense	(4,937,148)
Other	(905,420)
Change in net assets	<u>1,810,178</u>
Beginning net assets	176,132,808
Ending net assets	<u>\$177,942,986</u>

**CONDENSED STATEMENT OF CASH FLOWS**

**Water, Water Pollution Control, and Stormwater Utility  
For the Year Ended December 31, 2003**

Net cash provided (used) by:	
Operating activities	\$17,485,403
Non-capital financing activities	(290,000)
Capital and related financing activities	(26,567,743)
Investing activities	455,323
Net increase (decrease)	<u>(8,917,017)</u>
Beginning cash and cash equivalents	18,560,602
Ending cash and cash equivalents	<u>\$ 9,643,585</u>

## Notes to the Financial Statements (continued)

### H. Restricted assets

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

Bond reserve – Water	\$4,661,853
Renewal & replacement – Water	1,500,000
Sinking fund – Water	1,892,730
Sinking fund – Water Pollution Control	973,641
Sinking fund cash – Water	143,315
Water consumer deposits – Water	415,041
Water consumer deposits flushing meters – Water	57,005
Deposits with fiscal agent – Water	629,560
Deposits with fiscal agent – Water Pollution Control	4,015,944
<b>Total restricted assets</b>	<u><u>\$14,289,089</u></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. For each of the past three years settlements have not exceeded coverage.

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

The internal self-insurance funds accrue the required amounts for the payment of anticipated claims by 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:

	2003	2002
Claims liabilities at beginning of the year	\$ 930,676	\$1,272,072
Claims incurred during the year	6,180,388	5,212,668
Claims paid during the year	(6,297,232)	(5,554,064)
Claims liabilities at end of the year	<u>\$ 813,832</u>	<u>\$ 930,676</u>

#### B. Related party transactions

There were no significant related party transactions in 2003.

#### C. Subsequent events

On February 19, 2004, the City issued its Combined Utility Improvement and Refunding Revenue Bonds, Series 2004-A, in the principal amount of \$46,180,000 (the 2004-A Bonds). The interest rates on the 2004-A Bonds range from 2.00% to 4.50%, and the final maturity date is August 1, 2033. Over \$35 million of the 2004-A Bonds' proceeds were allocated to payment of costs of capital improvements. Some proceeds of the 2004-A Bonds were used to currently refund the City's previously issued Series 1998-A Water and Water Pollution Control Utility Refunding Revenue Bonds (the 1998-A Bonds) in the outstanding principal amount of \$8,030,000. The 1998-A Bonds scheduled to mature on August 1 in the years 2004 through 2012, were paid and redeemed on February 19, 2004, and the associated liability will be removed from the City's 2004 *Statement of Net*

## Notes to the Financial Statements (continued)

*Assets – Government-Wide*, in the governmental activities column. A current interest payment of \$18,630.90 and an early redemption premium of \$40,150 on the 1998-A Bonds were also paid from proceeds of the 2004-A Bonds. The refunding of the 1998-A Bonds resulted in net present value interest cost savings to the City in the amount of \$508,318.78.

On January 6, 2004, James A. McClinton was sworn in as the new Mayor of the City. Mayor McClinton was selected by the City Council to fill the unexpired term of former Mayor Harry “Butch” Felker, who resigned from office in November 2003.

On January 27, 2004, Lover Chancler was selected by the City Council to fill the unexpired term of former Council District No. 3 representative Harold Lane, who resigned in January 2004.

In January 2004, the City entered into an agreement with Security Benefit Group of Topeka, to be the third-party administrator of the City’s Internal Revenue Code Section 125 (medical/dependent care, flexible spending) Plan. The Section 125 Plan was previously administered by the City’s Human Resources Department. The administrative fees now paid to SBG are being charged to various City departments, as related employee benefit expenditures.

Also in 2004, the City entered into an agreement with ING Group to be the exclusive third-party provider under the City’s Internal Revenue Code Section 457 (deferred compensation) Plan. Formerly, the City had three providers of Section 457 services: ING Group (formerly Aetna Financial Services), the ICMA Retirement Corporation, and PEBSCO, a Division of Nationwide Retirement Services. Costs of the Section 457 Plan are borne by the participants.

In April 2004, the City entered into an agreement to amend certain provisions of its Kansas Water Pollution Control State Revolving Loan Fund (SRF) loan agreements with the Kansas Department of Health and Environment. The amendments had no immediate fiscal impact to the City, but they were necessary to allow the City to borrow additional amounts from the SRF, which it is preparing to do in 2004 for additional improvements at the Oakland wastewater treatment plant.

### **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, 2003, totaled \$154,463,625.

Costs to complete construction contracts to which the City was committed at December 31, 2003, are estimated at \$38,525,421 for the governmental funds and \$89,854,655 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**

In the 1960s, the City, in conjunction with Shawnee County, created the Topeka-Shawnee County Metropolitan Planning Commission, which was jointly governed by the City and the County. That organization was dissolved in September 2003. The dissolution resulted in the City Council’s creation of the Topeka Planning Commission (TPC), which is responsible to adopt and recommend to the Council a comprehensive metropolitan plan of growth and development for the Topeka metropolitan area. This function was formerly performed for the entire county by the joint commission. Currently, the TPC has jurisdiction over all planning, zoning, and platting matters within the corporate

## Notes to the Financial Statements (continued)

boundaries of the City, as well as those within three miles of the City's corporate boundaries. The TPC's development of a comprehensive metropolitan plan is to be done in cooperation with other affected units of government.

Also jointly governed by the City and Shawnee County is the Topeka-Shawnee County Landmarks Commission, comprised of nine members. Five members are appointed by the Topeka City Council, and four are appointed by the Shawnee County Commission. The Landmarks Commission is responsible to advise the city council or county commissioners on historic resources and to safeguard the architectural and cultural heritage of the community through the preservation of historic landmarks and historic districts. The Landmarks Commission may carry out these duties through the identification, documentation and designation of historic resources; development and implementation of a historic preservation plan; administration of ordinances/resolutions governing the designation, alteration and removal of historic resources; assistance with educational programs, economic development and tourism, and coordination of public and private historic preservation activities.

Shawnee County and the City also created in 2001 the Joint Economic Development Organization (JEDO), for the purpose of attracting to and retaining in the area, businesses and jobs. The JEDO was created through an interlocal agreement, which designates certain members of the governing body of both the City and the County to serve on the JEDO Board. Both the City and the County also appoint other members of the JEDO Board. The City provides funds to the JEDO from sales tax proceeds, in accordance with the terms of the interlocal agreement and an agreement with GO Topeka, a local economic development organization, which administers the funds.

The joint Topeka-Shawnee County Metropolitan Board of Zoning Appeals was disbanded in 2003. The Planning department is currently working on creating a Board of Zoning Appeals for the City. This should occur around May 2004.

### F. Other post employment benefits

The City allows its 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 elect to withdraw. The benefits are exactly the same as those provided to active City employees. As of January 2004, the city had a total of 297 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 taxes on the portion of their salary designated for deposit with the third-party provider 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.

In 2003, the City's Section 457 plan provided a choice among three third-party providers: ING Group (formerly Aetna Financial Services), the ICMA Retirement Corporation, and PEBSCO, a Division of Nationwide Retirement Services. Please note the change to this arrangement, as explained in note V, section C *Subsequent Events*, on page 62.

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

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

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 2003 was 3.07%. The City of Topeka employer contributions to KPERS for the years ending December 31, 2003, 2002, and 2001 were \$822,863, \$791,389, and \$670,339 respectively, equal to the statutorily required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2003 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, 2003, 2002, and 2001 were \$3,756,421, \$3,521,564, and \$3,366,574 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 Business Improvement District	Topeka Ordinance #15701	Accounts for assessments levied against property owners and tenants within the downtown business improvement district to provide for improvements and promotion of the downtown business area.
Special Alcohol Program	K.S.A. 79-41a04	Accountability and use of one-third of City's distributable portion of special tax on sales of alcoholic beverages in private clubs. The resources of this fund may be used only for services or programs for prevention, education, or treatment of alcohol or drug abuse.
General Improvement	Topeka Charter Ordinance #7	Controls and accounts for the proceeds of a property tax levy which is authorized to permit the City to pay cash in lieu of issuing bonds to pay the cost of public improvements.
Special Liability Expense	K.S.A. 75-6110	Provides resources from a property tax levy to pay costs of defending the City and its officers and employees against tort or civil rights claims, and to pay judgments or settlements resulting from such claims.
Zoo Improvements	Administrative City Code 2-328	Accounts for revenues set aside from zoo admissions. The funds are used for capital improvements at the zoo.
Zoo	Administrative	Administers the maintenance and operation of the City's zoological park. Accounts for revenues received from zoo admissions and concessions.
Golf Improvement	City Code 2-333 Ordinance #17783	Topeka Accounts for seven percent of golf course revenues to be used for capital improvements for the city golf course.

## Special Revenue Funds (Continued...)

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
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.
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, and other related costs of City employees upon their retirement.
Governmental Grants	Public Law 93-838 City Code Chapter 42 Various Grant Contracts	Accounts 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 those of various other grants related to health and social service functions.
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. This structure was changed in 2004
Park Land Acquisition	Administrative	Reserves funds transferred from City departments and contributed by other entities for future land acquisitions for park improvements and developments.
Undistributed Investment Earnings	Administrative	Accounts for investment earnings on all pooled City funds before actual distribution to various recipient funds.

## 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, 2003**

*With comparative totals for 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>Zoo</b>	<b>Golf Improvement</b>
<b>Assets</b>							
Cash and equity in Treasurer's Fund	\$ 14,791	\$ 301,878	\$ 306,255	\$ 755,159	\$ -	\$ -	\$ 65,047
Receivables (net of allowance for uncollectibles):							
Accounts receivable	46,605	-	-	-	-	-	-
General property taxes	-	-	45,220	540,075	-	1,618,235	-
Notes	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Restricted assets:							
Cash and equity in Treasurer's Fund	-	-	-	-	215,853	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 61,396</b>	<b>\$ 301,878</b>	<b>\$ 351,475</b>	<b>\$ 1,295,234</b>	<b>\$ 215,853</b>	<b>\$ 1,618,235</b>	<b>\$ 65,047</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts and contracts payable	-	-	-	18,329	-	-	-
Salaries & wages payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-
Temporary notes payable	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Liabilities payable from restricted assets:							
Accrued interest on revenue bonds	-	-	-	-	-	-	-
Deferred revenue	-	-	45,220	540,075	-	1,618,235	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>45,220</b>	<b>558,404</b>	<b>-</b>	<b>1,618,235</b>	<b>-</b>
<b>Fund Balances</b>							
Reserved for:							
Encumbrances	5,394	76,520	-	51,393	-	-	-
Unreserved, reported in:							
Special Revenue Funds	56,002	225,358	306,255	685,437	215,853	-	65,047
Capital Projects Funds	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>61,396</b>	<b>301,878</b>	<b>306,255</b>	<b>736,830</b>	<b>215,853</b>	<b>-</b>	<b>65,047</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,396</b>	<b>\$ 301,878</b>	<b>\$ 351,475</b>	<b>\$ 1,295,234</b>	<b>\$ 215,853</b>	<b>\$ 1,618,235</b>	<b>\$ 65,047</b>

**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>Regional Planning Commission</b>	<b>Park Land Acquisition</b>	<b>Undistributed Investment Earnings</b>
\$ 29,643	\$ 199,034	\$ 36,461	\$ 84,325	\$ 285,486	\$ 122,253	\$ 166,082	\$ -
-	-	-	-	31,680	-	-	174,454
376,324	-	-	-	-	-	-	-
-	-	-	-	24,322	-	-	-
-	-	-	-	630,505	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	43,408
<u>\$ 405,967</u>	<u>\$ 199,034</u>	<u>\$ 36,461</u>	<u>\$ 84,325</u>	<u>\$ 971,993</u>	<u>\$ 122,253</u>	<u>\$ 166,082</u>	<u>\$ 217,862</u>
-	-	1,930	-	65,311	2,112	-	15
-	-	-	-	39,522	31,211	-	-
28,675	-	-	-	-	-	-	217,847
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	867,160	-	-	-
<u>28,675</u>	<u>-</u>	<u>1,930</u>	<u>-</u>	<u>971,993</u>	<u>33,323</u>	<u>-</u>	<u>217,862</u>
293,927	-	21,110	-	-	294	20,783	-
83,365	199,034	13,421	84,325	-	88,636	145,299	-
-	-	-	-	-	-	-	-
<u>377,292</u>	<u>199,034</u>	<u>34,531</u>	<u>84,325</u>	<u>-</u>	<u>88,930</u>	<u>166,082</u>	<u>-</u>
<u>\$ 405,967</u>	<u>\$ 199,034</u>	<u>\$ 36,461</u>	<u>\$ 84,325</u>	<u>\$ 971,993</u>	<u>\$ 122,253</u>	<u>\$ 166,082</u>	<u>\$ 217,862</u>

*continued...*

**City of Topeka, Kansas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2003**

*With comparative totals for December 31, 2002*

...continued

	<b>Capital Projects</b>					<b>Totals</b>	
	<b>Public</b>					<b>2003</b>	<b>2002</b>
	<b>Bridges</b>	<b>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	\$ 4,921,523	\$ 1,075,163	\$ 90,336	\$ 3,170,483	\$ 1,032,173	\$ 12,656,092	\$ 10,405,965
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	-	-	252,739	331,619
General property taxes	-	-	-	-	-	2,579,854	785,036
Notes	-	-	-	-	-	24,322	24,322
Due from other governments	-	-	-	-	-	630,505	1,090,004
Restricted assets:							
Cash and equity in Treasurer's Fund	-	-	-	-	-	215,853	-
Other assets	-	-	-	-	-	43,408	111,896
<b>Total assets</b>	<b>\$ 4,921,523</b>	<b>\$ 1,075,163</b>	<b>\$ 90,336</b>	<b>\$ 3,170,483</b>	<b>\$ 1,032,173</b>	<b>\$ 16,402,773</b>	<b>\$ 12,748,842</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts and contracts payable	156,524	174,182	20,694	\$ 163,144	\$ 154,411	\$ 756,652	\$ 1,015,820
Salaries & wages payable	-	-	-	-	-	70,733	76,682
Due to other funds	-	-	-	-	-	246,522	238,880
Due to others	-	-	-	-	-	-	10,000
Temporary notes payable	4,855,070	300,000	802,020	6,189,324	2,310,000	14,456,414	9,847,788
Other	-	-	-	12,932	-	12,932	12,932
Liabilities payable from restricted assets:							
Accrued interest on revenue bonds	9,980	617	1,649	12,722	4,748	29,716	-
Deferred revenue	-	-	-	-	-	3,070,690	1,520,991
<b>Total liabilities</b>	<b>5,021,574</b>	<b>474,799</b>	<b>824,363</b>	<b>6,378,122</b>	<b>2,469,159</b>	<b>18,643,659</b>	<b>12,723,093</b>
<b>Fund Balances</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	469,421	631,213
Unreserved, reported in:							
Special Revenue Funds	-	-	-	-	-	2,168,032	2,125,177
Capital Projects Funds	(100,051)	600,364	(734,027)	(3,207,639)	(1,436,986)	(4,878,339)	(2,730,641)
<b>Total fund balances</b>	<b>(100,051)</b>	<b>600,364</b>	<b>(734,027)</b>	<b>(3,207,639)</b>	<b>(1,436,986)</b>	<b>(2,240,886)</b>	<b>25,749</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,921,523</b>	<b>\$ 1,075,163</b>	<b>\$ 90,336</b>	<b>\$ 3,170,483</b>	<b>\$ 1,032,173</b>	<b>\$ 16,402,773</b>	<b>\$ 12,748,842</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, 2003**  
*With comparative totals for December 31, 2002*

	Special Revenue Funds						
	Downtown Improvement District	Special Alcohol Program	General Improvement	Special Liability Expense	Zoo Improvement	Zoo	Golf Improvement
<b>Revenues:</b>							
Taxes and assessments	\$ 187,462	\$ -	\$ 139,540	\$ 339,540	\$ -	\$ -	\$ -
Intergovernmental	-	420,235	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Charges for services	-	-	-	-	138,526	-	8,980
Interest from investments	866	-	-	-	-	-	-
Other	12	-	-	-	4,367	-	-
<b>Total revenues</b>	<u>188,340</u>	<u>420,235</u>	<u>139,540</u>	<u>339,540</u>	<u>142,893</u>	<u>-</u>	<u>8,980</u>
<b>Expenditures:</b>							
General government	-	-	300,000	292,085	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	156,025	-	-	-	-	-	-
Public housing	-	-	-	-	-	-	-
Social services	-	340,574	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Engineering and others	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>156,025</u>	<u>340,574</u>	<u>300,000</u>	<u>292,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>32,315</u>	<u>79,661</u>	<u>(160,460)</u>	<u>47,455</u>	<u>142,893</u>	<u>-</u>	<u>8,980</u>
<b>Other financing sources (uses):</b>							
Proceeds of general obligation bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	56,067
Transfers out	-	-	-	(100,000)	(90,000)	-	-
Contingency	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(90,000)</u>	<u>-</u>	<u>56,067</u>
<b>Net change in fund balances</b>	32,315	79,661	(160,460)	(52,545)	52,893	-	65,047
<b>Fund balances (deficits) - beginning</b>	29,081	222,217	466,715	789,375	162,960	-	-
<b>Fund balances (deficits) - ending</b>	<u>\$ 61,396</u>	<u>\$ 301,878</u>	<u>\$ 306,255</u>	<u>\$ 736,830</u>	<u>\$ 215,853</u>	<u>\$ -</u>	<u>\$ 65,047</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>Regional Planning Commission</b>	<b>Park Land Acquisition</b>	<b>Undistributed Investment Earnings</b>
\$ 1,458,615	\$ -	\$ 71	\$ -	\$ -	-	\$ -	\$ -
-	-	-	-	5,583,340	438,336	-	-
-	-	-	-	-	73,253	-	-
-	-	-	1,017,996	-	1,367	-	-
-	-	-	-	-	-	-	-
-	137,381	-	-	259,561	311	-	-
<u>1,458,615</u>	<u>137,381</u>	<u>71</u>	<u>1,017,996</u>	<u>5,842,901</u>	<u>513,267</u>	<u>-</u>	<u>-</u>
1,147,077	133,373	9,554	983,865	1,175,136	1,067,990	4,700	-
-	-	-	-	526,882	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,813,103	-	-	-
-	-	-	-	327,780	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,147,077</u>	<u>133,373</u>	<u>9,554</u>	<u>983,865</u>	<u>5,842,901</u>	<u>1,067,990</u>	<u>4,700</u>	<u>-</u>
311,538	4,008	(9,483)	34,131	-	(554,723)	(4,700)	-
-	-	-	-	-	-	-	-
-	-	40,000	-	-	534,532	-	-
(255,006)	(31,500)	-	(200,000)	-	(4,645)	-	-
-	-	-	-	-	-	-	-
<u>(255,006)</u>	<u>(31,500)</u>	<u>40,000</u>	<u>(200,000)</u>	<u>-</u>	<u>529,887</u>	<u>-</u>	<u>-</u>
56,532	(27,492)	30,517	(165,869)	-	(24,836)	(4,700)	-
320,760	226,526	4,014	250,194	-	113,766	170,782	-
<u>\$ 377,292</u>	<u>\$ 199,034</u>	<u>\$ 34,531</u>	<u>\$ 84,325</u>	<u>\$ -</u>	<u>\$ 88,930</u>	<u>\$ 166,082</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, 2003**  
*With comparative totals for 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>2003</b>	<b>2002</b>
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ 38,462	\$ 18,645	\$ -	\$ 2,182,335	2,788,049
Intergovernmental	692,172	1,384,891	-	9,839	710,325	9,239,138	8,276,303
Licenses and permits	-	-	-	-	-	73,253	50,832
Charges for services	-	-	-	-	-	1,166,869	654,972
Interest from investments	-	-	-	-	-	866	647
Other	-	697,515	-	-	215,332	1,314,479	994,145
<b>Total revenues</b>	<u>692,172</u>	<u>2,082,406</u>	<u>38,462</u>	<u>28,484</u>	<u>925,657</u>	<u>13,976,940</u>	<u>12,764,948</u>
<b>Expenditures:</b>							
General government	-	-	-	-	-	5,113,780	5,406,560
Public safety	-	-	-	-	-	526,882	856,846
Public works	-	-	-	-	-	156,025	202,861
Public housing	-	-	-	-	-	3,813,103	4,267,288
Social services	-	-	-	-	-	668,354	984,714
Construction	822,973	2,652,748	218,314	6,375,171	2,018,523	12,087,729	3,903,533
Interest	78,353	79,992	13,973	109,301	(15,025)	266,594	(76,808)
Engineering and others	855,908	1,285,059	80,011	1,940,297	868,326	5,029,601	2,505,394
<b>Total expenditures</b>	<u>1,757,234</u>	<u>4,017,799</u>	<u>312,298</u>	<u>8,424,769</u>	<u>2,871,824</u>	<u>27,662,068</u>	<u>18,050,388</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>(1,065,062)</u>	<u>(1,935,393)</u>	<u>(273,836)</u>	<u>(8,396,285)</u>	<u>(1,946,167)</u>	<u>(13,685,128)</u>	<u>(5,285,440)</u>
<b>Other financing sources (uses):</b>							
Proceeds of general obligation bonds	1,021,276	3,310,232	68,900	5,711,300	1,114,078	11,225,786	-
Transfers in	-	671,281	897	1,217,589	223,223	2,743,589	2,650,724
Transfers out	-	(491,064)	(6,364)	(1,307,929)	(64,374)	(2,550,882)	(547,618)
Contingency	-	-	-	-	-	-	(30,797)
<b>Total other financing sources (uses)</b>	<u>1,021,276</u>	<u>3,490,449</u>	<u>63,433</u>	<u>5,620,960</u>	<u>1,272,927</u>	<u>11,418,493</u>	<u>2,072,309</u>
<b>Net change in fund balances</b>	(43,786)	1,555,056	(210,403)	(2,775,325)	(673,240)	(2,266,635)	(3,213,131)
<b>Fund balances (deficits) - beginning</b>	(56,265)	(954,692)	(523,624)	(432,314)	(763,746)	25,749	3,238,880
<b>Fund balances (deficits) - ending</b>	<u>\$ (100,051)</u>	<u>\$ 600,364</u>	<u>\$ (734,027)</u>	<u>\$ (3,207,639)</u>	<u>\$ (1,436,986)</u>	<u>\$ (2,240,886)</u>	<u>\$ 25,749</u>

**City of Topeka, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Bridges**  
**From Inception and for the Year Ended December 31, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 6,927,513	\$ -	\$ 6,927,513	\$ 8,770,070
Intergovernmental revenue	-	692,172	692,172	2,414,400
Total revenues	<u>6,927,513</u>	<u>692,172</u>	<u>7,619,685</u>	<u>11,184,470</u>
<b>Expenditures</b>				
Construction	6,291,803	822,973	7,114,776	13,169,415
Interest	915,058	78,353	993,411	726,730
Engineering and others	1,617,516	855,908	2,473,424	4,597,977
Total expenditures	<u>8,824,377</u>	<u>1,757,234</u>	<u>10,581,611</u>	<u>18,494,122</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,896,864)</u>	<u>(1,065,062)</u>	<u>(2,961,926)</u>	<u>(7,309,652)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	1,502,924	1,021,276	2,524,200	6,848,002
Transfer in	358,650	-	358,650	461,650
Transfer out	<u>(20,975)</u>	<u>-</u>	<u>(20,975)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,840,599</u>	<u>1,021,276</u>	<u>2,861,875</u>	<u>7,309,652</u>
Net change in fund balance	<u>\$ (56,265)</u>	<u>(43,786)</u>	<u>\$ (100,051)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(56,265)</u>		
Fund balance (deficit) - ending		<u>\$ (100,051)</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, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ -	\$ -	\$ -	\$ 350,000
Intergovernmental revenue	1,811,839	1,384,891	3,196,730	4,280,760
Other	1,558,157	697,515	2,255,672	2,864,439
Total revenues	<u>3,369,996</u>	<u>2,082,406</u>	<u>5,452,402</u>	<u>7,495,199</u>
<b>Expenditures</b>				
Construction	4,512,999	2,652,748	7,165,747	9,429,268
Interest	(29,778)	79,992	50,214	105,483
Engineering and others	2,761,244	1,285,059	4,046,303	5,088,922
Total expenditures	<u>7,244,465</u>	<u>4,017,799</u>	<u>11,262,264</u>	<u>14,623,673</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,874,469)</u>	<u>(1,935,393)</u>	<u>(5,809,862)</u>	<u>(7,128,474)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	939,658	3,310,232	4,249,890	5,058,978
Transfer in	1,980,119	671,281	2,651,400	2,069,496
Transfer out	-	(491,064)	(491,064)	-
Total other financing sources (uses)	<u>2,919,777</u>	<u>3,490,449</u>	<u>6,410,226</u>	<u>7,128,474</u>
Net change in fund balance	<u>\$ (954,692)</u>	1,555,056	<u>\$ 600,364</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		(954,692)		
Fund balance - ending		<u>\$ 600,364</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, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 16,606	\$ 38,462	\$ 55,068	\$ 2,116,603
Intergovernmental revenue	-	-	-	37,778
Other	-	-	-	74,970
Total revenues	<u>16,606</u>	<u>38,462</u>	<u>55,068</u>	<u>2,229,351</u>
<b>Expenditures</b>				
Construction	603,922	218,314	822,236	1,759,516
Interest	42,446	13,973	56,419	152,384
Engineering and others	126,696	80,011	206,707	460,192
Total expenditures	<u>773,064</u>	<u>312,298</u>	<u>1,085,362</u>	<u>2,372,092</u>
Excess (deficit) of revenues over (under) expenditures	<u>(756,458)</u>	<u>(273,836)</u>	<u>(1,030,294)</u>	<u>(142,741)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	232,834	68,900	301,734	129,443
Transfer in	-	897	897	13,298
Transfer Out	-	(6,364)	(6,364)	-
Total other financing sources (uses)	<u>232,834</u>	<u>63,433</u>	<u>296,267</u>	<u>142,741</u>
Net change in fund balance	<u>\$ (523,624)</u>	(210,403)	<u>\$ (734,027)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		(523,624)		
Fund balance (deficit) - ending		<u>\$ (734,027)</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, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Taxes & assessments	\$ 422,014	\$ 18,645	\$ 440,659	\$ 7,925,241
Intergovernmental revenue	1,336,747	9,839	1,346,586	11,390,670
Other	-	-	-	141,805
Total revenues	<u>1,758,761</u>	<u>28,484</u>	<u>1,787,245</u>	<u>19,457,716</u>
<b>Expenditures</b>				
Construction	13,136,742	6,375,171	19,511,913	32,604,595
Interest	650,946	109,301	760,247	2,212,620
Engineering and others	11,083,214	1,940,297	13,023,511	20,056,700
Total expenditures	<u>24,870,902</u>	<u>8,424,769</u>	<u>33,295,671</u>	<u>54,873,915</u>
Excess (deficit) of revenues over (under) expenditures	<u>(23,112,141)</u>	<u>(8,396,285)</u>	<u>(31,508,426)</u>	<u>(35,416,199)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	20,222,446	5,711,300	25,933,746	33,506,792
Transfer in	2,725,293	1,217,589	3,942,882	1,909,407
Transfer out	(267,912)	(1,307,929)	(1,575,841)	-
Total other financing sources (uses)	<u>22,679,827</u>	<u>5,620,960</u>	<u>28,300,787</u>	<u>35,416,199</u>
Net change in fund balance	<u>\$ (432,314)</u>	<u>(2,775,325)</u>	<u>\$ (3,207,639)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(432,314)</u>		
Fund balance (deficit) - ending		<u>\$ (3,207,639)</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, 2003**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ 710,325	\$ 710,325	\$ 2,765,024
Other	-	215,332	215,332	125,000
Total revenues	<u>-</u>	<u>925,657</u>	<u>925,657</u>	<u>2,890,024</u>
<b>Expenditures</b>				
Construction	5,481,669	2,018,523	7,500,192	10,843,333
Interest	-	(15,025)	(15,025)	259,765
Engineering and others	1,248,821	868,326	2,117,147	2,885,743
Total expenditures	<u>6,730,490</u>	<u>2,871,824</u>	<u>9,602,314</u>	<u>13,988,841</u>
Excess (deficit) of revenues over (under) expenditures	<u>(6,730,490)</u>	<u>(1,946,167)</u>	<u>(8,676,657)</u>	<u>(11,098,817)</u>
<b>Other financing sources (uses)</b>				
Proceeds of general obligation bonds	4,804,872	1,114,078	5,918,950	10,006,046
Transfer in	1,199,895	223,223	1,423,118	1,092,771
Transfer out	<u>(38,023)</u>	<u>(64,374)</u>	<u>(102,397)</u>	-
Total other financing sources (uses)	<u>5,966,744</u>	<u>1,272,927</u>	<u>7,239,671</u>	<u>11,098,817</u>
Net change in fund balance	<u>\$ (763,746)</u>	(673,240)	<u>\$ (1,436,986)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(763,746)</u>		
Fund balance (deficit) - ending		<u>\$ (1,436,986)</u>		

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

## ENTERPRISE FUNDS

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

National Council on Governmental Accounting,  
Statement 1, Principle 3,

### Governmental Accounting, Auditing, and Financial Reporting

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Water, Water Pollution Control, and Stormwater Utility	K.S.A. 13-1254 & K.S.A. 12-6311 Topeka Ordinance #17985	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the City's public water, water pollution control, and stormwater utility system. (The utility fund is considered a major enterprise fund and shown on pages 36 - 38.)
Public Parking Facilities	K.S.A. 13-1379	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the City's public parking meters and facilities.
Public Golf Course	Topeka City Code Section 29-207	Accounts for assets, liabilities, revenues, and expenses in the operation and maintenance of the Public Golf Course.
Concessions	Topeka City Code Section 29-19.5	Accounts for assets, liabilities, revenues, and expenses in the operation of concessions in the Parks and Recreation Department.

**City of Topeka, Kansas**  
**Combining Statement of Net Assets**  
**Non-major Enterprise Funds**  
**December 31, 2003**

*With comparative totals for December 31, 2002*

	Public Parking Facilities	Public Golf Course	Concessions	Totals	
				2003	2002
<b>Assets</b>					
<b>Current assets:</b>					
Cash and equity in Treasurer's Fund	\$ 1,514,947	\$ 28,632	\$ -	\$ 1,543,579	\$ 1,666,083
Receivables (net of allowance for uncollectibles):					
Accounts receivable	40,062	-	-	40,062	48,439
Prepaid costs	1,810	512	6,665	8,987	8,987
Inventory	-	-	7,500	7,500	7,500
<b>Total current assets</b>	<u>1,556,819</u>	<u>29,144</u>	<u>14,165</u>	<u>1,600,128</u>	<u>1,731,009</u>
<b>Non-current assets:</b>					
Capital assets:					
Land and infrastructure	1,058,331	48,000	-	1,106,331	1,187,496
Depreciable buildings, property, and equipment, net depreciation	14,948,269	461,416	1	15,409,686	15,816,305
<b>Total non-current assets</b>	<u>16,006,600</u>	<u>509,416</u>	<u>1</u>	<u>16,516,017</u>	<u>17,003,801</u>
<b>Total assets</b>	<u>17,563,419</u>	<u>538,560</u>	<u>14,166</u>	<u>18,116,145</u>	<u>18,734,810</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts and contracts payable	19,898	2,291	191	22,380	75,243
Salaries & wages payable	25,366	8,353	325	34,044	27,753
Due to other funds	-	-	14,083	14,083	-
Other	43,378	25,162	-	68,540	70,623
<b>Total current liabilities</b>	<u>88,642</u>	<u>35,806</u>	<u>14,599</u>	<u>139,047</u>	<u>173,619</u>
<b>Non-current liabilities:</b>					
General obligation bonds payable	6,240,000	-	-	6,240,000	6,240,000
Accrued liabilities	29,444	19,438	-	48,882	60,064
Other	-	-	-	-	25,162
<b>Total non-current liabilities</b>	<u>6,269,444</u>	<u>19,438</u>	<u>-</u>	<u>6,288,882</u>	<u>6,325,226</u>
<b>Total liabilities</b>	<u>6,358,086</u>	<u>55,244</u>	<u>14,599</u>	<u>6,427,929</u>	<u>6,498,845</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	9,766,600	484,254	1	10,250,855	10,714,849
Unrestricted	1,438,733	(938)	(434)	1,437,361	1,521,116
<b>Total net assets</b>	<u>\$ 11,205,333</u>	<u>\$ 483,316</u>	<u>\$ (433)</u>	<u>\$ 11,688,216</u>	<u>\$ 12,235,965</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 Fund Net Assets**  
**Non-major Enterprise Funds**  
**For the Year Ended December 31, 2003**  
*With comparative totals for December 31, 2002*

	Public Parking Facilities	Public Golf Course	Concessions	Totals	
				2003	2002
<b>Operating revenues:</b>					
<b>Charges for services:</b>					
Parking fees	\$ 2,523,271	\$ -	\$ -	\$ 2,523,271	\$ 2,475,841
Meter fines	322,773	-	-	322,773	345,929
Green fees	-	802,887	-	802,887	828,181
Merchandise sales, net of cost of goods sold	-	-	204,931	204,931	181,373
Other	1,208	-	-	1,208	-
<b>Total operating revenues</b>	<b>2,847,252</b>	<b>802,887</b>	<b>204,931</b>	<b>3,855,070</b>	<b>3,831,324</b>
<b>Operating expenses before depreciation and payments in lieu of taxes and debt service:</b>					
Salaries, wages, and benefits	748,485	466,180	64,182	1,278,847	1,228,936
Purchased services	651,814	128,655	13,268	793,737	707,900
Commodities	111,887	174,176	116,848	402,911	358,898
Other	649	22,685	9,501	32,835	36,551
<b>Total operating expenses before depreciation and payments in lieu of taxes and debt service</b>	<b>1,512,835</b>	<b>791,696</b>	<b>203,799</b>	<b>2,508,330</b>	<b>2,332,285</b>
<b>Operating income (loss) before depreciation and payments in lieu of taxes and debt service</b>	<b>1,334,417</b>	<b>11,191</b>	<b>1,132</b>	<b>1,346,740</b>	<b>1,499,039</b>
Depreciation expense	526,375	68,751	-	595,126	578,299
Payments in lieu of debt service	751,471	26,526	-	777,997	837,322
Payments in lieu of taxes	175,000	4,500	-	179,500	153,000
<b>Operating income (loss)</b>	<b>(118,429)</b>	<b>(88,586)</b>	<b>1,132</b>	<b>(205,883)</b>	<b>(69,582)</b>
<b>Other income (expense):</b>					
Interest income	28,056	-	-	28,056	69,146
Interest expense	(307,008)	(1,489)	-	(308,497)	(2,785)
Other income	-	-	-	-	1,559
Gain (loss) on disposal of capital assets	(511)	(4,847)	-	(5,358)	4,390
<b>Nonoperating revenues (expenses)</b>	<b>(279,463)</b>	<b>(6,336)</b>	<b>-</b>	<b>(285,799)</b>	<b>72,310</b>
<b>Income (loss) before transfers</b>	<b>(397,892)</b>	<b>(94,922)</b>	<b>1,132</b>	<b>(491,682)</b>	<b>2,728</b>
Transfers in (out)	-	(56,067)	-	(56,067)	-
<b>Change in net assets</b>	<b>(397,892)</b>	<b>(150,989)</b>	<b>1,132</b>	<b>(547,749)</b>	<b>2,728</b>
<b>Net assets (deficit) beginning of year</b>	<b>11,603,225</b>	<b>634,305</b>	<b>(1,565)</b>	<b>12,235,965</b>	<b>12,233,237</b>
<b>Net assets (deficit) end of year</b>	<b>\$ 11,205,333</b>	<b>\$ 483,316</b>	<b>\$ (433)</b>	<b>\$ 11,688,216</b>	<b>\$ 12,235,965</b>

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

**City of Topeka, Kansas**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended December 31, 2003**  
*With comparative totals for December 31, 2002*

	Public Parking Facilities	Public Golf Course	Concessions	Totals	
				2003	2002
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 2,855,629	\$ 802,887	\$ 204,931	\$ 3,863,447	3,830,000
Payments to suppliers	(827,796)	(323,378)	(125,176)	(1,276,350)	(1,221,427)
Payments to employees	(748,745)	(466,180)	(64,182)	(1,279,107)	(1,228,936)
Payments for interfund services used	(926,471)	(31,026)	-	(957,497)	(990,322)
Other	-	-	-	-	1,558
Net cash provided by operating activities	<u>352,617</u>	<u>(17,697)</u>	<u>15,573</u>	<u>350,493</u>	<u>390,873</u>
<b>Cash flows from non-capital financing activities</b>					
Transfer to other funds	-	(56,067)	-	(56,067)	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>(56,067)</u>	<u>-</u>	<u>(56,067)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Payment of capital lease	-	(23,790)	-	(23,790)	(22,494)
Purchases of capital assets	(92,554)	(22,442)	-	(114,996)	(2,698,220)
Acquisition and construction of capital assets	-	-	-	-	(200,000)
Interest paid on capital debt	(307,008)	(1,489)	-	(308,497)	(2,785)
Proceeds from sales of capital assets	297	2,000	-	2,297	4,390
Net cash provided (used) by capital and related financing activities	<u>(399,265)</u>	<u>(45,721)</u>	<u>-</u>	<u>(444,986)</u>	<u>(2,919,109)</u>
<b>Cash flows from investing activities</b>					
Interest and dividends received	28,056	-	-	28,056	69,146
Net cash provided (used) by investing activities	<u>28,056</u>	<u>-</u>	<u>-</u>	<u>28,056</u>	<u>69,146</u>
Net increase (decrease) in cash and cash equivalents	(18,592)	(119,485)	15,573	(122,504)	(2,459,090)
Cash and cash equivalents, beginning	1,533,539	148,117	(15,573)	1,666,083	4,125,173
Cash and cash equivalents, ending	<u>\$ 1,514,947</u>	<u>\$ 28,632</u>	<u>\$ -</u>	<u>\$ 1,543,579</u>	<u>\$ 1,666,083</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income	\$ (118,429)	\$ (88,586)	\$ 1,132	\$ (205,883)	\$ (69,582)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Other	-	-	-	-	1,558
Depreciation expense	526,375	68,751	-	595,126	578,299
Changes in assets and liabilities:					
Accounts receivable	8,377	-	-	8,377	(1,324)
Prepaid items	-	-	-	-	(3,310)
Accounts payable	(50,280)	(2,695)	112	(52,863)	(144,401)
Accrued liabilities	(13,426)	4,833	246	(8,347)	29,633
Due to other funds	-	-	14,083	14,083	-
Total adjustments	<u>471,046</u>	<u>70,889</u>	<u>14,441</u>	<u>556,376</u>	<u>460,455</u>
Net cash provided (used) by operating activities	<u>\$ 352,617</u>	<u>\$ (17,697)</u>	<u>\$ 15,573</u>	<u>\$ 350,493</u>	<u>\$ 390,873</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 assets, liabilities, revenues, and expenses in the operation of the Information Technology Department.
Fleet Services	Topeka Ordinance #15665	Accounts for the assets, liabilities, revenues, and expenses of fleet services for Public Works Department vehicles and also for other City departments' vehicles as needed.
Combined Risk Management, including:		
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, 2003**

*With comparative totals for December 31, 2002*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2003	2002
<b>Assets</b>					
<b>Current assets:</b>					
Cash and equity in Treasurer's Fund	\$ 53,971	\$ 499,591	\$ 8,642,601	\$ 9,196,163	\$ 8,040,249
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	-	-	213,582
Prepaid costs	-	-	150,000	150,000	150,000
Due from other funds	-	-	24,627	24,627	14,757
Due from other governments	-	29	-	29	29
Inventory	4,588	50,534	-	55,122	62,984
Other assets	121,435	-	-	121,435	161,913
<b>Total current assets</b>	<b>179,994</b>	<b>550,154</b>	<b>8,817,228</b>	<b>9,547,376</b>	<b>8,643,514</b>
<b>Non-current assets:</b>					
Capital assets:					
Depreciable buildings, property, and equipment, net of depreciation	2,851,162	158,410	-	3,009,572	3,775,881
<b>Total non-current assets</b>	<b>2,851,162</b>	<b>158,410</b>	<b>-</b>	<b>3,009,572</b>	<b>3,775,881</b>
<b>Total assets</b>	<b>3,031,156</b>	<b>708,564</b>	<b>8,817,228</b>	<b>12,556,948</b>	<b>12,419,395</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts and contracts payable	68,545	43,634	373,015	485,194	265,502
Salaries & wages payable	27,396	36,898	5,254	69,548	53,884
Estimated insurance claims	-	-	813,832	813,832	930,679
Other	547,226	-	-	547,226	637,881
Deferred revenue	-	-	3,044	3,044	-
<b>Total current liabilities</b>	<b>643,167</b>	<b>80,532</b>	<b>1,195,145</b>	<b>1,918,844</b>	<b>1,887,946</b>
<b>Non-current liabilities:</b>					
Accrued liabilities	35,498	47,650	-	83,148	84,415
Other	1,668,790	-	-	1,668,790	2,107,823
<b>Total non-current liabilities</b>	<b>1,704,288</b>	<b>47,650</b>	<b>-</b>	<b>1,751,938</b>	<b>2,192,238</b>
<b>Total liabilities</b>	<b>2,347,455</b>	<b>128,182</b>	<b>1,195,145</b>	<b>3,670,782</b>	<b>4,080,184</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	635,146	158,410	-	793,556	1,030,177
Unrestricted	48,555	421,972	7,622,083	8,092,610	7,309,034
<b>Total net assets</b>	<b>\$ 683,701</b>	<b>\$ 580,382</b>	<b>\$ 7,622,083</b>	<b>\$ 8,886,166</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 Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2003**  
*With comparative totals for December 31, 2002*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2003	2002
<b>Operating revenues:</b>					
Charges for services	\$ 2,347,510	\$ 1,023,532	\$ 9,032,110	\$ 12,403,152	\$ 12,338,178
Other	271,432	55	78,645	350,132	277,922
<b>Total operating revenues</b>	<u>2,618,942</u>	<u>1,023,587</u>	<u>9,110,755</u>	<u>12,753,284</u>	<u>12,616,100</u>
<b>Operating expenses before depreciation:</b>					
Salaries, wages, and benefits	804,850	902,528	-	1,707,378	1,584,824
Purchased services	1,243,468	148,114	1,916,202	3,307,784	3,341,334
Commodities	190,826	30,220	72	221,118	206,136
Capital outlay	-	-	-	-	193,038
Insurance claims	-	-	6,180,388	6,180,388	5,626,610
Other payments	-	-	-	-	117,166
<b>Total operating expenses before depreciation</b>	<u>2,239,144</u>	<u>1,080,862</u>	<u>8,096,662</u>	<u>11,416,668</u>	<u>11,069,108</u>
<b>Operating income before depreciation</b>	379,798	(57,275)	1,014,093	1,336,616	1,546,992
Depreciation	<u>556,908</u>	<u>33,946</u>	<u>-</u>	<u>590,854</u>	<u>563,960</u>
<b>Operating income (loss)</b>	(177,110)	(91,221)	1,014,093	745,762	983,032
<b>Nonoperating revenues (expenses)</b>					
Interest income	-	-	105,550	105,550	96,431
Interest expense	(102,479)	-	-	(102,479)	-
Other income	-	-	25,054	25,054	-
Gain (loss) on disposal of capital assets	<u>(219,887)</u>	<u>(7,045)</u>	<u>-</u>	<u>(226,932)</u>	<u>5,092</u>
<b>Total nonoperating income (expense) before transfers</b>	(499,476)	(98,266)	1,144,697	546,955	1,084,555
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450,000</u>
<b>Increase (decrease) in net assets</b>	(499,476)	(98,266)	1,144,697	546,955	2,534,555
<b>Total Net Assets Beginning of Year</b>	<u>1,183,177</u>	<u>678,648</u>	<u>6,477,386</u>	<u>8,339,211</u>	<u>5,804,656</u>
<b>Total Net Assets End of Year</b>	<u>\$ 683,701</u>	<u>\$ 580,382</u>	<u>\$ 7,622,083</u>	<u>\$ 8,886,166</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, 2003**  
*With comparative totals for December 31, 2002*

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2003	2002
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 2,618,942	\$ 1,023,587	\$ 9,317,511	\$ 12,960,040	\$ 12,513,694
Payments to suppliers	(1,430,648)	(170,352)	(7,942,708)	(9,543,708)	(9,887,801)
Payments to employees	(804,850)	(902,528)	-	(1,707,378)	(1,584,824)
Other	-	-	25,054	25,054	89,674
Net cash provided by operating activities	<u>383,444</u>	<u>(49,293)</u>	<u>1,399,857</u>	<u>1,734,008</u>	<u>1,130,743</u>
<b>Cash flows from non-capital financing activities</b>					
Transfer In	-	-	-	-	1,450,000
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450,000</u>
<b>Cash flows from capital and related financing activities</b>					
Interest expense	(102,479)	-	-	(102,479)	-
Proceeds from capital lease	-	-	-	-	616,144
Payment of capital lease	(529,688)	-	-	(529,688)	(355,058)
Purchases of capital assets	(75,313)	(20,098)	-	(95,411)	(803,379)
Proceeds from sales of capital assets	42,621	1,313	-	43,934	5,092
Net cash provided (used) by capital and related financing activities	<u>(664,859)</u>	<u>(18,785)</u>	<u>-</u>	<u>(683,644)</u>	<u>(537,201)</u>
<b>Cash flows from investing activities</b>					
Interest received	-	-	105,550	105,550	96,433
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>105,550</u>	<u>105,550</u>	<u>96,433</u>
Net increase in cash and cash equivalents	(281,415)	(68,078)	1,505,407	1,155,914	2,139,975
Cash and cash equivalents, January 1	335,386	567,669	7,137,194	8,040,249	5,900,274
Cash and cash equivalents, December 31	<u>\$ 53,971</u>	<u>\$ 499,591</u>	<u>\$ 8,642,601</u>	<u>\$ 9,196,163</u>	<u>\$ 8,040,249</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (177,110)	\$ (91,221)	\$ 1,014,093	\$ 745,762	\$ 983,032
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Other	-	-	25,054	25,054	-
Depreciation expense	556,908	33,946	-	590,854	563,960
Changes in assets and liabilities:					
Accounts receivable	-	-	207,284	207,284	(12,731)
Due from other funds	-	-	(3,572)	(3,572)	909
Inventories	-	7,862	-	7,862	4,613
Prepaid items	40,478	-	-	40,478	(161,496)
Accounts payable	(40,444)	(5,411)	(11,068)	(56,923)	(34,750)
Accrued liabilities	4,878	5,532	165,022	175,432	(260,444)
Deferred Revenue	-	-	3,044	3,044	-
Other current liabilities	(1,266)	(1)	-	(1,267)	47,651
Total adjustments	<u>560,554</u>	<u>41,928</u>	<u>385,764</u>	<u>988,246</u>	<u>147,712</u>
Net cash provided (used) by operating activities	<u>\$ 383,444</u>	<u>\$ (49,293)</u>	<u>\$ 1,399,857</u>	<u>\$ 1,734,008</u>	<u>\$ 1,130,744</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, 2003**

*With comparative totals for December 31, 2002*

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve	Compensation	2003	2002
<b>Assets</b>							
<b>Current assets:</b>							
Cash and equity in Treasurer's Fund	\$ 2,948,847	\$ 311,809	\$ 3,478,796	\$ 1,416,401	\$ 486,748	\$ 8,642,601	\$ 7,137,194
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	-	-	-	213,582
Prepaid costs	-	-	150,000	-	-	150,000	150,000
Due from other funds	16,517	-	-	8,110	-	24,627	14,757
<b>Total current assets</b>	<u>2,965,364</u>	<u>311,809</u>	<u>3,628,796</u>	<u>1,424,511</u>	<u>486,748</u>	<u>8,817,228</u>	<u>7,515,533</u>
<b>Total assets</b>	<u>2,965,364</u>	<u>311,809</u>	<u>3,628,796</u>	<u>1,424,511</u>	<u>486,748</u>	<u>8,817,228</u>	<u>7,515,533</u>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts and contracts payable	-	7	373,008	-	-	373,015	107,468
Salaries & wages payable	5,254	-	-	-	-	5,254	-
Estimated insurance claims	692,825	-	121,007	-	-	813,832	930,679
Deferred revenue	-	-	3,044	-	-	3,044	-
<b>Total current liabilities</b>	<u>698,079</u>	<u>7</u>	<u>497,059</u>	<u>-</u>	<u>-</u>	<u>1,195,145</u>	<u>1,038,147</u>
<b>Total liabilities</b>	<u>698,079</u>	<u>7</u>	<u>497,059</u>	<u>-</u>	<u>-</u>	<u>1,195,145</u>	<u>1,038,147</u>
<b>Net assets</b>							
Unrestricted	<u>2,267,285</u>	<u>311,802</u>	<u>3,131,737</u>	<u>1,424,511</u>	<u>486,748</u>	<u>7,622,083</u>	<u>6,477,386</u>
<b>Total net assets</b>	<u>\$ 2,267,285</u>	<u>\$ 311,802</u>	<u>\$ 3,131,737</u>	<u>\$ 1,424,511</u>	<u>\$ 486,748</u>	<u>\$ 7,622,083</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 Fund Net Assets**  
**Risk Management Funds**  
**For the Year Ended December 31, 2003**  
*With comparative totals for December 31, 2002*

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve	Compensation	2003	2002
<b>Operating revenues:</b>							
Fees for service	\$ 1,254,382	\$ (44,700)	\$7,719,899	\$ -	\$ 102,529	\$ 9,032,110	\$ 8,740,435
Miscellaneous	49,689	28,956	-	-	-	78,645	-
<b>Total operating revenues</b>	<u>1,304,071</u>	<u>(15,744)</u>	<u>7,719,899</u>	<u>-</u>	<u>102,529</u>	<u>9,110,755</u>	<u>8,740,435</u>
<b>Operating expenses</b>							
Purchased services	1,023,931	25,000	857,271	-	10,000	1,916,202	1,910,531
Commodities	72	-	-	-	-	72	666
Insurance claims	402,612	6	5,699,940	-	77,830	6,180,388	5,626,610
<b>Total operating expenses</b>	<u>1,426,615</u>	<u>25,006</u>	<u>6,557,211</u>	<u>-</u>	<u>87,830</u>	<u>8,096,662</u>	<u>7,537,807</u>
<b>Operating income (loss)</b>	(122,544)	(40,750)	1,162,688	-	14,699	1,014,093	1,202,628
<b>Nonoperating revenues</b>							
Interest income	70,281	-	944	34,325	-	105,550	95,727
Other income	-	-	25,054	-	-	25,054	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	89,675
<b>Total other income (expense)</b>	<u>70,281</u>	<u>-</u>	<u>25,998</u>	<u>34,325</u>	<u>-</u>	<u>130,604</u>	<u>185,402</u>
<b>Income (loss) before transfers</b>	(52,263)	(40,750)	1,188,686	34,325	14,699	1,144,697	1,388,030
Transfers in	-	-	-	-	-	-	1,300,000
<b>Change in net assets</b>	<u>(52,263)</u>	<u>(40,750)</u>	<u>1,188,686</u>	<u>34,325</u>	<u>14,699</u>	<u>1,144,697</u>	<u>2,688,030</u>
<b>Beginning net assets</b>	<u>2,319,548</u>	<u>352,552</u>	<u>1,943,051</u>	<u>1,390,186</u>	<u>472,049</u>	<u>6,477,386</u>	<u>3,789,356</u>
<b>Ending net assets</b>	<u>\$ 2,267,285</u>	<u>\$ 311,802</u>	<u>\$3,131,737</u>	<u>\$1,424,511</u>	<u>\$ 486,748</u>	<u>\$ 7,622,083</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 Cash Flows**  
**Risk Management Funds**  
**For the Year Ended December 31, 2003**  
*With comparative totals for December 31, 2002*

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve	Compensation	2003	2002
<b>Cash flows from operating activities</b>							
Receipts from (payments to) customers and users	\$ 1,336,432	\$ (15,744)	\$ 7,897,451	\$ (6,298)	\$ 105,670	\$ 9,317,511	\$ 8,727,704
Payments to suppliers	(1,330,222)	(24,999)	(6,480,429)	-	(107,058)	(7,942,708)	(7,805,394)
Other	-	-	25,054	-	-	25,054	89,674
Net cash provided by operating activities	<u>6,210</u>	<u>(40,743)</u>	<u>1,442,076</u>	<u>(6,298)</u>	<u>(1,388)</u>	<u>1,399,857</u>	<u>1,011,984</u>
<b>Cash flows from non-capital financing activities</b>							
Transfer in	-	-	-	-	-	-	1,300,000
Net cash provided by non-capital financing activities	-	-	-	-	-	-	1,300,000
<b>Cash flows from investing activities</b>							
Interest and dividends received	70,281	-	944	34,325	-	105,550	95,729
Net cash provided by investing activities	<u>70,281</u>	<u>-</u>	<u>944</u>	<u>34,325</u>	<u>-</u>	<u>105,550</u>	<u>95,729</u>
Net increase in cash and cash equivalents	76,491	(40,743)	1,443,020	28,027	(1,388)	1,505,407	2,407,713
Cash and cash equivalents, January 1	2,872,356	352,552	2,035,776	1,388,374	488,136	7,137,194	4,729,481
Cash and cash equivalents, December 31	<u>\$ 2,948,847</u>	<u>\$ 311,809</u>	<u>\$ 3,478,796</u>	<u>\$ 1,416,401</u>	<u>\$ 486,748</u>	<u>\$ 8,642,601</u>	<u>\$ 7,137,194</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ (122,544)	\$ (40,750)	\$ 1,162,688	\$ -	\$ 14,699	\$ 1,014,093	1,202,628
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Other	-	-	25,054	-	-	25,054	89,674
Changes in assets and liabilities:							
Accounts receivable	35,933	-	174,508	(6,298)	3,141	207,284	(12,731)
Due from other funds	(3,572)	-	-	-	-	(3,572)	909
Accounts payable	96,393	7	(88,240)	-	(19,228)	(11,068)	82,596
Accrued liabilities	-	-	165,022	-	-	165,022	(351,092)
Deferred Revenue	-	-	3,044	-	-	3,044	-
Total adjustments	<u>128,754</u>	<u>7</u>	<u>279,388</u>	<u>(6,298)</u>	<u>(16,087)</u>	<u>385,764</u>	<u>(190,644)</u>
Net cash provided (used) by operating activities	<u>\$ 6,210</u>	<u>\$ (40,743)</u>	<u>\$ 1,442,076</u>	<u>\$ (6,298)</u>	<u>\$ (1,388)</u>	<u>\$ 1,399,857</u>	<u>\$ 1,011,984</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 Source**  
**December 31, 2003**

*With comparative totals for December 31, 2002*

	<b>2003</b>	<b>2002</b>
Governmental funds capital assets by category:		
Land	\$ 6,346,009	\$ 6,346,009
Buildings, Improvements, Infrastructure	824,213,945	802,943,527
Furniture and Fixtures	1,535,271	1,506,496
Vehicles	15,078,107	14,298,281
Machinery and Equipment	5,231,931	4,550,181
Construction in Progress	41,703,856	49,312,511
Total governmental funds capital assets	\$ 894,109,119	\$ 878,957,005
Investments in governmental funds capital assets by source:		
General fund	\$ 828,558,748	\$ 812,191,359
Special revenue funds	23,846,515	17,453,135
Capital projects funds	41,703,856	49,312,511
Total governmental funds capital assets	\$ 894,109,119	\$ 878,957,005

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

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

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**December 31, 2003**  
*With comparative totals for December 31, 2002*

Function and activity	Land	Buildings and Improvements	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Construction in Process	Totals	
							2003	2002
General Government:								
City Council	\$ 3,087,998	\$ -	\$ 3,983	\$ -	\$ -	\$ -	\$ 3,983	\$ 3,983
Mayor/CAO	-	10,013,374	102,762	84,018	80,120	8,636,784	22,005,056	18,841,271
Legal Services	-	64,865	33,968	-	2,550	-	101,383	101,383
Administrative and Financial Services	-	-	59,464	-	-	-	59,464	59,464
Human resources	-	-	35,312	-	-	-	35,312	35,312
Municipal court	-	75,094	74,679	13,934	-	-	163,707	160,015
Total General Government	3,087,998	10,153,333	310,168	97,952	82,670	8,636,784	22,368,905	19,201,428
Public Safety:								
Police	446,152	15,160,922	573,635	4,123,102	164,920	302,466	20,771,197	21,005,244
Fire	53,137	4,579,730	251,779	5,944,737	1,163,160	362,716	12,355,259	12,158,074
Total Public Safety	499,289	19,740,652	825,414	10,067,839	1,328,080	665,182	33,126,456	33,163,318
Public Works:								
Administration	-	-	111,642	210,550	42,732	23,213	388,137	339,546
Engineering	-	44,140	57,212	380,866	120,112	-	602,330	614,633
Building inspection	-	-	21,343	167,623	-	-	188,966	188,966
Trafficways	-	663,388,260	59,258	258,540	98,176	2,064,719	665,868,953	656,368,828
Transportation	75,142	1,387,089	29,052	2,388,318	1,763,473	15,491,186	21,134,260	23,842,694
Bridges	-	111,761,825	-	-	-	10,581,612	122,343,437	120,649,127
Total Public Works	75,142	776,581,314	278,507	3,405,897	2,024,493	28,160,730	810,526,083	802,003,794
Parks and Recreation:								
Parks	2,683,580	17,460,538	93,374	1,468,799	1,672,046	3,550,052	26,928,389	19,284,176
Recreation	-	278,108	27,808	37,620	124,642	691,108	1,159,286	5,304,289
Total Parks and Recreation	2,683,580	17,738,646	121,182	1,506,419	1,796,688	4,241,160	28,087,675	24,588,465
Total governmental funds capital assets	\$ 6,346,009	\$ 824,213,945	\$ 1,535,271	\$ 15,078,107	\$ 5,231,931	\$ 41,703,856	\$ 894,109,119	\$ 878,957,005

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

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

**City of Topeka, Kansas**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the year ended December 31, 2003**

Function and activity	<b>Governmental Fund Capital Assets 01/01/03</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Fund Capital Assets 12/31/03</b>
<b>General Government:</b>				
City Council	\$ 3,983	\$ -	\$ -	\$ 3,983
Mayor/CAO	13,373,428	5,095	10,251	13,368,272
Legal Services	101,383	-	-	101,383
Administrative and Financial Services	59,464	-	-	59,464
Human resources	35,311	1	-	35,312
Municipal court	160,015	3,692	-	163,707
Total General Government	<u>13,733,584</u>	<u>8,788</u>	<u>10,251</u>	<u>13,732,121</u>
<b>Public Safety:</b>				
Police	20,434,654	228,800	194,723	20,468,731
Fire	11,246,596	762,547	16,600	11,992,543
Total Public Safety	<u>31,681,250</u>	<u>991,347</u>	<u>211,323</u>	<u>32,461,274</u>
<b>Public Works:</b>				
Administration	326,429	43,462	4,967	364,924
Engineering	614,633	26,877	39,180	602,330
Building inspection	188,966	-	-	188,966
Trafficways	648,528,878	15,278,026	2,670	663,804,234
Transportation	5,355,794	430,294	143,014	5,643,074
Bridges	111,761,825	-	-	111,761,825
Total Public Works	<u>766,776,525</u>	<u>15,778,659</u>	<u>189,831</u>	<u>782,365,353</u>
<b>Parks and Recreation:</b>				
Parks	16,984,957	6,484,097	90,717	23,378,337
Recreation	468,178	-	-	468,178
Total Parks and Recreation	<u>17,453,135</u>	<u>6,484,097</u>	<u>90,717</u>	<u>23,846,515</u>
Governmental funds capital assets excluding construction in process	\$ 829,644,494	\$ 23,262,891	\$ 502,122	\$ 852,405,263
Governmental funds construction in process	<u>49,312,511</u>	<u>17,383,924</u>	<u>24,992,579</u>	<u>41,703,856</u>
Total governmental funds capital assets	<u>\$ 878,957,005</u>	<u>\$ 40,646,815</u>	<u>\$ 25,494,701</u>	<u>\$ 894,109,119</u>

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

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

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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Misc</b>	<b>Parks &amp; Recreation</b>	<b>Public Housing</b>	<b>Social Services</b>
2002	\$ 12,118	\$ 41,094	\$ 41,126	\$ 2,676	\$ 9,637	\$ 4,267	\$ 985
2003	14,081	42,358	40,350	1,079	10,274	3,813	668

<b>Fiscal Year</b>	<b>Interest on Long-term Debt</b>	<b>Capital Outlay</b>	<b>Water &amp; WPC</b>	<b>Combined Public Parking</b>	<b>Public Golf Course</b>	<b>Concessions</b>	<b>Total</b>
2002	\$ 4,996	\$ -	\$ 37,417	\$ 2,893	\$ 825	\$ 186	\$158,220
2003	5,050	1,978	39,437	3,273	898	204	163,463

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

<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>	<b>Grants and Contributions Not Restricted to Specific Programs</b>	<b>Unrestricted Investment Earnings</b>	<b>Misc</b>	<b>Total</b>
2002	\$ 51,271	\$ 11,597	\$ 3,339	\$ 75,259	\$ 2,164	\$ 820	\$ 124	\$144,574
2003	54,783	7,852	5,785	72,400	-	485	-	141,305

**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</b>	<b>Total</b>
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	7,220,562	9,359,036	5,681,888	2,810,433	917,628	773,819	2,712,256	93,450,924
2003	61,988,109	7,167,543	6,749,338	6,139,352	2,605,243	481,801	962,061	1,295,299	87,388,746

(1) Includes General, Special Revenue (except Grants 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>
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
2003	27,242,985	3,297,687	23,532,671	1,458,615	4,925,748	1,530,403	61,988,109

**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</b>	<b>Total</b>
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	12,057,525	39,919,696	13,929,884	9,254,347	12,429,619	2,952,923	3,673,450	94,217,444
2003	13,161,085	40,546,282	13,029,386	9,739,990	12,197,447	1,419,565	1,192,491	91,286,246

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

**City of Topeka, Kansas**  
**Schedule of Property Taxes Receivable by Fund and Tax Type**  
**December 31, 2003**

	<u>Total</u>	<u>General Property Tax</u>	<u>Vehicle Ad Valorem Tax</u>	<u>Delinquent Taxes Expected to be Collected</u>
General Fund	\$ 16,717,494	\$ 15,297,604	\$ 1,333,510	\$ 86,380
Special Revenue Funds:				
General Improvement	45,220	28,948	7,346	8,926
Special Liability Expense	540,075	495,897	35,252	8,926
Parks & Recreation	6,104,138	5,422,891	658,212	23,035
Zoo	1,618,235	1,445,275	164,552	8,408
Total Special Revenue Funds	<u>8,307,668</u>	<u>7,393,011</u>	<u>865,362</u>	<u>49,295</u>
Debt Service	<u>8,008,006</u>	<u>6,822,362</u>	<u>1,128,057</u>	<u>57,587</u>
	<u>33,033,168</u>	<u>29,512,977</u>	<u>3,326,929</u>	<u>193,262</u>
Other taxes				
Sales	1,971,324			
Franchise	968,867			
Special assessment	1,279,450			
Transient guest	376,324			
Motor fuel	1,212,000			
Total	<u>\$ 38,841,133</u>			

**Principal Taxpayers**  
**December 31, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxes Levied</u>	<u>2003 Assessed Valuation</u>
Westar Energy	Electric Utility	\$ 9,213,090	\$ 70,589,982
SBC	Telephone Utility	3,661,835	26,815,518
Simon Property Group	Retail	1,857,304	12,762,347
Burlington Northern & Santa Fe Railway	Railroad	1,816,131	12,997,895
Kansas Gas Service	Gas Utility	1,117,631	8,275,134
Security Benefit Group	Insurance	998,631	3,222,575
Delmonte	Manufacturing	939,989	6,817,444
Frito Lay	Manufacturing	866,592	5,960,490
Riviana Foods/Hills Pet Products	Manufacturing	795,079	5,858,509
Hallmark Cards	Manufacturing/Printing	721,225	5,116,240
Payless Shoe Source	Shoe distribution	699,283	5,359,040
Blue Cross Blue Shield of Kansas	Health Insurance	691,452	4,895,583
John Q Hammons Hotels	Hotel & Lodging	689,456	4,881,451
Wanamaker Venture	Retail	504,778	2,302,501
IRET	Apartments	502,339	3,457,478
NNN White Lakes	Retail/Office	460,061	3,257,301
Gunning Investments	Retail	424,657	2,918,001
Walmart Properties	Retail	366,996	2,538,916
KPERS	Retirement	325,205	3,457,478
American Investors Life Insurance	Insurance	313,032	2,216,314

*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>
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%
2003	27,343,275	26,780,238	97.94%	462,748	27,242,985	99.63%

*(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>
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
2003	697,585,301	101,802,554	108,022,653	91,086,096	998,496,604

**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	
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>
2004	17.220	7.680	6.105	2.219	<b>33.224</b>	1.500	43.043	46.198	3.308	13.967	<b>141.240</b>

**Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds**  
**December 31, 2003**

	Total	Estimated Percent Overlapping	Estimated Amount Overlapping
Shawnee County	\$ 66,000,000	70.84%	\$ 46,754,400
Unified School District No. 345	12,960,000	29.39%	3,808,944
Unified School District No. 437	12,960,000	62.68%	8,123,328
Unified School District No. 450	5,160,000	22.16%	1,143,456
Unified School District No. 501	61,400,000	100.00%	61,400,000
Washburn University	26,860,000	100.00%	26,860,000
Topeka Shawnee Co. Library	20,545,000	70.84%	14,554,078
	<u>205,885,000</u>		<u>162,644,206</u>
Direct debt, City of Topeka:			
General obligation bonds	112,885,000		112,885,000
Temporary notes	<u>17,000,000</u>		<u>17,000,000</u>
Total direct and overlapping debt	<u>\$ 335,770,000</u>		<u>\$ 292,529,206</u>

**City of Topeka, Kansas**  
**Computation of Legal Debt Margin**  
**December 31, 2003**

<b>Assessed valuation (1)</b>	<u>\$998,496,604</u>
<b>Legal debt limit (2)</b>	<u>299,548,981</u>
<b>General obligation debt:</b>	
General obligation bonds	112,885,000
Bond anticipation notes	<u>17,000,000</u>
<b>Total general obligation debt outstanding</b>	<u>129,885,000</u>
<b>Deductions allowed by law:</b>	
Sanitary and storm sewer bonds	2,979,975
Water distribution system improvement bonds	8,500
Flood control & drainage bonds	953,114
Temporary notes for deductible categories	<u>3,345,606</u>
<b>Total deductions</b>	<u>7,287,195</u>
<b>Total general obligation debt applicable to debt limit</b>	122,597,805
Less amount available in Debt Service Fund	<u>1,756,004</u>
Total unfunded debt applicable to debt limit	<u>120,841,801</u>
Debt margin	<u><u>\$178,707,180</u></u>

(1) 2003 assessed valuation as certified by Shawnee County Clerk dated February, 2004.

(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>
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	122,576	937,675,422	115,420,000	2,825,395	-	112,594,605	12.01%	919
2002	122,103	960,820,291	108,215,000	1,612,599	-	106,602,401	11.09%	873
2003	122,103	998,496,604	112,885,000	1,756,004	-	111,128,996	11.13%	910

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

(2) Population estimates, U.S. Bureau of Census, (<http://eire.census.gov/popest/data/cities/tables/SUB-EST2002-01.php>).

(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>
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	5,224,619	12,429,619	94,217,444	13.19%
2003	7,365,000	4,832,447	12,197,447	91,286,246	13.36%

(1) Includes General, Special Revenue (except Grants and Capital Projects), 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>
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	1,476,195	1,286,224	198,349	1,484,573	87.13%	100.57%
2003	1,208,151	1,176,254	55,200	1,231,454	97.36%	101.93%

(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>							
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
2003	41,536,887	26,837,247	14,699,640	1,280,000	3,262,553	4,542,553	3.24

(1) Operating revenue and other income

(2) Excluding depreciation and interest expenses

**City of Topeka, Kansas**  
**Schedule of Bonded Indebtedness by Category**  
**December 31, 2003**

Bond Series	Interest rates	Issue Date	Final maturity	Original Principal Amount	Principal Outstanding 01/01/2003	Issued	Retired	Refunded	Principal Outstanding 12/31/03
<b>General obligation bonds (A)</b>									
<b>Building Improvements</b>									
1995B	4.00%-5.65%	08/01/95	08/15/11	\$ 5,996,000	\$ 5,746,000	\$ -	\$ 250,000	\$ 5,496,000	\$ -
1997A	4.15%-5.30%	06/15/97	08/15/17	623,700	510,000	-	-	510,000	-
1998A	3.09%-5.00%	07/01/98	08/15/18	1,590,500	1,350,500	-	80,000	1,270,500	-
1999A	4.10%-5.25%	06/01/99	08/15/19	10,155,700	10,155,700	-	500,000	-	9,655,700
2000A	4.70%-5.90%	05/15/00	08/15/20	403,000	362,700	-	20,150	-	342,550
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	7,200,000	-	400,000	-	6,800,000
2003A	1.80%-4.125%	03/01/03	08/15/17	523,019	-	523,019	33,500	-	489,519
2003B	2.375%-5.00%	08/14/03	08/15/18	7,090,315	-	7,090,315	-	-	7,090,315
2003C	2.70%-5.50%	11/24/03	08/15/23	4,331,205	-	4,331,205	-	-	4,331,205
				<u>44,548,439</u>	<u>31,564,900</u>	<u>11,944,539</u>	<u>1,283,650</u>	<u>7,276,500</u>	<u>34,949,289</u>
<b>Drainage Improvements</b>									
1998A	3.90%-4.20%	07/01/98	08/15/04	453,000	190,000	-	95,000	95,000	-
1999A	4.10%-5.25%	06/01/99	08/15/19	299,800	299,800	-	149,800	-	150,000
2001B	4.00%-5.10%	08/01/01	08/01/21	900,000	830,000	-	70,000	-	760,000
2003B	2.375%-5.00%	08/14/03	08/15/18	43,114	-	43,114	-	-	43,114
				<u>1,695,914</u>	<u>1,319,800</u>	<u>43,114</u>	<u>314,800</u>	<u>95,000</u>	<u>953,114</u>
<b>Sanitary and Storm Sewer</b>									
1995B	4.00%-5.65%	08/01/95	08/15/11	2,794,000	1,774,000	-	340,000	1,434,000	-
1997A	4.15%-5.30%	06/15/97	08/15/17	175,750	152,000	-	-	152,000	-
1998A	3.90%-4.55%	07/01/98	08/15/09	240,800	180,800	-	24,000	156,800	-
1999A	4.10%-5.25%	06/01/99	08/15/19	670,000	670,000	-	166,000	-	504,000
2000A	4.70%-5.90%	05/15/00	08/15/20	35,300	28,240	-	3,530	-	24,710
2001B	4.00%-5.10%	08/01/01	08/01/21	850,000	790,000	-	60,000	-	730,000
2003A	1.80%-4.125%	03/01/03	08/15/17	161,037	-	161,037	11,167	-	149,870
2003B	2.375%-5.00%	08/14/03	08/15/18	1,502,500	-	1,502,500	-	-	1,502,500
2003C	2.70%-5.50%	11/24/03	08/15/23	68,895	-	68,895	-	-	68,895
				<u>6,498,282</u>	<u>3,595,040</u>	<u>1,732,432</u>	<u>604,697</u>	<u>1,742,800</u>	<u>2,979,975</u>
<b>Street Improvements</b>									
1995B	4.00%-5.65%	08/01/95	08/15/11	2,120,000	1,400,000	-	700,000	700,000	-
1997A	4.15%-5.30%	06/15/97	08/15/17	1,507,000	1,140,000	-	-	1,140,000	-
1998A	3.90%-4.55%	07/01/98	08/15/09	778,700	553,700	-	75,000	478,700	-
1999A	4.10%-5.25%	06/01/99	08/15/19	3,003,200	3,003,200	-	515,300	-	2,487,900
2000A	4.70%-5.90%	05/15/00	08/15/20	340,500	283,420	-	28,540	-	254,880
2001B	4.00%-5.10%	08/01/01	08/01/21	1,981,500	1,865,000	-	140,000	-	1,725,000
2003A	1.80%-4.125%	03/01/03	08/15/17	1,167,529	-	1,167,529	106,083	-	1,061,446
2003B	2.375%-5.00%	08/14/03	08/15/18	793,050	-	793,050	-	-	793,050
2003C	2.70%-5.50%	11/24/03	08/15/23	890,554	-	890,554	-	-	890,554
				<u>12,582,033</u>	<u>8,245,320</u>	<u>2,851,133</u>	<u>1,564,923</u>	<u>2,318,700</u>	<u>7,212,830</u>
<b>Trafficway Improvements</b>									
1995B	4.00%-5.65%	08/01/95	08/15/11	4,906,000	4,308,000	-	567,000	3,741,000	-
1997A	4.15%-5.30%	06/15/97	08/15/17	3,792,550	3,483,000	-	-	3,483,000	-
1998A	3.90%-5.00%	07/01/98	08/15/18	10,245,500	10,127,500	-	53,000	10,074,500	-
1999A	4.10%-5.25%	06/01/99	08/15/19	20,085,600	20,085,600	-	1,165,700	-	18,919,900
2000A	4.70%-5.90%	05/15/00	08/15/20	2,422,200	2,296,640	-	72,780	-	2,223,860
2001B	4.00%-5.10%	08/01/01	08/01/21	16,428,500	12,755,000	-	1,015,000	-	11,740,000
2003A	1.80%-4.125%	03/01/03	08/15/17	3,598,403	-	3,598,403	134,000	-	3,464,403
2003B	2.375%-5.00%	08/14/03	08/15/18	14,633,860	-	14,633,860	-	-	14,633,860
2003C	2.70%-5.50%	11/24/03	08/15/23	4,820,346	-	4,820,346	-	-	4,820,346
				<u>80,932,959</u>	<u>53,055,740</u>	<u>23,052,609</u>	<u>3,007,480</u>	<u>17,298,500</u>	<u>55,802,369</u>
<b>Park Improvements</b>									
1995B	4.00%-5.65%	08/01/95	08/15/11	480,000	437,000	-	43,000	394,000	-
1997A	4.15%-5.30%	06/15/97	08/15/17	901,000	740,000	-	-	740,000	-
1998A	3.90%-5.00%	07/01/98	08/15/17	546,500	462,500	-	28,000	434,500	-
1999A	4.10%-5.25%	06/01/99	08/15/19	3,469,100	3,469,100	-	270,100	-	3,199,000
2000A	4.70%-5.90%	05/15/00	08/15/20	3,649,000	3,489,000	-	100,000	-	3,389,000
2001B	4.00%-5.10%	08/01/01	08/01/21	1,910,000	1,820,000	-	90,000	-	1,730,000
2003A	1.80%-4.125%	03/01/03	08/15/17	755,012	-	755,012	50,250	-	704,762
2003B	2.375%-5.00%	08/14/03	08/15/18	842,161	-	842,161	-	-	842,161
2003C	2.70%-5.50%	11/24/03	08/15/23	1,114,000	-	1,114,000	-	-	1,114,000
				<u>13,666,773</u>	<u>10,417,600</u>	<u>2,711,173</u>	<u>581,350</u>	<u>1,568,500</u>	<u>10,978,923</u>
<b>Waterworks Improvement</b>									
1999A	4.10%-5.25%	06/01/99	08/15/19	16,600	16,600	-	8,100	-	8,500
				<u>16,600</u>	<u>16,600</u>	<u>-</u>	<u>8,100</u>	<u>-</u>	<u>8,500</u>
<b>Total all general obligation bonds (A)</b>				<b>\$ 159,941,000</b>	<b>\$ 108,215,000</b>	<b>\$ 42,335,000</b>	<b>\$ 7,365,000</b>	<b>\$ 30,300,000</b>	<b>\$ 112,885,000</b>
<b>Revenue Bonds (B):</b>									
1998A	3.80%-4.70%	06/01/98	08/01/12	11,315,000	8,820,000	-	790,000	-	8,030,000
1998B	4.80%-5.10%	06/01/98	08/01/28	31,440,000	31,440,000	-	-	-	31,440,000
2001A	5.30%-6.00%	12/01/01	08/01/19	25,365,000	24,930,000	-	440,000	-	24,490,000
<b>Total all revenue bonds</b>				<b>\$ 68,120,000</b>	<b>\$ 65,190,000</b>	<b>\$ -</b>	<b>\$ 1,230,000</b>	<b>\$ -</b>	<b>\$ 63,960,000</b>
<b>Total all bonded indebtedness</b>				<b>\$ 228,061,000</b>	<b>\$ 173,405,000</b>	<b>\$ 42,335,000</b>	<b>\$ 8,595,000</b>	<b>\$ 30,300,000</b>	<b>\$ 176,845,000</b>

Notes:

- (A) Payable from general property tax, special assessments and other revenue.
- (B) Payable from combined Water, Water Pollution Control, and Stormwater Utility Fund revenues or general property tax.

See independent auditors' report.

**City of Topeka, Kansas**  
**Schedule of Temporary Notes Outstanding by Project**  
**December 31, 2003**

Project Purpose/Description	Project Number	Project Amount Financed
Bridge project, repairs to Topeka Boulevard Bridge	12053B	\$ 2,655,070
Bridge project, planning and route study for Topeka Boulevard Bridge	120533	200,000
Bridge project, Kansas Avenue flyover for Topeka Boulevard Bridge	120620	2,000,000
Building project, Zoo office building improvements and construction	301820	1,385,000
Building project, Gage Park greenhouse construction	302050	450,000
Building project, Forestry disposal site improvements	302360	475,000
Sanitary sewer project, Oakwood Hills subdivision, 45th & Adams Streets	405963	116,353
Sanitary sewer project, 10th & Croco/21st & Rice	407710	208,376
Sanitary sewer project, Southboro subdivision, SE 43rd from Indiana to Illinois Sts.	40583H	79,490
Sanitary sewer project, Southboro subdivision #2, blocks E, H, and J	406443	64,987
Sanitary sewer project, Red Oaks Place subdivision #3, block A	408862	47,876
Sanitary sewer project, Shadywood subdivision, block 3	409011	7,544
Sanitary sewer project, SW 65th & Montara	409041	12,394
Sanitary sewer project, SE 45th Street from Maryland to east of California Sts.	409060	160,000
Sanitary sewer project, Southboro #9	409061	55,000
Sanitary sewer project, Southboro #2	409071	50,000
Stormwater drainage project, Wanamaker Drainage Basin	150201	950,000
Stormwater drainage project, Wanamaker Drainage Basin, Huntoon to Wanamaker	150203	730,000
Stormwater drainage project, North Topeka Drainage Basin, Phase II	150382	863,586
Street improvement project, Oakwood Hills subdivision, blocks A, B & C	603892	262,426
Street improvement project, Colly Creek Subdivision	604272	270,000
Street improvement project, SE 43rd from Illinois to Indiana Sts.	604683	166,964
Street improvement project, Southboro subdivision #2	604684	165,451
Street improvement project, SW Red Oaks Court	605612	134,675
Street improvement project, SE 27th & Flora Court	60563H	131,808
Street improvement project, Grand Oaks subdivision	605663	565,000
Street improvement project, SW Cambridge from 41st to 43rd Sts.	605720	500,000
Street improvement project, Lane Addition, SW Gage Entrance	60578H	48,000
Street improvement project, 6th & Wanamaker roundabout	605811	1,100,000
Federal highway funds improvement project, Huntoon from Fairlawn to Glendale	701674	1,500,000
Federal highway funds street improvement project, Industrial from SW 53rd to 57th	701971	1,345,000
Street lighting project, Washburn/Lane from 12th to 21st	862353	300,000
Total aggregate principal outstanding		<u>\$ 17,000,000</u>

**Note:** On November 24, 2003, the City issued its Series 2003-A Temporary Notes in the aggregate principal amount of \$17,000,000. The Notes were purchased by Commerce Capital Markets, bear interest at 2%, and are scheduled to mature on December 1, 2004.

See independent auditor's report.

**City of Topeka, Kansas**  
**Debt Service Payments to Final Maturity**  
**Revenue Bonds**  
**December 31, 2003**

<b>Water and Water Pollution Control</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 63,960,000</b>	<b>\$ 53,994,456</b>	<b>\$ 117,954,456</b>

*See independent auditor's report.*

**City of Topeka, Kansas**  
**Schedule of Industrial Revenue Bonds by Obligee (1)**  
**December 31, 2003**

Obligated Entity or Purpose	Interest Rates	Issue Date	Final Maturity	Original Principal Amount	Principal Outstanding 01/01/2003	Issued	Retired	Principal Outstanding 12/31/03
Brewster Place	4.55 - 6.20%	06/15/99	06/01/19	\$ 9,970,000	\$ 9,525,000	\$ -	\$ 355,000	\$ 9,170,000
Brewster Place	5.00 - 6.50%	11/01/00	12/01/15	2,100,000	2,000,000	-	105,000	1,895,000
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.	Var. Rate	12/01/00	12/01/28	3,880,000	3,835,000	-	30,000	3,805,000
Great Plains Hotel	Var. Rate	12/01/88	10/01/13	4,300,000	3,025,000	-	170,000	2,855,000
Hill's Pet Nutrition	5.45%	06/18/02	08/01/12	15,000,000	15,000,000	-	1,165,000	13,835,000
Kensington Park Apts.	7.00% - 8.00%	08/01/92	08/15/17	2,490,000	2,124,351	-	51,726	2,072,625
League of KS Municipalities	Var. Rate	07/01/94	04/01/09	1,070,000	625,000	-	75,000	550,000
League of KS Municipalities	Var. Rate	07/01/94	04/01/09	500,000	310,000	-	35,000	275,000
Macy Company, Inc	4.00%, 4.05%	11/01/64	11/01/04	4,000,000	365,000	-	180,000	185,000
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	2,125,000	-	425,000	1,700,000
Payless Shoesource Corp.	7.00%	08/01/97	08/01/07	13,731,000	6,876,000	-	1,375,000	5,501,000
Payless Shoesource Corp.	7.00%	10/01/99	10/02/09	3,844,000	2,685,000	-	385,000	2,300,000
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,563,000	9,500,000	-	1,060,000	8,440,000
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,393,000	9,360,000	-	1,040,000	8,320,000
Payless Shoesource Corp.	7.00%	09/01/98	09/01/08	13,200,000	7,920,000	-	1,320,000	6,600,000
Payless Shoesource Corp.	6.00%	10/29/02	10/01/12	14,000,000	14,000,000	-	1,500,000	12,500,000
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	2,660,000	-	840,000	1,820,000
Security Benefit	5.75%	03/01/02	03/01/12	50,000,000	50,000,000	-	5,000,000	45,000,000
Sunwest Hospital	Variable	05/01/88	07/09/05	5,500,000	4,365,000	-	160,000	4,205,000
YMCA	5.50 - 7.50%	08/01/00	09/01/25	8,500,000	8,500,000	-	110,000.00	8,390,000
				<u>\$ 204,561,000</u>	<u>\$ 174,245,351</u>	<u>\$ -</u>	<u>\$ 19,781,726</u>	<u>\$ 154,463,625</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
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
2003	594	55,513	287	93,932	2,017,264	1,257,186	3,717,880	1,281,949

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)
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	5.5%
1997	119,658	\$22,752	14,167	4.8%
1998	123,993	\$23,888	14,232	3.6%
1999	123,993	\$25,508	14,135	3.4%
2000	122,377	\$26,910	14,144	3.6%
2001	121,885	\$26,394	14,018	3.3%
2002	122,101	\$27,784	13,876	3.7%
**2003	122,712	\$28,340	14,058	4.6%

Sources:

- (1) Population estimates, 1997 to current Kansas Economic and Demographic website and before 1997 U.S. Bureau of Census website.
- (2) U.S. Department of Commerce - Survey of Current Business.
- (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

\*\*Used a .5% increase from 2002 for Population and 2% increase from 2002 for Per Capita Income since these numbers were unavailable at publication.

# City of Topeka, Kansas

## Miscellaneous Statistics

December 31, 2003

### General

Year of incorporation	1857
Form of government	Mayor - Council - Chief Administrative Officer
Area	58.467 square miles
Miles of streets	783 miles

### Fire Protection

Number of stations	12
Number of firefighters	236

### Police Protection

Number of stations	1
Number of police officers	274

### Water Distribution

Number of consumers	52,399
Average daily consumption	20.2 mgd
Total miles of water mains	808

### Sewage Treatment

Sanitary sewers	750 miles
Storm sewers	200 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	7
Mental health and psychiatric centers	1

### Transportation

Airports	2
Air charter service	1
Major railroads	2

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**City of Topeka, Kansas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2003**

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 01/01/2003	Expenditures	Unexpended Grant Amount at 12/31/03	
<b>U.S. Department of Housing and Urban Development:</b>							
Community Development Block Grant - Emergency Shelter	14.231	S-02-DC-20-0001	43,060	43,060	41,956	1,104	
Community Development Block Grant - Emergency Shelter	14.231	S-03-DC-20-0001	43,105	43,105	-	43,105	
Community Development Block Grant - Emergency Shelter	14.231	S-01-MC-20-0003	87,000	11,957	7,607	4,350	
Community Development Block Grant - Emergency Shelter	14.231	S-02-MC-20-0003	83,000	59,954	54,665	5,289	
Community Development Block Grant - Emergency Shelter	14.231	S-03-MC-20-0003	87,000	87,000	33,800	53,200	
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	229,233	199,258	
Community Development Block Grant - 25th year	#	14.218	B-99-MC-20-0003	2,574,635	2,012	-	
Community Development Block Grant - 26th year	#	14.218	B-00-MC-20-0003	2,717,935	385,817	359,992	
Community Development Block Grant - 27th year	#	14.218	B-01-MC-20-0003	2,799,958	177,725	-	
Community Development Block Grant - 28th year	#	14.218	B-02-MC-20-0003	2,851,746	642,394	159,479	
Community Development Block Grant - 29th year	#	14.218	B-03-MC-20-0003	2,449,140	2,449,140	842,879	
Section 8 Housing Voucher Program:							
Shelter Plus Care Grant	*	14.238	KS01C90-3001	5,026,200	2,778,957	1,820,113	
HOME - 1999	^	14.239	M99-MC200203	354,161	11,193	-	
HOME - 2000	^	14.239	M01-MC200203	1,199,635	458,210	213,227	
HOME - 2001	^	14.239	M02-MC200203	1,031,061	603,733	20,578	
HOME - 2003	^	14.239	M03-MC200203	790,910	790,910	628,997	
<b>Total U.S. Department of Housing and Urban Development</b>				<b>26,892,271</b>	<b>8,911,848</b>	<b>4,422,829</b>	<b>4,489,019</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	56,951,276	27,914,393	27,116,151	798,242
<b>Total Environmental Protection Agency</b>				<b>56,951,276</b>	<b>27,914,393</b>	<b>27,116,151</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	265,998	75,822	75,822	-
Urban Highway Administration - Planning Funding Assistance		20.205	L-0132-03	197,551	197,551	151,453	46,098
<b>Total U.S. Department of Transportation</b>				<b>463,549</b>	<b>273,373</b>	<b>227,275</b>	<b>46,098</b>
<b>U.S. Department of Justice:</b>							
Local Law Enforcement Block Grant		16.592	2001LLBX2922	165,133	87,908	87,908	-
Local Law Enforcement Block Grant		16.592	2002LBBX2388	169,860	169,860	161	169,699
Local Law Enforcement Block Grant		16.592	2003LBBX1324	102,787	102,787	-	102,787
Weed and Seed Program		16.595	2002-WS-QX-0052	500,000	367,050	210,992	156,058
Victims of Crime Act		16.575	03/04-VOCA-43	159,542	146,923	82,420	64,503
Public Safety Partnership		16.710	2002-SH-WX-0138	229,800	229,800	92,359	137,441
Public Safety Partnership		16.710	2002-SH-WX-0602	236,668	236,668	33,784	202,884
Passed through Kansas Justice Coordinating Council:							
Byrne Grant		16.579	B2002-43	355,457	71,649	71,649	-
<b>Total U.S. Department of Justice</b>				<b>1,919,247</b>	<b>1,412,645</b>	<b>579,273</b>	<b>833,372</b>
<b>Total Federal Awards</b>				<b>\$ 86,226,343</b>	<b>\$ 38,512,259</b>	<b>\$ 32,345,528</b>	<b>\$ 6,166,731</b>

# Transfers of Program Income were made  
^ Transfers of uncommitted funds 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, 2003**

**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, 2003 was \$64,454,297

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Certified Public Accountants  
and Management Consultants

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Roger L. Johnson, 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, 2003, and have issued our report thereon dated February 18, 2004. 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*.

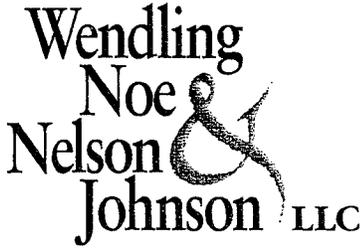
Internal Control Over Financial Reporting

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 Mac Nelson & Johnson LLC*

Topeka, Kansas  
February 18, 2004



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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, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Topeka, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

### 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance 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 Van Nelson & Johnson LLC*

Topeka, Kansas  
February 18, 2004

CITY OF TOPEKA, KANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended December 31, 2003

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? \_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA number</u>	<u>Program name</u>
14.238	Shelter Plus Care Program
66.458	Capitalization Grant - State Revolving Loan Fund

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes   X   No

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

None

CITY OF TOPEKA, KANSAS  
 FOLLOW-UP ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
 Year ended December 31, 2003

Findings - 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	5	828	9,936
Total exceptions	12	3,120	37,440
Total examined	34	13,424	161,088
Total transactions	217	85,085	1,021,027

- 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.
- Status. Tenant eligibility is being evaluated annually in accordance with program guidelines. No further action required.

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.
- Status. Annual property inspections were made during 2003. No further action required.