

The City of Topeka, Kansas



Comprehensive Annual Financial Report



For the Year Ended December 31, 2005

**City of Topeka, Kansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005**

Mayor

William W. Bunten, Mayor

City Council Members

<u>Name</u>	<u>District #</u>	<u>Current Term Expires</u>
John Alcala	2	April 2007
Clark R. Duffy	6	April 2007
Bill Haynes	5	April 2009
Sylvia Ortiz	3	April 2009
John Nave	4	April 2007
Lana Kennedy	1	April 2009
Jeff Preisner	8	April 2007
Richard Harmon	9	April 2009
Brett Blackburn	7	April 2009

Operations Administration

Neil J. Dobler, Acting City Manager

Prepared by Financial Services Department

James F. Langford, Director of Budget and Financial Services
Linda K. Wood, City Controller
Curtis R. Cox, City Treasurer
David B. Nelson, Accounting Manager
Tina M. Loyd, Senior Accountant
Amy Vail, Accountant II
Deidre E. Chinn, Accounts Receivable and Utility Billings Specialist

**City of Topeka, Kansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005**

Table of Contents

INTRODUCTORY SECTION

Table of Contents	i-iii
Letter of Transmittal	1-6
GFOA Certificate of Achievement	7
Mission Statement	8
Organization Chart	9
List of Principal Officials	10-11

FINANCIAL SECTION

Independent Auditors' Report	13-14
Management's Discussion and Analysis	15-26
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	29
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Funds:	
General Fund	33
Parks and Recreation Fund	34
Special Street Repairs Fund	35
Statement of Net Assets - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Assets - Fiduciary Funds	41
Notes to the Financial Statements	43-64
Other Fund Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	68-70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds	72-74
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund	75
Special Alcohol Program Fund	76
General Improvement Fund	77
Special Liability Expense Fund	78
Zoo Fund	79

Table of Contents - (continued)

Transient Guest Tax Fund	80
Capital Projects Planning Fund	81
Unsafe Structure Removal Fund	82
Retirement Reserve Fund	83
KP & F Equalization Fund	84
Historic Asset Fund	85
Regional Planning Commission Fund	86
Schedules of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual, From Inception:	
Bridges	87
Public Buildings and Facilities	88
Sanitary Sewers	89
Streets and Trafficways	90
Park Improvements	91
Combining Statement of Net Assets – Non-major Enterprise Funds	94
Combining Statement of Revenues, Expenses, and Changes in Fund	
Net Assets - Non-major Enterprise Funds	95
Combining Statement of Cash Flows - Non-major Enterprise Funds	96
Combining Statement of Net Assets - Internal Service Funds	98
Combining Statement of Revenues, Expenses, and Changes in Fund	
Net Assets - Internal Service Funds	99
Combining Statement of Cash Flows - Internal Service Funds	100
Combining Statement of Net Assets - Risk Management Funds	101
Combining Statement of Revenues, Expenses, and Changes in Fund	
Net Assets - Risk Management Funds	102
Combining Statement of Cash Flows - Risk Management Funds	103
Capital Assets Used in the Operation of Governmental Funds with	
Prior year comparatives:	
Schedule by Source	104
Schedule by Function and Activity	105
Schedule of Changes by Function and Activity	106
STATISTICAL SECTION	
Summary	107
Net Assets by Component	108
Changes in Net Assets	109-110
Fund Balances, Governmental Funds	111
Changes in Fund Balances, Governmental Funds	112
Tax Revenues by Source, Governmental Funds	113
Assessed Value and Estimated Actual Value of Taxable Property	114
Property Tax Levies and Collections	114
Direct and Overlapping Property Tax Rates	115
Principal Property Taxpayers	116
Ratios of Outstanding Debt by Type	117
Ratios of General Bonded Debt Outstanding	118
Direct and Overlapping Governmental Activities Debt	119
Legal Debt Margin Information	120
Pledged-Revenue Coverage	121
Schedule of Bonded Indebtedness by Category	122
Schedule of Temporary Notes Outstanding by Project	123
Debt Service Payments to Final Maturity - Revenue Bonds	124
Schedule of Industrial Revenue Bonds by Obligee	125
Demographic and Economic Statistics	126
Principal Employers	127

Table of Contents - (continued)

Full-time Equivalent City Government Employees by Function/Program	128
Operating Indicators by Function/Program	129
Capital Asset Statistics by Function/Program	130
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	131
Notes to the Schedule of Expenditures of Federal Awards	132
Report on Internal Control over Financial Reporting and on Compliance And other matters based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	133-134
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	135-136
Schedule of Findings and Questioned Costs	137-138
Follow-Up on Prior Year Findings and Questioned Costs	139

[This page is intentionally left blank.]



CITY OF TOPEKA

Norton N. Bonaparte, Jr., City Manager

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

Jim Langford, Director
Linda Wood, City Controller
E-mail: Lwood@topeka.org
Telephone: 785-368-3970
Fax: 785-368-3975

June 15, 2006

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

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

The City Manager and the Department of Financial Services are pleased to submit the *Comprehensive Annual Financial Report* (the "CAFR") for the City of Topeka, Kansas, for the year ended December 31, 2005. 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, 2005.

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

Wendling Noe Nelson & Johnson, LLC, an independent firm of licensed certified public accountants, audited the City's financial statements and issued an unqualified opinion that the City of Topeka's financial statements for the year ended December 31, 2005, are fairly presented in conformity with GAAP.

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

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 121,886, the City is the fourth largest city in Kansas. The land within the City covers slightly more than 60 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 2005, the City annexed .8236 square miles of real estate.

The City of Topeka operated from 1985, until April 12, 2005, under the form of government known as the Strong Mayor-City Council-Chief Administrative Officer model. In November 2004, the citizens of Topeka voted to change the government to a Council-Manager form. 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, all elected on a non-partisan basis. The City at large elects the Mayor, and the nine Council members are elected by district to four-year, staggered terms, with three Council members elected bi-annually. The Council is responsible, among other things, for adopting ordinances and resolutions, adopting an annual budget, appointing certain officials of boards and committees, and selecting a City Manager.

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

The City of Topeka provides its citizens with those services proven to be necessary and meaningful, and which can be provided by the City most cost effectively. Major services provided under general governmental and enterprise functions are: police and fire protection; provision of safe drinking water; wastewater treatment and disposal services; public parking facilities; parks and recreational activities, including an 18-hole golf course and a zoo; street improvements and maintenance; economic development support; housing and neighborhood development programs; and general administrative services.

Internal services of the City, accounted for on a cost reimbursement basis, include: fleet services operations; information technology services; risk management activities; 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. The Council is required by State law to publish a proposed budget and notice of public hearing no later than August 10 of the prior year. 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 from one department to another require the approval of the Council.

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

FACTORS AFFECTING THE CITY'S FINANCIAL CONDITION

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

Local Economy

The City of Topeka currently enjoys a relatively stable economy, in comparison to the nation. 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.

A Target retail stores' distribution center, opened in Topeka in 2004, is a regional facility serving 80 to 90 stores in a multi-state area extending far beyond Topeka. This center employs about 600 people, and is conservatively estimated to support well in excess of 1,000 jobs in the local secondary business sector. The 190th Air Refueling Wing stationed at Topeka's Forbes Air Base has been augmented in keeping with the recommendations of the 2005 U.S. Department of Defense's Base Realignment and Closure (BRAC) Commission. Its core and additional personnel and its operations are significant to the economy of the City.

The City's Monroe School, a designated National Parks Historic site completed in 2004, continues to generate tourism dollars for Topeka, as does Heartland Park Topeka (HPT), a National Hot Rod Association sanctioned race facility that will host the 2006 Sports Car Club of America national run-offs. Another tourist destination is the recently completed Great Overland Station, a restoration and enhancement of the historic, former Union Pacific Railroad depot north of the Kansas River.

Negotiations for major development in the City's deteriorating College Hill neighborhood began in 2005. The private developer has been successful in gaining a commitment for partial funding through tax increment financing bonds to be issued by the City in 2006. The project proposes extensive upgrades to several blocks in the neighborhood, to include residential, retail, and office spaces. Its proximity to the Washburn University campus should enhance the

success of this development, which will generate new property and sales tax revenues to the City.

Long-Term Financial Plans

As indicated in the City’s long-term capital budget, Topeka intends to spend significant amounts for infrastructure improvements over the next several years. In the four-year period from 2006 through 2009, nearly \$104 million worth of additions and improvements to the City’s Combined Utility systems are anticipated in the Council-adopted Capital Improvement Budget (the CIB). Those projects are expected to be funded by a combination of revenue bond financing, operating dollars, and loans from the Kansas Department of Health and Environment’s State Revolving Loan funds.

Another significant project endorsed in the 2005 CIB is the demolition and reconstruction of the Topeka Boulevard Bridge over the Kansas River. That project will be funded by a combination of the City’s sales tax revenue bonds, federal highway funds, and City operating funds. In the CIB, local funding for the bridge was anticipated to be about \$23.5 million. For more information about this, please refer to the discussion in the *Notes to the Financial Statements, Subsequent Events* on page 62.

Approximately \$4.6 in the adopted 2005 CIB will be spent from operating funds for improvements to neighborhood streets, upgrades to the City’s fleet, improvements to City Hall, and projects to achieve or enhance compliance with the Americans with Disabilities Act. Those project costs are anticipated to be spread over the next five years.

Major Initiatives

The City continues to borrow money at attractively low interest rates through the Kansas Department of Health and Environment’s 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, 2005, the City’s outstanding loan balances for the Water Pollution Control Division were \$77,989,503. A synopsis of 2005 activity in the revolving loan balances is included in the *Notes to the Financial Statements, Change in Long-term Liabilities* table on page 60.

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>
2006	20,418,575	2,168,997	22,587,572
2007	7,130,000	250,000	7,380,000
2008	12,081,500	100,000	12,181,500
2009	7,656,000	300,000	7,956,000
2010	3,800,000	100,000	3,900,000
Totals	<u>\$ 51,086,075</u>	<u>\$ 2,918,997</u>	<u>\$ 54,005,072</u>

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

The City of Topeka and Shawnee County entered into a revised interlocal agreement in 2004, reaffirming the establishment of a Joint Economic Development Organization (JEDO), which has been designated to receive funds from both the City and the County to use in efforts to attract and retain businesses and jobs to the Topeka area. Some money from the City's one-half cent sales tax is being provided to the JEDO to assist in the mission. The JEDO Board has entered into a contract with the Greater Topeka Chamber of Commerce's economic development entity GO Topeka to provide \$5 million annually from sales tax revenues of the City and the County for this effort.

In 2001, the Topeka Boulevard Bridge, which carries traffic over the Kansas River, was designated structurally unsound for vehicles over a certain weight limit. The City owns the bridge, which was originally owned and maintained by the State. In 2004, Shawnee County voters approved an additional, dedicated countywide sales tax of .5% to help pay for the demolition and reconstruction of the bridge and for other designated road and bridge projects. The City will issue sales tax revenue bonds in 2006 to fund a portion of the costs for this project. The remainder will be paid from Federal and State contributions to the project. Additional information about this financing is included in the *Notes to the Financial Statements, Subsequent Events* section. The Topeka Boulevard Bridge is a major thoroughfare over the Kansas River, and is considered essential to the continued vitality of businesses in the northern part of the City.

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, 2004. This was the eleventh 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. A copy of the 2004 CAFR is available on the City's website at <http://www.topeka.org>.

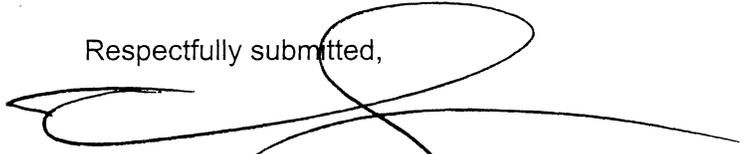
In addition, the City also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning January 1, 2006. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A copy of the 2006 Budget is available on the City's website at <http://www.topeka.org>.

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

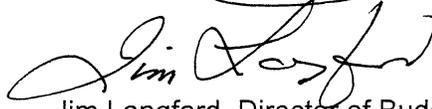
In closing, we thank the members of the City Council for their interest and effort in establishing and overseeing the financial policies of the City of Topeka in a responsible manner.

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

Respectfully submitted,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Norton N. Bonaparte, Jr., City Manager

A handwritten signature in black ink, appearing to read "Jim Langford" in a cursive style.

Jim Langford, Director of Budget and Finance

A handwritten signature in black ink, appearing to read "Linda Wood" in a cursive style.

Linda Wood, CPM, CPA, City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Topeka,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

City of Topeka
Quality Public Service is Our Business

Mission Statement

(Adopted February 19, 2002)

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

Vision Statement

(Adopted February 19, 2002)

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

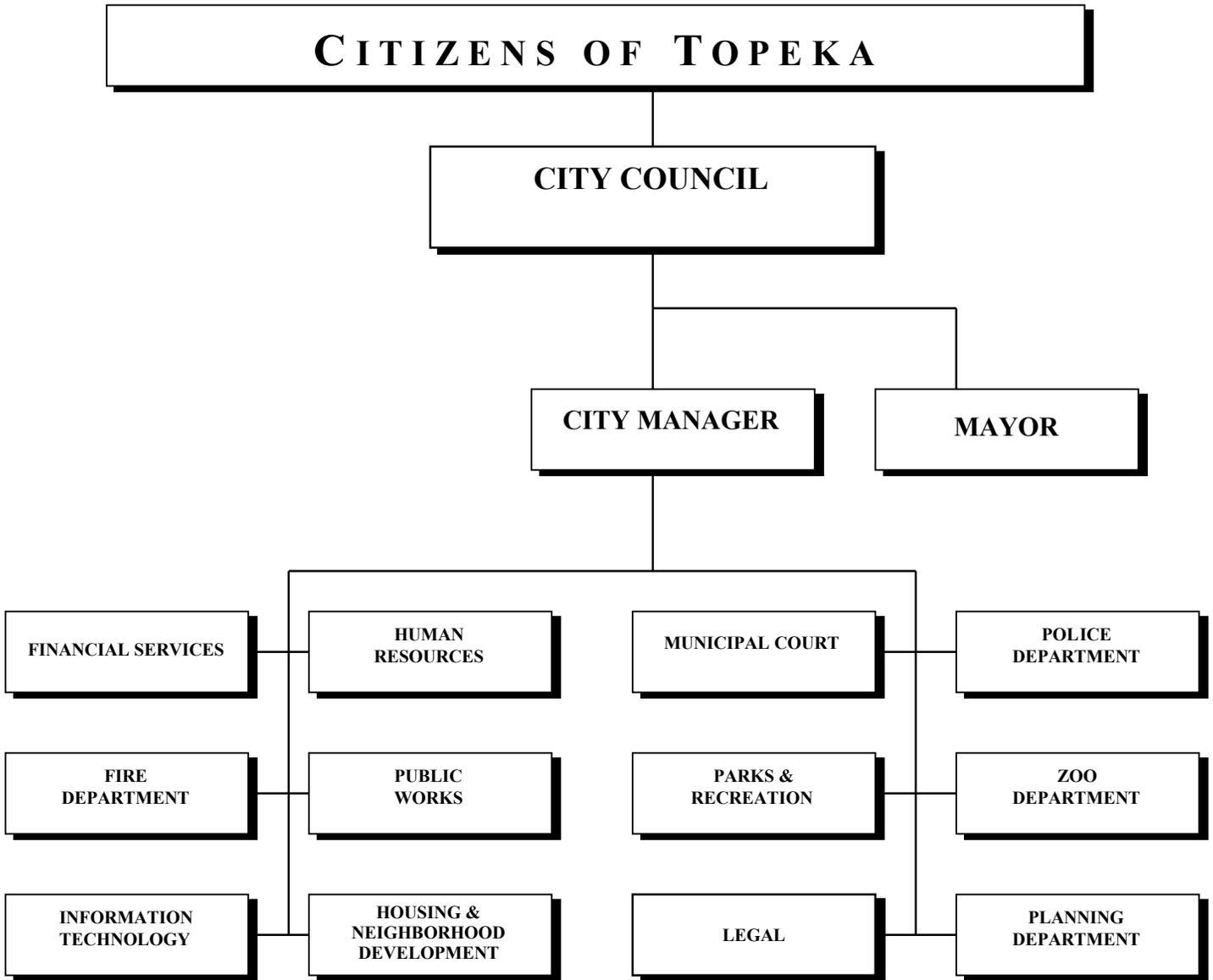
Community Wide Goals

(Adopted March 26, 2002)

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

[The remainder of this page intentionally left blank.]

2005 City Organizational Chart



City of Topeka, Kansas
Principal Officials at December 31, 2005

Mayor

William W. Bunten, Mayor

City Council Members

District 1	Lana Kennedy
District 2	John Alcala, Deputy Mayor
District 3	Sylvia Ortiz
District 4	John Nave
District 5	Bill Haynes
District 6	Clark R. Duffy
District 7	Brett Blackburn
District 8	Jeff Preisner
District 9	Richard Harmon

Acting City Manager

Neil J. Dobler

Department Heads

Budget and Financial Services, James F. Langford, Director
Fire, Howard Giles, Fire Chief
Housing and Neighborhood Development, Randy Speaker, Director
Human Resources, Janet Robinson, Director
Information Technology, Steve Tallen, Director
Legal, Brenden Long, City Attorney
Municipal Court, Judge Steven Ebberts, Administrative Judge
Parks and Recreation, Terry Bertels, Acting Director
Planning, David Thurbon, Director
Police, Ed Klumpp, Chief of Police
Public Works, Michael Teply, Acting Director
Zoo, Michael Coker, Director

Division Directors

Administration:

City Clerk, Iris Walker
Fleet Services, Ron Raines
Human Relations Commission, Allen Martin
Public Affairs - Public Information, Ruth Maus

Financial Services:

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

Fire:

Chief of Public Information, Greg Bailey
Chief of Training, Russell Greene
Deputy Fire Chief, Operations, Dave Sterbenz
Deputy Fire Chief, Fire Prevention, Kathryn Petty
Fire Marshall, Vicki (Zielinski) Rein

**City of Topeka, Kansas
Principal Officials at December 31, 2005**

Division Directors (continued)

Legal:

Deputy City Attorney, Braxton Copley
Risk Management, Eric Smith

Municipal Court:

Administration, Beth Visocsky, Municipal Court Administrator

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, Ron Cathey
Planning and Development, Bill Riphahn
Special Services, Karen Meyers
Ward Meade, Sara Leeth

Planning:

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

Police:

Deputy Chief-Operations, Colonel Walt Wywadis
Deputy Chief-Support, Interim Colonel Randy Mills
Administration, Interim Colonel Randy Mills
Criminal Investigation, Major Tony Kirk
East Patrol Uniform Division, Major Gerald Herman
Support Operations, Major Warren Wilson
West Patrol Uniform Division, Major John Sidwell

Public Works:

Administration, Mike McGee, Deputy Public Works Director
Development Services, Miriam Berke
Engineering, Jeff Hunt, Acting City Engineer
Technical Support Group, Mike Teply
Transportation Operations, Michael Pfender
Water Pollution Control, Mark Green
Water, Don Rankin

[This page is intentionally left blank.]



Certified Public Accountants
and Management Consultants

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

Donald L. Nelson, CPA
Jere Noe, CPA
Gary D. Knoll, CPA
Brian J. Florea, CPA
Adam C. Crouch, CPA
John S. Bittel, CPA
Derek H. Hart, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund (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, 2005, 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 2004 financial statements and, in our report dated February 18, 2005, 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, 2004, from which such partial and summarized information was derived.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Kansas *Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Topeka, Kansas, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Parks and Recreation, and Special Street Repairs funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required management's discussion and analysis on pages 15 through 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Topeka's basic financial statements. The accompanying supplementary information in the introductory section, combining and individual nonmajor 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 nonmajor 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.

Wending Noe Nelson & John LLC

Topeka, Kansas
March 6, 2006

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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. Numbers are presented as whole dollars, except as otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the City of Topeka exceeded its liabilities at the close of the most recent fiscal year by \$526,816,475 (*net assets*). Of this amount, \$74,932,099 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$8.3 million, or 1.58%, to \$526.8 million in 2005. The \$8.3 million decrease is comprised of a decrease in net assets of the governmental activities of \$10.5 million, and an increase in net assets of the City's business type activities of \$2.2 million. The decrease in net assets of the governmental activities is primarily attributable to an increase in debt incurred for capital improvements.
- At the close of 2005, the City of Topeka's governmental funds reported combined ending fund balances of \$15.6 million, an increase of \$3.7 million in comparison with the prior year. Just over three fifths (66%) of this total amount, \$10.3 million, is *available for spending* at the government's discretion (*unreserved fund balances*).
- At the end of 2005, unreserved, undesignated fund balance for only the General Fund was \$10.9 million or 17.11% of total General Fund revenues, and 17.92% of General Fund expenditures.
- For the General Fund, actual resources available for appropriation in 2005 (revenue inflows and fund balance) were \$5.6 million more than the final budget, while actual appropriations (outflows) were \$5.2 million less than budgeted for the year.
- The City of Topeka's total debt had a net increase of \$34 million (10.3%) during 2005. This net increase included an additional \$8 million in loans from the Kansas State Water Pollution Control Revolving Loan Fund Program for improvements to the City's Water Pollution Control facilities; the issuance of \$5,365,000 for the purchase of an office building, now named the Cyrus K. Holliday Building in honor of one of the founding members of the City; the issuance of \$5,070,000 of taxable, general obligation bonds to provide payment for improvements to Heartland Park Topeka; about \$9.4 million in bonds issued for various other capital improvements; and a net increase of over \$13.48 million in revenue bonds for combined utility projects. A summary of all 2005 changes in the City's long-term liabilities can be found in the table on page 60.

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, 2) fund financial statements, and 3) notes to the financial statements. Other included statements provide financial information about activities for which the City acts solely as an agent for the benefit of entities outside of the government. This report also contains other supplementary statistical and financial information in addition to the basic financial statements themselves.

Government-wide financial statements

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* presents information on all of the City of Topeka's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

Fund financial statements

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

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

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

the fund financial statements) in a reconciliation document following the fund financial statements, on pages 30 and 32.

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

Data from the other sixteen governmental funds, which the City categorizes as *special revenue funds*, is aggregated for presentation. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Individual fund data for each of these *non-major funds* is provided in the form of *combining statements* on pages 68 - 74 of this report.

The City of Topeka adopts annual, appropriated budgets for its major funds, and budgetary comparison statements are presented to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 33 - 35 of this report.

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

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has three enterprise funds: the combined Water, Water Pollution Control, and Stormwater Utility Fund, a major fund; and the Public Parking Facilities and Public Golf Course funds, which are both non-major funds shown in the aggregate in the *Proprietary Funds* statements presented on pages 36 - 38. Individual data for these non-major enterprise funds in the form of *combining statements* can be found on pages 94 - 96 of this report.

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

Because internal services generally benefit governmental rather than business-type functions, they are included within *governmental activities* in the government-wide financial statements. The three internal service funds, which are all considered non-major funds, are combined into a single, aggregated presentation in the *Proprietary Funds* statements on pages 36 - 38. Individual data for the internal service funds in the form of *combining statements* is on pages 98 - 103.

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

Notes to the financial statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 - 64 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents the combining and individual fund statements and schedules referred to above. Those statements and schedules can be found on pages 65 - 106.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Topeka, assets exceeded liabilities by \$526,816,475 at the close of 2005, the most recent fiscal year.

By far the largest portion of the City of Topeka’s net assets (82.7%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to construct or acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table below summarizes net assets:

**Table 1
City of Topeka
Condensed Statement of Net Assets
December 31, 2005**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 98,502,638	\$ 86,050,063	\$ 56,907,905	\$ 54,704,111	\$ 155,410,543	\$ 140,754,174
Capital assets, non-depreciable	54,700,196	40,014,108	85,139,942	84,564,997	139,840,138	124,579,105
Capital assets, net of depreciation	395,681,346	414,344,131	270,656,042	253,905,041	666,337,388	668,249,172
Total assets	<u>548,884,180</u>	<u>540,408,302</u>	<u>412,703,889</u>	<u>393,174,149</u>	<u>961,588,069</u>	<u>933,582,451</u>
Long-term liabilities outstanding	184,267,389	171,215,242	207,704,877	185,034,345	391,972,266	356,249,587
Other liabilities	29,845,193	23,934,775	12,954,135	18,310,519	42,799,328	42,245,294
Total liabilities	<u>214,112,582</u>	<u>195,150,017</u>	<u>220,659,012</u>	<u>203,344,864</u>	<u>434,771,594</u>	<u>398,494,881</u>
Net assets:						
Invested in capital assets,						
net of related debt	295,663,965	315,869,830	139,930,303	141,159,915	435,594,268	457,029,745
Restricted	2,812,438	1,202,328	13,477,670	12,346,556	16,290,108	13,548,884
Unrestricted	36,295,195	28,186,127	38,636,904	36,322,814	74,932,099	64,508,941
Total net assets	<u>\$ 334,771,598</u>	<u>\$ 345,258,285</u>	<u>\$ 192,044,877</u>	<u>\$ 189,829,285</u>	<u>\$ 526,816,475</u>	<u>\$ 535,087,570</u>

A portion of the City’s net assets (3.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$74,932,099 may be used to meet the government’s ongoing obligations to citizens and creditors.

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

The City's net assets from governmental activities decreased 3.0%, from \$345.3 million to \$334.8 million, in 2005. There was a \$12.5 million increase in the governmental activities' current assets in 2005, attributable to \$3.0 million of sales tax receivable from the component unit, \$3.5 million due from other governments, and a \$6.0 million increase in cash. The cash increase included approximately \$1.7 million increased cash in the Debt Service Fund, from excess bond proceeds previously attributed to the Capital Projects Fund, for projects which were completed under budget. The remaining increase represents cash from bond proceeds used to reimburse other governmental funds for capital projects substantially or already completed, predominantly street and trafficway improvements.

Although non-depreciable capital assets increased \$14.7 million from governmental activities, the value of depreciable capital assets decreased \$18.6 million in 2005. Correspondingly, long-term debt increased \$13 million, and other liabilities increased about \$6 million in 2005. The increase in non-depreciable capital assets is primarily attributable to construction in progress, including a large number of streets and building improvements. The increase in long-term and other liabilities includes \$9.1 million increase in general obligation bonds, a \$6.2 million increase in general obligation temporary notes, and \$3.1 million increase in deferred revenue. The deferred revenue increase is nearly all attributable to increases in special assessments. The remaining increase in other liabilities is due to various accounts payable increases.

The City of Topeka's net assets reported in connection with its business-type activities increased by \$2,215,592, or 1.2% in 2005. This slight change in net assets is attributed to the net difference between an increase in depreciable assets and the increased liability from the issuance of revenue bonds to fund those assets.

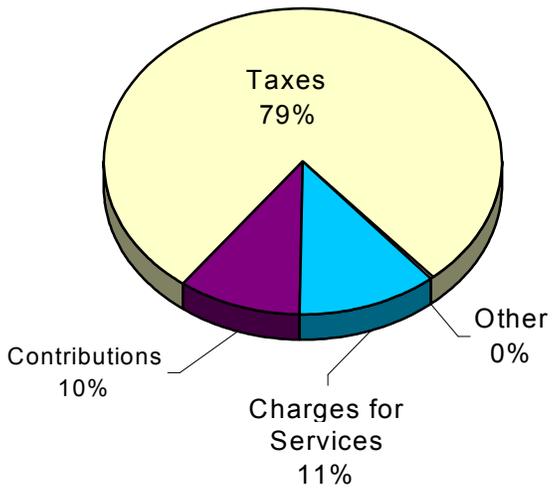
Governmental activities

Governmental activities decreased the City of Topeka's net assets by \$10,486,687. The total decrease of \$8,271,095 in net assets includes the effects of the increase provided from business-type activities. The charts on the next page depict the elements of 2005 governmental activities, and *Table 2* on page 21 shows key elements of the total decrease in net assets.

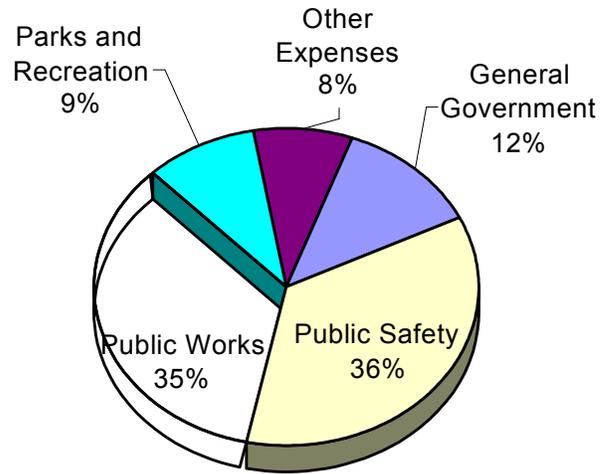
[The remainder of this page intentionally left blank.]

Fiscal Year 2005 Government Activities
(Also see Table 2 on next page)

Sources of Revenue



Functional Expenses



[The remainder of this page intentionally left blank.]

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

	Governmental		Business-type		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 13,204	\$ 14,951	\$ 50,632	\$ 46,804	\$ 63,836	\$ 61,755
Operating grants and contributions	9,009	7,245	20	-	9,029	7,245
Capital grants and contributions	2,317	3,140	-	-	2,317	3,140
<u>General revenues</u>						
Property taxes	38,621	37,551	-	-	38,621	37,551
Sales taxes	33,697	27,196	-	-	33,697	27,196
Franchise taxes	10,058	6,938	-	-	10,058	6,938
Motor fuel taxes	5,124	4,977	-	-	5,124	4,977
Alcoholic beverage taxes	1,292	1,238	-	-	1,292	1,238
Transient guest taxes	1,612	1,790	-	-	1,612	1,790
Gain on sale of capital assets	-	-	8	14	8	14
Unrestricted investment earnings	-	-	1,527	864	1,527	864
Total revenues	114,935	105,026	52,187	47,682	167,121	152,708
Expenses						
General government	15,479	13,058	-	-	15,479	13,058
Public safety	44,302	44,851	-	-	44,302	44,851
Public works	43,309	40,509	-	-	43,309	40,509
Miscellaneous	602	13,686	-	-	602	13,686
Parks and Recreation	11,730	11,140	-	-	11,730	11,140
Public Housing	4,044	3,902	-	-	4,044	3,902
Social Services	664	697	-	-	664	697
Interest	5,162	5,006	-	-	5,162	5,006
Water, Water Pollution Control, & Stormwater Utility	-	-	46,018	43,463	46,018	43,463
Combined Public Parking	-	-	3,292	3,617	3,292	3,617
Public Golf Course	-	-	791	804	791	804
Total expenses	125,292	132,849	50,101	47,884	175,393	180,733
Increase in net assets before transfers	(10,357)	(27,823)	2,086	(202)	(8,271)	(28,025)
Transfers in (out)	(130)	(400)	130	400	-	-
Increase (Decrease) in Net Assets	(10,487)	(28,223)	2,216	198	(8,271)	(28,025)
Net Assets - Beginning	345,258	373,481	189,829	189,631	535,088	563,112
Net Assets - Ending	\$ 334,772	\$ 345,258	\$ 192,045	\$ 189,829	\$ 526,816	\$ 535,087

[The remainder of this page intentionally left blank.]

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

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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 15.5	\$ 6.8
Public Safety	44.3	43.3
Public works, highways & streets	43.3	35.7
Parks & recreation	11.7	9.1
Totals	<u>\$114.8</u>	<u>\$94.9</u>

- The net costs of operations in 2005 increased \$2.6 million in the public works department, \$2.4 million in general government, and \$0.7 million in parks and recreation. Public safety operations cost about \$0.2 million less in 2005 than in 2004.
- Property tax collections increased by approximately \$1.1 million (2.8%) during 2005, even though the tax base shrank by 2.1%.
- Net sales and use tax increased by approximately \$6.5 million (23.9%) during 2005. Although some of this increase is from a slight economic upswing, much of it can be attributed to a sales tax increase approved by the voters in August 2004, which is designated to be used for economic development and construction of bridges and roadways, including the demolition and reconstruction of the City's Topeka Boulevard bridge, which is estimated to cost around \$51 million. Construction of the bridge will begin in the summer of 2006, and the project is expected to be completed in October 2008.

Business-type activities

Net assets of the City's business-type activities increased by \$2,215,592 during 2005. Table 4 presents the net revenue from, or cost of, the City's three largest business-type activities – the combined Water, Water Pollution Control and Stormwater Utility, the Public Parking Fund, and the Public Golf Course – as well as each activity's net cost or proceeds (total cost to provide the services, less any revenues generated by the activity).

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

	<u>Total Cost of Services</u>	<u>Net Cost/ (Proceeds) of Services</u>
Water, Water Pollution Control, & Stormwater Utility	\$ 46.0	\$ (1.3)
Public Parking	3.3	0.6
Public Golf Course	0.8	0.1
Totals	<u>\$ 50.1</u>	<u>\$ (0.6)</u>

The City issued its Series 2005-A Revenue Bonds for the Combined Utility Fund to finance new infrastructure projects. The Council mandated annual rate increases, beginning in 2004 and ending in 2007. Public parking had a decrease in on-street meter revenues, due to allowing free parking over the lunch hours during the last two months of the year to boost downtown business for the holidays. The operating expenditures for the Public Golf Course increased for salaries and benefits and fuel prices, and there was also an increase in inventory on hand for recreation supplies and golf equipment.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At December 31, 2005, the City's governmental funds reported combined, ending fund balances of \$15.6 million, which is an increase of \$3.7 million or 31% from the prior year. Included in this amount is a net increase in fund balance for the General Fund of \$2.0 million. Approximately 66%, \$10.3 million, of this total amount is unreserved fund balance, which is available for spending at the City's discretion. The remaining fund balance is reserved to indicate that it has already been committed to liquidate contracts and purchase orders (\$2.4 million) or for payment of debt service (\$2.8 million).

The General Fund is the chief operating fund of the City of Topeka. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,872,739, and total fund balance was \$11,936,431. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.92% of total general fund expenditures, and total fund balance is 19.67% of expenditures.

The fund balance of the City's General Fund increased by \$2,008,061 during 2005. Significant factors in the net growth of General Fund balance include:

- A decrease of \$13.7 million in operating expenditures, primarily attributable to a one-time expenditure in 2004 to pay a previously unrecorded obligation to the Kansas Public Employees Retirement System. Conversely, proceeds from the issuance of general obligation debt, including original issue premium, were \$13.3 million less in 2005 than in 2004, attributable to the same transaction. The net effect is a \$0.4 million increase in fund balance.
- An increase of nearly \$3 million in revenues from franchise fees, attributable to rate increases from 3% to 5%, and to rising energy costs.

The Parks and Recreation Fund had an ending fund balance of \$814,757 in 2005. The \$31,698 decrease in the Parks and Recreation fund balance is attributed to small net increases in revenues and small increases in operating expenditures. The largest increases in expenditures were seen in park maintenance, general administration, and recreational centers.

The Special Street Repairs Fund ended 2005 with a fund balance of \$2,671,497, a decrease over the 2004 ending fund balance of \$713,645. The decrease in contractual service expenditures was less than the increased costs to handle repairs in-house, due in some measure to escalating fuel prices.

The Debt Service Fund had a total balance of \$2,812,438 at December 31, 2005, all of which is reserved for the payment of debt service. Due to savings from refunding of bonds, the tax levy to the Debt Service Fund was reduced for 2005, resulting in a net reduction in tax revenues to the fund of \$2,311,399 in the current fiscal year. A more complete description of activity in the Debt Service Fund is in the *Notes to the Financial Statements*, on pages 59 – 61.

In the non-major governmental funds, fund balances increased \$803,924 during 2005. The changes in those balances include a significant increase in capital improvement activities and the related debt issuance.

Proprietary funds

The City of Topeka's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the combined Water, Water Pollution Control, and Stormwater Utility Fund at December 31, 2005, were \$32,510,816. The growth of \$4,359,360 over the 2004 amount is primarily attributable to a \$4.1 million decrease in current liabilities of the fund, including elimination of \$2.6 million of temporary notes payable.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues came in \$2.16 million higher than anticipated, and expenditures were \$5.2 million less than budgeted in 2005. Key factors of the difference include:

- \$4.8 million that was budgeted as a contingency was unspent.
- The City collected \$.6 million more than anticipated in local retail sales and compensating use taxes.
- Franchise fee revenues were \$995,997 higher than expected, due to increases imposed by the Council in 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$792.8 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 \$7.2 million, or 1%, during the year. To find more information on capital assets, refer to the *Notes to the Financial Statements* on page 55 and to the *Other Fund Statements and Schedules* section of this report on pages 104 - 106.

Significant capital asset transactions during the current fiscal year included:

- The City was able to close and capitalize several construction projects, increasing the amount of governmental assets. These included projects for park improvements, streets, and traffic-ways. The capitalized amount totaled about \$10.7 million. The City increased the expenditures in its construction in progress by \$13.6 million, which was mostly attributable to preparing for the replacement of the Topeka Boulevard bridge, the purchase of a new office building to house the Public Works, Parks and Recreation and Housing and Neighborhood Development departments, and numerous street and traffic way improvements throughout the City.

- The Combined Utility Fund replaced and installed new water main extensions, acquired several vehicles and some excavation equipment, and replaced a quantity of pipes and valves. The largest increase in expenditures occurred in Water Pollution Control for replacement of the treatment plant.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,359,851	\$ 6,359,851	\$ 1,664,898	\$ 1,664,898	\$ 8,024,749	\$ 8,024,749
Buildings, Improvements, Infrastructure	386,754,112	404,249,347	267,731,639	250,693,467	654,485,751	654,942,814
Furniture and Fixtures	2,015,137	2,616,822	115,730	34,365	2,130,867	2,651,187
Vehicles	4,130,603	4,567,236	1,704,524	1,878,872	5,835,127	6,446,108
Machinery and Equipment	2,781,494	2,910,726	1,104,149	1,298,337	3,885,643	4,209,063
Construction in Progress	48,340,345	33,654,257	83,475,044	82,900,099	131,815,389	116,554,356
Total Capital Assets	\$ 450,381,542	\$ 454,358,239	\$ 355,795,984	\$ 338,470,038	\$ 806,177,526	\$ 792,828,277

The City's five-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of about \$226.8 million worth of capital assets for fiscal 2006 through 2010. Funding is budgeted to come from projected enterprise fund revenues (\$99.2 million), general obligation and STAR bonds (\$60.2 million), utility revenue bonds (\$6.0 million), state revolving fund loans (\$15.9 million), sales taxes (\$26.4 million), and special benefit districts and other sources (\$19.1 million) over the next five 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, 2005, the City's total outstanding bonded indebtedness was \$252.48 million. Of this amount, \$138,245,000 is general obligation debt, backed by the full faith and credit of the government. The remainder of bonded indebtedness is in the form of \$114,235,000 in revenue bonds, secured by a pledge of the revenues derived from user fees for the specific enterprise fund or funds that benefited from the bond issue. In addition, the City is obligated for \$85.97 million of Kansas State Revolving Loan Program loans, which are secured solely by specified revenue sources from the Combined Utility Fund, and for \$25,425,000 in general obligation temporary notes, issued to fund construction in progress on capital projects.

Moody's Investors Service has assigned the City's general obligation bonds ratings of "Aa3" upon their issuance. During 2005, Moody's assigned Topeka's revenue bonds a rating of "A2". The City's stable service area, satisfactory compliance with legal covenants of outstanding debt issues, and satisfactory debt service coverage levels have kept the City's revenue bonds in the "A" category. The City's utility revenue bonds are subordinate to the lien of the State Revolving Fund loans.

Additional information on the City of Topeka's long-term debt can be found in *Note IV, Section F* on pages 59 – 61 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for the City of Topeka in 2005 was 6.6%, which is a decrease from the revised rate of 7.2% in 2004. This compares unfavorably to the state's average unemployment rate of 5.1% and the national average rate of 5.0%. The City's average unemployment rate is currently 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 2006 fiscal year.

During 2005, unreserved fund balance in the general fund increased to \$10,872,739. The City anticipated an unreserved fund balance of \$10,151,612, when it adopted its 2006 operating budget.

The City's Water, Wastewater, and Stormwater rates were increased approximately 7.5%, 7%, and 6%, respectively, for 2006, with additional increases approved for 2007. These rate increases are planned to help pay debt service on revenue bonds and State Revolving Fund loans to finance infrastructure improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Topeka, Kansas

Statement of Net Assets

December 31, 2005

With comparative totals for December 31, 2004

	Primary Government		Totals		Component Unit
	Governmental Activities	Business-Type Activities	2005	2004	JEDO
Assets					
Cash and cash equivalents	\$ 40,395,369	\$ 8,847,654	\$ 49,243,023	58,129,085	4,367,912
Receivables (net of allowance for uncollectibles)	50,434,644	9,259,430	59,694,074	58,739,557	-
Due from component unit	2,968,036	-	2,968,036	-	-
Due from other governments	4,526,217	-	4,526,217	1,073,604	-
Internal balances	(119,951)	119,951	-	-	-
Inventories	91,889	4,988,845	5,080,734	4,313,943	-
Prepaid Costs	165,956	34,857	200,813	201,084	-
Restricted assets:					
Cash and equity in Treasurer's Fund	-	26,977,670	26,977,670	12,346,556	-
Other restricted assets	-	6,663,081	6,663,081	5,852,274	-
Capital assets:					
Land and infrastructure	54,700,196	85,139,942	139,840,138	124,579,105	-
Depreciable buildings, property, and equipment, net of depreciation	395,681,346	270,656,042	666,337,388	668,249,172	-
Other assets	40,478	16,417	56,895	98,071	-
Total assets	548,884,180	412,703,889	961,588,069	933,582,451	4,367,912
Liabilities					
Accounts payable and other current liabilities	4,538,600	3,459,931	7,998,531	9,877,955	-
Accrued interest payable	2,078,881	17,062	2,095,943	1,806,948	-
Salaries & wages payable	3,814,576	555,252	4,369,828	4,414,333	-
Due to other governments	-	445	445	36,980	1,399,876
Due to others	-	90	90	90	-
Due to primary government	-	-	-	-	2,968,036
Estimated insurance claims	-	-	-	150,000	-
Temporary notes payable	19,413,136	6,011,864	25,425,000	23,140,000	-
Liabilities payable from restricted assets	-	2,909,491	2,909,491	2,818,988	-
Unearned revenue	47,722,409	442,277	48,164,686	45,180,011	-
Non-current liabilities:					
Due within one year	13,888,442	3,485,852	17,374,294	17,412,983	-
Due within one year, payable from restricted assets	-	1,905,000	1,905,000	1,390,000	-
Due in more than one year	122,656,538	201,871,748	324,528,286	292,266,593	-
Total liabilities	214,112,582	220,659,012	434,771,594	398,494,881	4,367,912
Net assets					
Invested in capital assets, net of related debt	295,663,965	139,930,303	435,594,268	457,029,745	-
Restricted for debt service	2,812,438	8,630,840	11,443,278	8,815,493	-
Restricted for capital projects	-	1,500,000	1,500,000	1,500,000	-
Restricted for sinking funds	-	2,879,242	2,879,242	2,760,998	-
Restricted for deposits	-	467,588	467,588	472,393	-
Unrestricted	36,295,195	38,636,904	74,932,099	64,508,941	-
Total net assets	\$ 334,771,598	\$ 192,044,877	\$ 526,816,475	\$ 535,087,570	\$ -

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

The assets and liabilities have been adjusted to correct the internal balance for 2004.

JEDO is the Joint Economic Development Organization

City of Topeka, Kansas

Statement of Activities

For the Year Ended December 31, 2005

With comparative totals for December 31, 2004

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total
				Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs								
Primary Government:								
Governmental Activities:								
General Government	\$ (15,478,671)	\$ 7,185,457	\$ 1,495,824	\$ -	\$ (6,797,390)	\$ -	\$ (6,797,390)	\$ (4,367,772)
Public Safety	(44,301,857)	153,671	828,326	-	(43,319,860)	-	(43,319,860)	(43,525,696)
Public Works	(43,308,612)	3,363,923	2,026,609	2,249,155	(35,668,925)	-	(35,668,925)	(33,035,550)
Miscellaneous	(602,031)	107,600	-	-	(494,431)	-	(494,431)	(13,477,776)
Parks and Recreation	(11,730,162)	2,393,364	182,187	67,839	(9,086,772)	-	(9,086,772)	(8,356,281)
Public Housing	(4,044,289)	-	4,058,726	-	14,437	-	14,437	115,006
Social Services	(664,335)	-	417,336	-	(246,999)	-	(246,999)	141,031
Interest	(5,161,643)	-	-	-	(5,161,643)	-	(5,161,643)	(5,005,900)
Total Governmental Activities	(125,291,600)	13,204,015	9,009,008	2,316,994	(100,761,583)	-	(100,761,583)	(107,512,938)
Business-Type Activities:								
Water, Water Pollution Control, & Stormwater Utility	(46,018,492)	47,291,010	20,000	-	-	1,292,518	1,292,518	(42,580)
Public Parking	(3,291,919)	2,695,983	-	-	-	(595,936)	(595,936)	(880,339)
Public Golf Course	(790,552)	644,859	-	-	-	(145,693)	(145,693)	(156,864)
Total Business-Type Activities	(50,100,963)	50,631,852	20,000	-	-	550,889	550,889	(1,079,783)
Total Primary Government	\$ (175,392,563)	\$ 63,835,867	\$ 9,029,008	\$ 2,316,994	\$ (100,761,583)	\$ 550,889	\$ (100,210,694)	\$ (108,592,721)
General revenues:								
Property taxes					38,621,393		38,621,393	37,551,521
Sales taxes					33,697,145		33,697,145	27,195,771
Franchise taxes					10,057,929		10,057,929	6,938,644
Motor fuel taxes					5,123,815		5,123,815	4,976,669
Alcoholic beverage taxes					1,292,445		1,292,445	1,237,716
Transient guest taxes					1,612,169		1,612,169	1,789,703
Grants and contributions not restricted to specific programs					-		-	-
Unrestricted investment earnings					1,526,703		1,526,703	863,868
Gain (loss) on sale of capital assets					-	8,000	8,000	13,998
Transfers					(130,000)	130,000	-	-
Total general revenues and transfers					90,274,896	1,664,703	91,939,599	80,567,890
Change in net assets					(10,486,687)	2,215,592	(8,271,095)	(28,024,831)
Net assets - beginning					345,258,285	189,829,285	535,087,570	563,112,401
Net assets - ending					\$ 334,771,598	\$ 192,044,877	\$ 526,816,475	\$ 535,087,570

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

City of Topeka, Kansas

**Balance Sheet
Governmental Funds
December 31, 2005**

With comparative totals for December 31, 2004

	<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>2005</u>	<u>2004</u>
Assets							
Cash and equity in Treasurer's Fund	\$ 10,551,559	\$ 1,108,845	\$ 1,704,340	\$ 2,810,636	\$ 14,389,894	\$ 30,565,274	\$ 24,758,003
Receivables (net of allowance for uncollectibles):							
Accounts receivable	693,772	-	-	-	431,112	1,124,884	774,311
General property taxes	15,512,999	6,273,367	1,185,000	14,630,076	2,595,595	40,197,037	40,858,561
Notes	-	-	-	-	24,322	24,322	24,322
Other	-	-	-	12,056,437	-	12,056,437	8,743,711
Prepaid costs	9,030	4,330	-	-	2,596	15,956	16,205
Due from other funds	869,152	57,500	-	1,802	-	928,454	544,691
Due from other governments	1,442	-	-	-	4,524,746	4,526,188	1,073,575
Inventory	7,249	800	-	-	-	8,049	19,262
Total assets	\$ 27,645,203	\$ 7,444,842	\$ 2,889,340	\$ 29,498,951	\$ 21,968,265	\$ 89,446,601	\$ 76,812,641
Liabilities and fund balances							
Liabilities:							
Accounts and contracts payable	\$ 669,496	\$ 110,110	\$ 95,498	\$ -	\$ 1,734,947	\$ 2,610,051	\$ 2,799,844
Salaries & wages payable	3,196,380	245,288	122,345	-	160,282	3,724,295	3,815,778
Accrued interest	-	-	-	-	59,322	59,322	48,950.00
Due to other funds	-	-	-	-	326,410	326,410	376,931
Temporary notes payable	-	-	-	-	19,413,136	19,413,136	13,249,500
Other	37,768	1,320	-	-	-	39,088	38,743
Unearned Revenue	11,805,128	6,273,367	-	26,686,513	2,908,867	47,673,875	44,559,223
Total liabilities	15,708,772	6,630,085	217,843	26,686,513	24,602,964	73,846,177	64,888,969
Fund Balances:							
Reserved for:							
Encumbrances	1,063,692	142,484	719,735	-	517,340	2,443,251	2,492,817
Debt service	-	-	-	2,812,438	-	2,812,438	1,202,328
Unreserved, reported in:							
General Fund	10,872,739	-	-	-	-	10,872,739	9,139,605
Special Revenue Funds	-	672,273	1,951,762	-	7,329,290	9,953,325	6,556,675
Capital Projects Funds	-	-	-	-	(10,481,329)	(10,481,329)	(7,467,753)
Total fund balances (deficits)	11,936,431	814,757	2,671,497	2,812,438	(2,634,699)	15,600,424	11,923,672
Total liabilities and fund balances	\$ 27,645,203	\$ 7,444,842	\$ 2,889,340	\$ 29,498,951	\$ 21,968,265	\$ 89,446,601	\$ 76,812,641

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, 2005

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	\$ 15,600,424
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet.	448,319,050
Long term liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(132,005,000)
Compensated absences	(3,221,010)
Accrued interest payable on bonds	(2,019,559)
Internal service funds are used by management to charge the costs of certain activities, such as fleet service, to individual funds. The assets and liabilities of the internal service funds have not been included in the balance sheet, but are included in the governmental activities on the statement of net assets.	<u>8,097,693</u>
Net assets of governmental activities as reported on the statement of net assets	<u><u>\$334,771,598</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, 2005
With comparative totals for December 31, 2004

	<u>Special Revenue Funds</u>				Other Governmental Funds	<u>Totals</u>	
	General	Parks and Recreation	Special Street Repairs	Debt Service Fund		2005	2004
Revenues:							
Taxes and assessments	\$ 43,467,051	\$ 6,025,027	\$ -	\$ 14,573,589	\$ 11,740,416	\$ 75,806,083	\$ 68,634,320
Licenses and permits	11,599,154	-	-	-	82,875	11,682,029	8,566,896
Intergovernmental	514,711	497,002	5,140,208	59,749	7,273,401	13,485,071	13,834,393
Fees for service	4,370,049	1,851,772	70,100	-	1,405,496	7,697,417	8,593,706
Investment income	346,326	-	-	97,365	50,710	494,401	550,925
Fines and forfeitures	3,006,858	-	-	-	-	3,006,858	2,945,019
Rents and interest	-	-	-	-	-	-	103,851
Other	255,825	111,071	134,845	(85,212)	1,829,540	2,246,069	1,730,312
Total revenues	<u>63,559,974</u>	<u>8,484,872</u>	<u>5,345,153</u>	<u>14,645,491</u>	<u>22,382,438</u>	<u>114,417,928</u>	<u>104,959,422</u>
Expenditures:							
Current:							
General government	8,244,591	-	-	-	7,862,505	16,107,096	14,491,502
Public safety	42,011,504	-	-	-	860,862	42,872,366	43,470,025
Public works	9,814,032	-	6,290,568	-	214,517	16,319,117	13,339,505
Miscellaneous	602,031	-	-	-	-	602,031	13,686,232
Parks and recreation	-	8,696,720	-	-	2,067,329	10,764,049	10,328,095
Public housing	-	-	-	-	4,044,289	4,044,289	3,902,156
Social services	-	-	-	-	664,335	664,335	697,203
Construction	-	-	-	-	17,590,173	17,590,173	7,158,585
Engineering and others	-	-	-	-	7,460,891	7,460,891	4,374,173
Capital Leases	-	-	-	-	-	-	82,041
Underwriter's discount on bonds	-	-	-	-	-	-	332,250
Other costs of bond issuance	-	-	-	-	-	-	122,254
Debt service:							
Principal retirement	-	-	-	9,850,000	-	9,850,000	6,160,000
Interest	-	-	-	4,610,649	192,425	4,803,074	4,974,054
Total expenditures	<u>60,672,158</u>	<u>8,696,720</u>	<u>6,290,568</u>	<u>14,460,649</u>	<u>40,957,326</u>	<u>131,077,421</u>	<u>123,118,075</u>
Excess (deficiency) of revenues over expenditures	<u>2,887,816</u>	<u>(211,848)</u>	<u>(945,415)</u>	<u>184,842</u>	<u>(18,574,888)</u>	<u>(16,659,493)</u>	<u>(18,158,653)</u>
Other financing sources (uses):							
Proceeds of general obligation bonds	-	-	-	-	20,115,000	20,115,000	59,385,000
Original issue premium on bonds	-	-	-	-	226,193	226,193	684,114
Original issue discount on bonds	-	-	-	-	-	-	(138,195)
Defeasance of bonds	-	-	-	-	-	-	(38,130,000)
Redemption premium on defeased bonds	-	-	-	-	-	-	(379,200)
Transfers in	9,387	115,000	200,000	1,425,268	1,607,025	3,356,680	2,186,745
Transfers out	(922,841)	-	-	-	(2,569,406)	(3,492,247)	(2,609,501)
Capital leases	-	-	-	-	-	-	82,041
Sale of property	33,699	65,150	31,770	-	-	130,619	420,852
Total other financing sources (uses)	<u>(879,755)</u>	<u>180,150</u>	<u>231,770</u>	<u>1,425,268</u>	<u>19,378,812</u>	<u>20,336,245</u>	<u>21,501,856</u>
Net change in fund balances	2,008,061	(31,698)	(713,645)	1,610,110	803,924	3,676,752	3,343,203
Fund balances (deficits) - beginning of year	<u>9,928,370</u>	<u>846,455</u>	<u>3,385,142</u>	<u>1,202,328</u>	<u>(3,438,623)</u>	<u>11,923,672</u>	<u>8,580,469</u>
Fund balances (deficits) - end of year	<u>\$ 11,936,431</u>	<u>\$ 814,757</u>	<u>\$ 2,671,497</u>	<u>\$ 2,812,438</u>	<u>\$ (2,634,699)</u>	<u>\$ 15,600,424</u>	<u>\$ 11,923,672</u>

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

** Balance is different from 2004 due to moving the Underwriter's discount on bonds and the other cost of bond issuance from Other financing sources per audit comment.

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, 2005

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>	\$ 3,676,752
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.	(3,381,720)
Issuance of long-term debt, such as bonds, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is issued, whereas in the statement of activities, those amounts are deferred and estimated. The City issued \$20,115,000 of bonds and retired \$9,850,000 and had a change in interest of \$288,566. The net effect of these differences is this amount.	(10,553,566)
Compensated absences, such as vacation are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported in the governmental funds.	27,481
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.	<u>(255,634)</u>
Change in net assets of governmental activities as shown on the government-wide <i>Statement of Activities</i>	<u><u>\$ (10,486,687)</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Property tax	\$ 9,430,875	\$ 9,430,875	\$ 9,585,594	\$ 154,719
Auto ad volorem tax	1,730,509	1,730,509	1,817,199	86,690
Local retail sales tax	25,255,000	25,255,000	25,891,083	636,083
Payment in lieu of debt service	611,038	611,038	611,038	-
Payment in lieu of taxes	5,093,399	5,093,399	4,972,104	(121,295)
Licenses	273,347	273,347	287,337	13,990
Permits	1,549,650	1,549,650	1,357,820	(191,830)
Franchise fees	8,958,000	8,958,000	9,953,997	995,997
Intergovernmental	554,843	554,843	514,711	(40,132)
Fees for services	4,434,338	4,434,338	4,370,049	(64,289)
Municipal court	2,844,900	2,844,900	3,006,858	161,958
Special assessments	70,000	70,000	590,033	520,033
Interest	380,000	380,000	346,326	(33,674)
Other	215,200	215,200	255,825	40,625
Total revenues	61,401,099	61,401,099	63,559,974	2,158,875
Expenditures				
General government:				
City Council	234,184	234,184	242,737	(8,553)
Executive	1,232,760	1,232,760	1,283,913	(51,153)
Legal Services	1,394,915	1,394,915	1,374,417	20,498
Administrative and Financial Services	1,699,693	1,699,693	1,660,267	39,426
Municipal Court	1,597,552	1,597,552	1,582,498	15,054
Human Resources	890,910	890,910	879,322	11,588
Contributions to Agencies	1,243,500	1,243,500	1,228,478	15,022
Public Safety:				
Police	24,924,465	24,924,465	24,960,438	(35,973)
Fire	17,193,525	17,193,525	17,007,911	185,614
Public Works:				
General	6,988,354	6,988,354	6,840,828	147,526
Transportation	1,528,427	1,528,427	1,463,534	64,893
Technical Services	1,080,655	1,080,655	1,076,643	4,012
Bridges	349,804	349,804	337,695	12,109
Miscellaneous Non-Departmental	5,891,250	5,838,127	1,008,404	4,829,723
Total expenditures	66,249,994	66,196,871	60,947,085	5,249,786
Excess (deficit) of revenues over expenditures	(4,848,895)	(4,795,772)	2,612,889	7,408,661
Other financing sources (uses)				
Transfers in	-	-	9,387	9,387
Transfers out	(869,719)	(922,842)	(922,841)	1
Sale of property	-	-	33,699	33,699
Total other financing sources (uses)	(869,719)	(922,842)	(879,755)	43,087
Net change in fund balance	(5,718,614)	(5,718,614)	1,733,134	7,451,748
Beginning fund balance	5,718,614	5,718,614	9,139,605	3,420,991
Ending fund balance	\$ -	\$ -	\$ 10,872,739	\$ 10,872,739

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes & assessments	\$ 5,949,736	\$ 5,949,736	\$ 6,025,027	\$ 75,291
Intergovernmental revenue	416,643	416,643	497,002	80,359
Fees for service	1,719,925	1,719,925	1,851,772	131,847
Miscellaneous	121,515	121,515	-	(121,515)
Other	90,200	90,200	111,071	20,871
Total revenues	<u>8,298,019</u>	<u>8,298,019</u>	<u>8,484,872</u>	<u>186,853</u>
Expenditures				
Parks:				
General Administration	692,766	692,766	541,785	150,981
Park Administration	572,803	572,803	606,884	(34,081)
Maintenance	1,954,559	1,954,559	1,891,485	63,074
Forestry	709,157	709,157	665,143	44,014
Horticulture	660,381	660,381	657,079	3,302
Concessions	143,929	143,929	143,368	561
Recreation:				
Administration	352,057	352,057	353,622	(1,565)
Community Arts	-	-	23,094	(23,094)
Special Services	392,896	392,896	378,273	14,623
Recreation Centers	1,442,905	1,442,905	1,393,298	49,607
Day Camps	326,052	326,052	282,828	43,224
Athletics	470,304	470,304	465,617	4,687
Aquatics	479,365	479,365	550,171	(70,806)
Mini Train and Carousel	66,589	66,589	68,727	(2,138)
Helen Hocker Theatre	331,699	331,699	351,685	(19,986)
Ward Meade Park	327,302	327,302	341,259	(13,957)
Total expenditures	<u>8,922,764</u>	<u>8,922,764</u>	<u>8,714,318</u>	<u>208,446</u>
Excess (deficit) of revenues over expenditures	<u>(624,745)</u>	<u>(624,745)</u>	<u>(229,446)</u>	<u>395,299</u>
Other financing sources				
Transfers in	115,000	115,000	115,000	-
Sale of property	-	-	65,150	65,150
Total other financing sources	<u>115,000</u>	<u>115,000</u>	<u>180,150</u>	<u>65,150</u>
Net change in fund balance	(509,745)	(509,745)	(49,296)	460,449
Beginning fund balance	<u>509,745</u>	<u>509,745</u>	<u>721,569</u>	<u>211,824</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,273</u>	<u>\$ 672,273</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 5,452,980	\$ 5,452,980	\$ 5,140,208	\$ (312,772)
Fees for service	-	-	70,100	70,100
Miscellaneous	25,000	25,000	134,845	109,845
Total revenues	<u>5,477,980</u>	<u>5,477,980</u>	<u>5,345,153</u>	<u>(132,827)</u>
Expenditures				
Transportation:				
Repair in-house	3,534,918	3,534,918	2,988,380	546,538
Administration	1,376,728	1,376,728	1,287,010	89,718
Contractual services	1,704,831	1,704,831	1,600,406	104,425
Total expenditures	<u>6,616,477</u>	<u>6,616,477</u>	<u>5,875,796</u>	<u>740,681</u>
Excess (deficit) of revenues over expenditures	<u>(1,138,497)</u>	<u>(1,138,497)</u>	<u>(530,643)</u>	<u>607,854</u>
Other financing sources				
Transfers in	200,000	200,000	200,000	-
Sale of property	24,700	24,700	31,770	7,070
Total other financing sources	<u>224,700</u>	<u>224,700</u>	<u>231,770</u>	<u>7,070</u>
Net change in fund balance	(913,797)	(913,797)	(298,873)	614,924
Beginning fund balance	<u>1,356,310</u>	<u>1,356,310</u>	<u>2,250,635</u>	<u>894,325</u>
Ending fund balance	<u>\$ 442,513</u>	<u>\$ 442,513</u>	<u>\$ 1,951,762</u>	<u>\$ 1,509,249</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, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
Assets				
Current assets:				
Cash and equity in Treasurer's Fund	\$ 2,558,580	\$ 6,289,074	\$ 8,847,654	\$ 9,830,095
Receivables (net of allowance for uncollectibles):				
Accounts receivable	9,171,423	88,007	9,259,430	-
Prepaid costs	27,410	7,447	34,857	150,000
Due from other funds	234,432	4,979	239,411	3,549
Due from other governments	-	-	-	29
Inventory	4,956,312	32,533	4,988,845	83,840
Restricted assets:				
Cash and equity in Treasurer's Fund	4,814,491	-	4,814,491	-
Other assets	-	-	-	40,478
Total current assets	<u>21,762,648</u>	<u>6,422,040</u>	<u>28,184,688</u>	<u>10,107,991</u>
Non-current assets:				
Restricted assets:				
Cash and equity in Treasurer's Fund	22,163,179	-	22,163,179	-
Other restricted assets	6,663,081	-	6,663,081	-
Capital assets:				
Land and infrastructure	83,112,963	2,026,979	85,139,942	-
Depreciable buildings, property, and equipment, net of depreciation	256,296,641	14,359,401	270,656,042	2,062,492
Other assets	16,417	-	16,417	-
Total non-current assets	<u>368,252,281</u>	<u>16,386,380</u>	<u>384,638,661</u>	<u>2,062,492</u>
Total assets	<u>390,014,929</u>	<u>22,808,420</u>	<u>412,823,349</u>	<u>12,170,483</u>
Liabilities				
Current liabilities:				
Accounts and contracts payable	3,380,215	38,023	3,418,238	346,019
Salaries & wages payable	512,063	43,189	555,252	90,281
Accrued interest	-	17,062	17,062	-
Due to other funds	-	119,460	119,460	725,544
Due to other governments	445	-	445	-
Due to others	-	90	90	-
Current portion of State revolving loan	2,980,493	-	2,980,493	-
Temporary notes payable	-	6,011,864	6,011,864	-
Estimated insurance claims	-	-	-	1,543,442
Other	-	41,693	41,693	474,022
Liabilities payable from restricted assets:				
Revenue bonds payable	1,905,000	-	1,905,000	-
Accrued interest on revenue bonds	2,327,063	-	2,327,063	-
Customer deposits	582,428	-	582,428	-
Unearned Revenue	442,277	-	442,277	48,534
Total current liabilities	<u>12,129,984</u>	<u>6,271,381</u>	<u>18,401,365</u>	<u>3,227,842</u>
Non-current liabilities:				
Revenue bonds payable	112,330,000	-	112,330,000	-
Premium on redemption of bonds	(59,658)	-	(59,658)	-
Discount on issuance of bonds	1,386,750	-	1,386,750	-
Costs of issuance to be amortized	(1,014,056)	-	(1,014,056)	-
State revolving loan payable	82,988,712	-	82,988,712	-
General obligation bonds payable	-	6,240,000	6,240,000	-
Accrued liabilities	451,862	53,497	505,359	98,410
Other	-	-	-	746,538
Total non-current liabilities	<u>196,083,610</u>	<u>6,293,497</u>	<u>202,377,107</u>	<u>844,948</u>
Total liabilities	<u>208,213,594</u>	<u>12,564,878</u>	<u>220,778,472</u>	<u>4,072,790</u>
Net assets				
Invested in capital assets, net of related debt	135,812,849	4,117,454	139,930,303	841,932
Restricted for debt service	8,630,840	-	8,630,840	-
Restricted for capital projects	1,500,000	-	1,500,000	-
Restricted for sinking funds	2,879,242	-	2,879,242	-
Restricted for deposits	467,588	-	467,588	-
Unrestricted	32,510,816	6,126,088	38,636,904	7,255,761
Total net assets	<u>\$ 181,801,335</u>	<u>\$ 10,243,542</u>	<u>\$ 192,044,877</u>	<u>\$ 8,097,693</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, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:				
Metered water	\$ 21,867,456	\$ -	\$ 21,867,456	\$ -
Sewer service charges	22,654,069	-	22,654,069	-
Parking fees	-	2,420,155	2,420,155	-
Meter fines	-	272,171	272,171	-
Greens fees	-	644,859	644,859	-
Fees for services		-	-	13,242,986
Other	2,789,185	3,657	2,792,842	174,493
Total operating revenues	47,310,710	3,340,842	50,651,552	13,417,479
Operating expenses:				
Salaries, wages, and benefits	9,403,297	1,043,492	10,446,789	1,848,368
Purchased services	11,394,953	882,942	12,277,895	3,043,931
Commodities	5,161,073	265,073	5,426,146	248,417
Insurance claims	-	-	-	7,940,119
Other payments	702,247	23,230	725,477	(193)
Depreciation	8,594,651	727,935	9,322,586	643,662
Payments in lieu of debt service	30,000	628,291	658,291	-
Payments in lieu of taxes	4,725,000	204,500	4,929,500	-
Total operating expenditures	40,011,221	3,775,463	43,786,684	13,724,304
Operating income (loss)	7,299,489	(434,621)	6,864,868	(306,825)
Non-operating revenues (expenses)				
Interest income	1,391,350	135,653	1,527,003	76,462
Interest expense	(6,007,271)	(307,008)	(6,314,279)	(70,003)
Other income	-	-	-	35,250
Gain on disposal of capital assets	8,000	-	8,000	3,915
Total non-operating revenues (expenses)	(4,607,921)	(171,355)	(4,779,276)	45,624
Transfers in	130,000	-	130,000	5,567
Change in Net Assets	2,821,568	(605,976)	2,215,592	(255,634)
Total Net Assets beginning of year	178,979,767	10,849,518	189,829,285	8,353,327
Total Net Assets end of year	\$ 181,801,335	\$ 10,243,542	\$ 192,044,877	\$ 8,097,693

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, 2005

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water, Water Pollution Control, and Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 46,290,909	\$ 3,335,953	\$ 49,626,862	\$ 13,438,384
Payments to suppliers	(18,834,159)	(1,084,248)	(19,918,407)	(10,991,201)
Payments to employees	(9,403,297)	(1,043,492)	(10,446,789)	(1,798,709)
Payments for interfund services used	(4,755,000)	(832,791)	(5,587,791)	-
Other	(702,247)	(23,230)	(725,477)	35,250
Net cash provided (used) by operating activities	<u>12,596,206</u>	<u>352,192</u>	<u>12,948,398</u>	<u>683,724</u>
Cash flows from non-capital financing activities				
Transfer from other funds	130,000	-	130,000	-
Net cash provided by non-capital financing activities	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>5,567</u>
Cash flows from capital and related financing activities				
Interest expense	-	-	-	(70,003)
Payment on capital debt	(1,390,000)	-	(1,390,000)	-
Proceeds from capital debt	14,875,000	(1,297,711)	13,577,289	-
Proceeds from state revolving loan	7,786,945	-	7,786,945	-
Proceeds from temporary notes	(2,580,925)	-	(2,580,925)	-
Payment of capital lease	-	(1,485)	(1,485)	(498,406)
Deposit with fiscal agent	(810,807)	-	(810,807)	-
Purchases of capital assets	(25,788,957)	(859,574)	(26,648,531)	(48,685)
Amortization of revenue bond discount	1,553,599	-	1,553,599	-
Interest paid on capital debt	(6,007,271)	(307,008)	(6,314,279)	-
Proceeds from sales of capital assets	8,000	-	8,000	3,915
Net cash provided (used) by capital and related financing activities	<u>(12,354,416)</u>	<u>(2,465,778)</u>	<u>(14,820,194)</u>	<u>(613,179)</u>
Cash flows from investing activities				
Interest and dividends received	1,391,350	135,653	1,527,003	76,462
Net cash provided by investing activities	<u>1,391,350</u>	<u>135,653</u>	<u>1,527,003</u>	<u>76,462</u>
Net increase in cash and cash equivalents	1,763,140	(1,977,933)	(214,793)	152,574
Cash and cash equivalents, January 1	27,773,110	8,267,007	36,040,117	9,677,521
Cash and cash equivalents, December 31	<u>\$ 29,536,250</u>	<u>\$ 6,289,074</u>	<u>\$ 35,825,324</u>	<u>\$ 9,830,095</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 7,299,489	\$ (434,621)	\$ 6,864,868	\$ (306,825)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Other	-	-	-	35,250
Depreciation expense	8,594,651	727,935	9,322,586	643,662
Changes in assets and liabilities:				
Accounts receivable	(876,154)	(44,624)	(920,778)	-
Due from other funds	(84,672)	-	(84,672)	20,883
Inventories	(748,075)	(10,646)	(758,721)	(19,283)
Prepaid items	697	-	697	40,479
Accounts payable	(1,527,104)	(36,775)	(1,563,879)	(102,218)
Accrued liabilities	142,919	(4,861)	138,058	20,048
Due to other funds	-	155,784	155,784	342,379
Due to other governments	(36,535)	-	(36,535)	-
Deferred revenue	(169,010)	-	(169,010)	-
Other current liabilities	-	-	-	9,349
Total adjustments	<u>5,296,717</u>	<u>786,813</u>	<u>6,083,530</u>	<u>990,549</u>
Net cash provided (used) by operating activities	<u>\$ 12,596,206</u>	<u>\$ 352,192</u>	<u>\$ 12,948,398</u>	<u>\$ 683,724</u>

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

FIDUCIARY FUNDS

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

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

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Alcohol and Drug Safety	Contract with Grantee	Receives certain fees collected by the Municipal Court in connection with alcohol or drug related offenses pending their payment to the National Council on Alcoholism.
Court Bond	Administrative	Receives, holds, and disburses bonds posted by individuals at the Municipal Court.
Crime Prevention	Topeka Ordinance #17796	Provides a depository for monies collected from court costs to be used for crime prevention programs in the City
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.

FIDUCIARY FUNDS (Continued...)

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
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.
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.
Topeka Metropolitan Transit Authority	Topeka City Code Section A9-2	Receives, holds, and pays to the TMTA the proceeds of a special tax collected by the City for the benefit of that entity.
Water Customer Round Up	Administrative	Utility mutual assistance fund that passes the money derived from customers who offer to round up their payments to assist others.

City of Topeka, Kansas
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

With comparative totals for December 31, 2004

	Combined Agency Funds Totals	
	2005	2004
Assets		
Cash and equity in Treasurer's Fund	\$ 1,722,145	\$ 1,639,630
Accounts receivable	791	609
	1,722,936	1,640,239
Liabilities		
Accounts and contracts payable	\$ 49,980	\$ 34,324
Salaries & wages payable	8,984	19,222
Due to others	1,662,077	1,483,782
Other current liabilities	1,895	102,911
	\$ 1,722,936	\$ 1,640,239

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

[This page is intentionally left blank.]

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2005

I. Summary of significant accounting policies

A. Reporting entity

The City of Topeka is a municipal corporation governed by a Council consisting of the Mayor, who is a non-voting member, and nine other members, all elected on a non-partisan basis. The City at large elects the Mayor, and the nine Council members are elected by district. The accompanying financial statements present the financial position of the City and its component unit at December 31, 2005. The City's financial statements include the accounts of all City operations. The financial information of the discretely presented component unit is reported in a separate column in the government-wide financial statements, to emphasize that it is legally separate from the City.

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

Discretely presented component unit

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

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

Based on this criterion, the City of Topeka has one component unit, which is the Topeka-Shawnee County Joint Economic Development Organization (JEDO). JEDO was created under a 2004 interlocal agreement between the City and Shawnee County, Kansas (the County). The City appoints a voting majority of JEDO's Board. Both the City and the County have apportioned specific sales tax revenues to JEDO for the purpose of fostering economic growth throughout the County. For additional information about JEDO, please refer to the *Notes to the Financial Statements, Other Information, Jointly Governed Organizations* section on page 63.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants

Notes to the Financial Statements (continued)

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 (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City of Topeka reports the following major governmental funds:

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

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

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

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the City, or to other governments, on a cost-reimbursement basis. The City's internal service funds include *information technology, fleet services, and risk management*. The statements for the internal service funds can be found in the *Other Fund Statements and Schedules* section, beginning on page 98.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Topeka has no fiduciary trust funds, but maintains sixteen fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations. A list of these funds can be found in the *Fund Financial Statements* section, beginning on page 39.

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and

Notes to the Financial Statements (continued)

contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

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.

Notes to the Financial Statements (continued)

4. Restricted assets

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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

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

6. Compensated absences

It is the City's policy to permit benefit-eligible employees to accumulate earned but unused annual and sick leave benefits. 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.

Notes to the Financial Statements (continued)

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

7. Long-term obligations

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

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

8. Fund equity

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

9. Comparative data/reclassifications

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

On the government-wide *Statement of Net Assets*, the 2004 "Internal balances" of the governmental activities were previously shown as a liability. For purposes of the 2004 comparison totals, that \$190,973 was reclassified as a decrease in assets, rather than a liability, yielding a net "Internal balances" total of zero in the 2004 comparative total column, as prescribed in GAAP.

On the government-wide *Statement of Activities*, the 2004 governmental activity presented as "Capital Outlay" in the 2004 statement in the amount of \$220,984, has been reclassified as a portion of the "General Government" category in the 2004 comparative total column (on page 28).

On the *Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds*, the 2004 amounts of \$332,250 "Underwriter's discount on bonds", and \$122,254 "Other costs of bond issuance" have been reclassified as "Expenditures" instead of "Other financing sources" in the 2004 comparative total column (on page 31).

II. Reconciliation of government-wide and fund financial statements

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

The governmental funds balance sheet includes a reconciliation (on page 30) between *fund balance—total governmental funds* in the amount of \$15,600,424, and *net assets—governmental activities* as reported in the government-wide statement of net assets in the amount of \$334,771,598.

Notes to the Financial Statements (continued)

This difference results primarily from the difference in measurement focus between those statements. The government-wide statement of net assets has a long-term economic focus, versus the current financial resources focus of the governmental funds balance sheet. Elements of the reconciliation are explained below.

Capital asset differences

When capital assets (property, plant, equipment) to be used in governmental activities are acquired or constructed, the costs of those assets are reported as expenditures in governmental funds and not as capitalized assets net of related accumulated depreciation on the governmental fund balance sheet. However, the government-wide statement of net assets includes the value of those capital assets, net of accumulated depreciation, among the assets of the City as a whole. Using the GASB Statement 34 format, this represents a difference of \$448,319,500, to be added to the *fund balance—total governmental funds* amount of \$15,600,424.

Long-term liabilities

Long-term liabilities, including bonds payable, which are applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities on the governmental fund balance sheet. All liabilities, both current and long-term, are reported in the government-wide statement of net assets. The net difference, which includes bonds payable and compensated absences payable, is a deduction of \$132,005,000 and \$3,221,010, respectively from the *fund balance—total governmental funds* amount. Also, accrued liabilities in the government-wide statement of net assets differ from the amount reported in the governmental funds balance sheet, because accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. This represents a deduction of \$2,019,559 from the *fund balance—total governmental funds* amount.

Internal service funds

Internal service funds are used by management to charge the costs of certain activities, such as fleet services, to the individual funds deriving a benefit from such services. The net of assets and liabilities of these internal service funds are included in governmental activities in the government-wide statement of net assets, because they primarily serve governmental activities of the City, so these assets and liabilities, in the amount of \$8,097,693, 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 \$3,676,752 *net changes in fund balances* reported in the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, to the \$10,486,687 *changes in net assets* for governmental activities reported in the government-wide *Statement of Activities* is included with the financial statements on page 32. The differences arise primarily from the long-term economic focus of the government-wide statement of activities versus the current financial resources focus of the governmental funds statement of revenues, expenditures, and changes in fund balances. The details of the differences are discussed in the following paragraphs.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease only by the amount of depreciation expense charged for the year. Also, in the statement of activities, only the gain on the sale of capital assets is reported, but in the governmental funds, the gross sales proceeds increase fund balances. These differences in capital asset transactions result in a net deduction to governmental funds of \$3,381,720, as follows:

Notes to the Financial Statements (continued)

Capital related items (continued)

Capitalized construction	\$ 17,590,173
Capitalized fees on construction	7,460,891
Capital project adjustments	
(excluding internal service funds)	1,566,215
Sales of capital assets	(130,619)
Depreciation expense	(29,868,380)
Net adjustment to fund balances	<u>\$ (3,381,720)</u>

Long-term debt transactions

The issuance of long-term debt, including bonds payable, provides current financial resources to governmental funds, and the repayment of long-term debt uses current financial resources of governmental funds. However, neither issuance nor payment of long-term debt has any effect on net assets. Also, governmental funds report the effects of original issue premiums and discounts and certain other related costs at the time debt is issued, whereas in the statement of activities, those amounts are deferred and amortized. The net effect of these transactions is to decrease the net change in fund balances by \$,10,553,566, as follows:

- Proceeds from the issuance of long-term bonds are included in *other financing sources* of the governmental funds, but have the effect of increasing long-term liabilities as reported in the statement of activities, a decrease from the net change in fund balances in the amount of \$20,115,000.
- Repayment of bond principal is reported in *other financing uses* in the governmental funds, thus having the effect of reducing fund balance, because current financial resources have been used. However, for the City as a whole, the principal payments reduce the liabilities in the government-wide statement of net assets and do not result in an expense in the government-wide statement of activities, an increase to net change in fund balances of \$9,850,000.
- 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 so is an increase to the governmental funds of \$288,566.

Accrued liabilities

Some expenses, such as accrued compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, a net increase of \$27,481, as follows:

Change in compensated absences	\$ 122,519
Change in tort claims	(150,000)
Net adjustment to fund balances	<u>\$ (27,481)</u>

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 decrease of \$255,634.

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. The governmental transfers in of \$3,356,680 and the internal service fund transfer in of \$5,567, will net against the governmental transfers out of \$3,492,247. This will leave a net transfers out of \$130,000. 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. This accounts for \$13,242,314.

III. Stewardship, compliance, and accountability

A. Budgetary information

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

1. Preparation of the proposed budget for the succeeding calendar year, on or before August 1st.
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 5th.
3. Public hearing on or before August 15th, 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 25th.

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

In 2005, there were two amendments to the originally adopted budget. The first was adopted by the governing body in June 2005, increasing expenditure authority in the Transient Guest Tax fund by \$200,000, as a result of unanticipated revenues collected. In December 2005, the Council adopted amendments to four funds. The General Fund budget was amended to increase the interfund transfer and decrease the contingency budgeted expenditure line items in the General Fund, to provide for a \$53,123 transfer from the General Fund to the Capital Projects Fund (a non-budgeted fund).

The Transient Guest Tax Fund budget was further amended in December, increasing fund expenditure authority by \$42,299, the net of a reduction in the Historic Asset Preservation Fund budgeted line item expenditure of \$55,260, and an increase in the authorized interfund transfer from the Transient Guest Tax Fund to the Historic Asset Preservation Fund in the amount of \$97,559. A corresponding amendment of \$97,559 increased revenues in the Historic Asset Preservation Fund to reflect the transfer.

Finally, the Kansas Police and Fire Rate Equalization Fund was amended to increase budgeted expenditure authority in the amount of \$350,215 from beginning fund balance.

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 adopted a policy of (1) requiring approval of the City Manager for object of expenditure category changes exceeding \$5,000 and (2) setting a level of budgetary control by which the City Manager 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.

Notes to the Financial Statements (continued)

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 budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

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

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.

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

Fund	Expenditures & Transfer Out	Less Beginning Encumbrances	Plus Ending Encumbrances	Expenditures & Transfers Out
	per Fund Statement			per Budget Basis
General Fund	\$61,594,999	788,765	1,063,692	\$ 61,869,926
Parks and Recreation Fund	\$ 8,696,720	124,886	142,484	\$ 8,714,318
Special Street Repairs Fund	\$ 6,290,568	1,134,507	719,735	\$ 5,875,796
Debt Service Fund	\$14,460,649	-	-	\$ 14,460,649

B. Excess of expenditures over appropriations

In 2005, expenditures in the Unsafe Structures Fund and expenditures and transfers out in the ½ % Sales Tax Fund exceeded the legally adopted budgets for those funds, in violation of the Kansas statutes. In the Unsafe Structures Fund, the excess expenditure of \$2,940 is attributed to an encumbrance for structure demolition.

The \$3,355,074 budget violation in the ½ % Sales Tax Fund is comprised of: 1) a \$2,005,938.72 expenditure to the Topeka/Shawnee County Joint Economic Development Organization (JEDO) to pay the City's share of a JEDO contract with GO Topeka, an economic development organization; 2) \$802,375.50, also paid to JEDO, to fund the City's share of a County project approved by the voters in adopting the new sales tax; \$330,000 transferred to the City's Combined Utility Fund for a capital project to replace a water main; and \$216,760 transferred to a City traffic-way capital project. Because the ½ % Sales Tax Fund was originally deemed an agency fund, the City did not include it in the 2005 budget, created in 2004. The City determined in early 2006 that the ½ % Sales Tax Fund is a special revenue fund, and the 2006 budget will be amended accordingly. Management is not aware of any other statutory violations.

C. Deficit fund equity

The combined Capital Projects Funds, which are non-major governmental funds, had a combined deficit fund balance of \$10,481,329 at December 31, 2005. The City anticipates funding such deficits through the issuance of debt in subsequent accounting periods, when the construction projects are completed and the associated assets are capitalized.

Notes to the Financial Statements (continued)

IV. Detailed notes on all funds

A. **Deposits and investments** At December 31, 2005, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
State Treasurer's Municipal Investment Pool	\$ 17,863,358	0.08
U.S. Treasury securities	2,000,000	0.58
U.S. government and agency securities	54,684,839	1.97
Certificates of deposit	<u>20,000</u>	0.63
Total fair value of investments	<u>\$ 74,568,197</u>	
Weighted average maturity of portfolio		<u>0.81 years</u>

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

Credit risk—Kansas state law (K.S.A. 10-301 and K.S.A. 12-1675 to 12-1677) specifies the types of investments in which a municipality may invest. State law also provides for investment of City funds in the Municipal Investment Pool (MIP) within the State Treasury. At December 31, 2005, the City's investment in the MIP was rated AAf/S1+ by Standard & Poor's.

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

Custodial credit risk on deposits—In the case of deposits of cash and cash equivalents, custodial credit risk is the risk that in the event of failure of a financial institution, the City's deposits may not be returned. State law (K.S.A. 9-1402) mandates that a bank must pledge collateral equal to 100% of the market value of the City's deposits, using those types of collateral allowed by the law. At December 31, 2005, the City had deposits totaling \$3,392,392 in financial institutions, with collateral assets pledged to the City by the institutions having a fair market value of \$11,739,659.

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

1. Temporary notes of the City of Topeka;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than two years;
3. Repurchase agreements with commercial banks and state or federally chartered savings and loan associations, which have offices located in Topeka;
4. United States Treasury bills or notes with maturities not exceeding two years;
5. U.S. Government Agency securities with a maturity of not more than two years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the Kansas State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Topeka.

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

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

Notes to the Financial Statements (continued)

7. Certain Kansas municipal bonds.

B. Receivables

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

	<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>
Receivables:							
Taxes	\$ 15,512,999	\$ 6,273,367	\$ 1,185,000	\$ 14,630,076	\$ -	\$ 2,595,595	\$ 40,197,037
Accounts	693,772	-	-	-	9,259,430	431,112	10,384,314
Notes	-	-	-	-	-	24,322	24,322
Special assessments	-	-	-	12,056,437	-	-	12,056,437
Intergovernmental	1,442	-	-	-	-	4,524,775	4,526,217
Gross receivables	<u>\$ 16,208,213</u>	<u>\$ 6,273,367</u>	<u>\$ 1,185,000</u>	<u>\$ 26,686,513</u>	<u>\$ 9,259,430</u>	<u>\$ 7,575,804</u>	<u>\$ 67,188,327</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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
<u>Current Property Taxes Receivable:</u>	
General Fund	10,631,274
Debt service fund	11,811,985
Parks & Recreation Fund	5,644,156
Other, non-major funds	1,934,182
<u>Delinquent Property Taxes Receivable:</u>	
General Fund	73,592
Debt service fund	42,053
Parks & Recreation Fund	16,821
Other, non-major funds	19,176
<u>Special Assessments, Debt Service Fund:</u>	
Current	1,234,265
Delinquent	106,349
Not yet due	12,056,437
<u>Motor Vehicle ad valorem Taxes Receivable:</u>	
General Fund	1,088,262
Debt service fund	1,435,424
Parks & Recreation Fund	612,390
Other, non-major funds	208,879
Grants, other, non-major funds	746,630
Other Deferred Revenues, general fund	12,000
Total deferred revenue for governmental funds	<u>\$ 47,673,875</u>

[The remainder of this page intentionally left blank.]

Notes to the Financial Statements (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2005, including Internal Service Funds, was as follows:

Primary Government

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 6,359,851	-	-	\$ 6,359,851
Construction in progress	33,654,257	25,239,735	(10,553,647)	48,340,345
Total non-depreciable capital assets	<u>40,014,108</u>	<u>25,239,735</u>	<u>(10,553,647)</u>	<u>54,700,196</u>
Depreciable capital assets:				
Buildings, improvements, infrastructure	841,616,135	10,697,649	-	852,313,784
Furniture and fixtures	5,691,280	91,120	-	5,782,400
Vehicles	15,741,841	856,775	(492,969)	16,105,647
Machinery and equipment	6,041,119	396,658	(261,880)	6,175,897
Total depreciable capital assets	<u>869,090,375</u>	<u>12,042,202</u>	<u>(754,849)</u>	<u>880,377,728</u>
Less accumulated depreciation for:				
Buildings, improvements, infrastructure	(437,366,788)	(28,192,884)	-	(465,559,672)
Furniture and fixtures	(3,074,458)	(692,805)	-	(3,767,263)
Vehicles	(11,174,605)	(1,251,279)	450,840	(11,975,044)
Machinery and equipment	(3,130,393)	(375,074)	111,064	(3,394,403)
Less accumulated depreciation	<u>(454,746,244)</u>	<u>(30,512,042)</u>	<u>561,904</u>	<u>(484,696,382)</u>
Depreciable capital assets, net of accumulated depreciation	<u>414,344,131</u>	<u>(18,469,840)</u>	<u>(192,945)</u>	<u>395,681,346</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 454,358,239</u>	<u>\$ 6,769,895</u>	<u>\$ (10,746,592)</u>	<u>\$ 450,381,542</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Non-depreciable capital assets:				
Land	\$ 1,664,898	\$ -	\$ -	\$ 1,664,898
Construction in progress	82,900,099	24,797,429	(24,222,484)	83,475,044
Total non-depreciable capital assets	<u>84,564,997</u>	<u>24,797,429</u>	<u>(24,222,484)</u>	<u>85,139,942</u>
Depreciable capital assets:				
Buildings and improvements	351,267,504	25,443,554	-	376,711,058
Furniture and fixtures	705,903	119,087	-	824,990
Vehicles	6,233,623	359,139	-	6,592,762
Machinery and equipment	4,403,695	151,807	(15,090)	4,540,412
Total depreciable capital assets:	<u>362,610,725</u>	<u>26,073,587</u>	<u>(15,090)</u>	<u>388,669,222</u>
Less accumulated depreciation for:				
Buildings and Improvements	(100,574,037)	(8,405,382)	-	(108,979,419)
Furniture and Fixtures	(671,538)	(37,722)	-	(709,260)
Vehicles	(4,354,751)	(533,487)	-	(4,888,238)
Machinery and Equipment	(3,105,358)	(345,995)	15,090	(3,436,263)
Less accumulated depreciation	<u>(108,705,684)</u>	<u>(9,322,586)</u>	<u>15,090</u>	<u>(118,013,180)</u>
Depreciable capital assets, net of accumulated depreciation	<u>253,905,041</u>	<u>16,751,001</u>	<u>-</u>	<u>270,656,042</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 338,470,038</u>	<u>\$ 41,548,430</u>	<u>\$ (24,222,484)</u>	<u>\$ 355,795,984</u>

Notes to the Financial Statements (continued)

Depreciation expense was charged to activities as follows:

Governmental activities:

General Government	\$ 483,281
Public Safety	1,429,491
Public Works	26,989,495
Parks and Recreation	966,113
Internal Service	643,662
Total depreciation expense - Governmental	<u>\$ 30,512,042</u>

Business-type activities:

Parking Garages	\$ 660,054
Water, WPC, & Stormwater Utility	8,594,651
Other business-type activities	67,881
Total depreciation expense - Business-type	<u>\$ 9,322,586</u>

Construction commitments

The City had open, active construction projects on December 31, 2005. 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	\$ 15,408,366	\$ 8,630,771
Public Safety - Fire	14,632	302,368
Public Safety - Police	84,117	40,458
Public Works - Administration	5,467,320	274,664
Public Works - Traffic	3,406,273	2,485,930
Public Works - Transportation	12,617,381	13,126,833
Public Works - Bridges	6,627,953	2,747,319
Parks and Recreation	4,714,303	3,712,183
Total	<u>\$ 48,340,345</u>	<u>\$ 31,320,526</u>

In order to fund some of the expenditures above, the City has issued \$25,425,000 worth of temporary notes, which will be paid off in November 2006. See a complete listing of projects on the *Schedule of Temporary Notes* on page 123.

[The remainder of this page intentionally left blank.]

Notes to the Financial Statements (continued)

D. Interfund receivables and transfers

The composition of interfund balances as of December 31, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Undistributed Investment Earnings	Distribute investment interest	\$ 24,148
General	Information Technology	Operating Subsidy	725,544
General	Golf Course	Operating Subsidy	119,460
Parks and Recreation	Transient Guest Tax	Accrued tax due for 2005	57,500
Debt Service	Undistributed Investment Earnings	Distribute investment interest	<u>1,802</u>
Total Governmental Funds			928,454
Public Parking Facilities	Undistributed Investment Earnings	Distribute investment interest	4,979
Water, WPC, & Stormwater Utility	Undistributed Investment Earnings	Distribute investment interest	<u>234,432</u>
Total Proprietary Funds: Business-Type			239,411
Self-Insurance	Undistributed Investment Earnings	Distribute investment interest	2,412
Risk Management	Undistributed Investment Earnings	Distribute investment interest	<u>1,137</u>
Total Proprietary Funds: Governmental-Internal Service Funds			<u>3,549</u>
Grand Total			<u>\$ 1,171,414</u>

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

Interfund transfers:

	Transfer In:							Total Transfers out
	General Fund	Parks and Recreation	Special Street Repairs	Debt Service Fund	Non-major Governmental	Enterprise Funds	Internal Service Funds	
Transfer out:								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 922,841	\$ -	\$ -	\$ 922,841
Parks and Recreation	-	-	-	-	-	-	-	-
Special Street Repairs	-	-	-	-	-	-	-	-
Nonmajor Governmental	9,387	115,000	-	1,425,268	684,184	330,000	5,567	2,569,406
Enterprise Fund	-	-	200,000	-	-	-	-	200,000
Internal Service Funds	-	-	-	-	-	-	-	-
Metro Planning	-	-	-	-	-	-	-	-
Total transfers in	<u>\$ 9,387</u>	<u>\$ 115,000</u>	<u>\$ 200,000</u>	<u>\$ 1,425,268</u>	<u>\$ 1,607,025</u>	<u>\$ 330,000</u>	<u>\$ 5,567</u>	<u>\$ 3,692,247</u>

In the fund financial statements, total *transfers out* of \$3,492,247, equal the total *transfers in* when combining the transfers of governmental funds, in the amount of \$3,356,680, and those transfers of \$135,567 attributable to business-type funds. The above total exceeds the total of the fund statements by \$200,000, due to the combining of transfers in and out on the proprietary fund statement for the utility funds. The net amount is generated by the *transfer out* of \$200,000 from an Enterprise fund to the Special Street Repairs Fund and the \$330,000 *transfer out* from a non-major governmental fund to an Enterprise fund. *Transfers in* consisted of the following:

- General Fund received excess funds of \$9,387 from closed capital projects.
- Parks and Recreation received \$115,000 from Transient Guest Tax for operating expenses
- Special Street Repair received \$200,000 from Stormwater for use of equipment
- Debt Service received excess funds of \$1,425,268 from closed capital projects
- Unsafe Structures Fund received \$70,000 from the General Fund for demolitions
- Capital Projects received \$53,122 from the General Fund for projects
- Regional Planning received \$799,719 from the General Fund for operations
- Capital Projects received excess funds of \$684,184 from closed capital projects
- Water received \$330,000 from the 0.5% Sales Tax to fund a capital project
- Information Technology received excess funds of \$5,567 from a completed capital project

Notes to the Financial Statements (continued)

E. Leases

Operating Leases

The City has a master operating lease for computers. The expenditures for these operating leases for the year ended December 31, 2005, were \$310,389. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2006	196,670
2007	108,005
2008	72,922
2009 and thereafter	-
Total	<u>\$ 377,597</u>

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities - Internal Service Funds</u>	<u>Business Activities - Enterprise Funds</u>
Asset information:		
Machinery and equipment	\$ 3,131,500	\$ 106,734
Less accumulated depreciation	(1,553,492)	(96,061)
Total	<u>\$ 1,578,008</u>	<u>\$ 10,673</u>

The capital leases attributable to business-type activities were paid in full in 2004. The future minimum lease obligations for governmental activities, and the net present value of these minimum lease payments at December 31, 2005, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities - Internal Service Funds</u>
2006	\$ 525,210
2007	170,795
2008	158,298
2009	158,298
2010	158,298
2011 and thereafter	224,253
Total minimum lease payments	<u>1,395,152</u>
Less: amount representing interest	(174,592)
Net present value of minimum lease payments	<u>\$ 1,220,560</u>

Notes to the Financial Statements (continued)

F. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction or improvement of major capital assets. General obligation bonds have been issued for both governmental and business-type activities. The principal amount of general obligation bonds outstanding at January 1, 2005, was \$127,980,000. During the year, general obligation bonds totaling \$9,850,000 were retired, and \$20,115,000 of general obligation bonds were issued, bringing the December 31, 2005, outstanding balance to \$138,245,000.

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

Purpose	Interest Rates	Amount
Governmental activities	2.70 - 5.50%	\$ 49,645,000
Governmental activities – refunding	1.80 - 5.10%	82,360,000
Business-type activities	4.05 - 5.13%	6,240,000
		\$138,245,000

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

Year Ending December 31	Principal	Interest
2006	\$ 10,095,000	\$ 5,350,546
2007	10,145,000	5,151,625
2008	10,175,000	4,700,941
2009	10,295,000	4,351,285
2010	10,425,000	4,000,565
2011-2015	49,595,000	14,083,240
2016-2020	22,265,000	6,264,099
2021-2031	15,250,000	2,651,171
Total	\$138,245,000	\$46,553,472

Revenue bonds

The City also issues revenue bonds. The City pledges income derived from the fees and charges to users of the related assets to pay debt service on revenue bonds. The principal amount of revenue bonds outstanding at January 1, 2005, was \$100,750,000. In 2005, the City issued \$14,875,000 of revenue bonds, and \$1,390,000 of revenue bonds were retired. Revenue bonds outstanding at year-end are \$114,235,000, as follows:

Purpose	Interest Rates	Amount
Water, Water Pollution Control & Stormwater	2.00 - 7.50%	\$114,235,000

[The remainder of this page intentionally left blank.]

Notes to the Financial Statements (continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31 *	Principal	Interest
2006	\$ 1,905,000	\$ 5,387,707
2007	1,665,000	5,572,140
2008	1,715,000	5,475,089
2009	1,770,000	5,380,386
2010	1,835,000	5,284,090
2011-2015	15,195,000	24,629,651
2016-2020	20,980,000	20,399,118
2021-2035	69,170,000	23,483,865
Total	\$114,235,000	\$95,612,046

* See note V. section C regarding subsequent events

Advance and current refundings

There were no advance or current refunding issues in 2005.

Changes in long-term liabilities

The following paragraphs are a summary of long-term liability activity for 2005.

	Balance 12/31/04	Additions	Reductions	Balance 12/31/05	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 121,740,000	\$ 20,115,000	\$ (9,850,000)	\$ 132,005,000	\$ 10,095,000
Capital leases	1,718,966	-	(498,406)	1,220,560	474,022
Compensated absences	3,187,552	131,868	-	3,319,420	3,319,420
Governmental activity					
Long-term liabilities	\$ 126,646,518	\$ 20,246,868	\$ (10,348,406)	\$ 136,544,980	\$ 13,888,442
Business-type activities:					
Bonds payable:					
General obligation bonds	6,240,000	-	-	6,240,000	-
Revenue bonds	100,750,000	14,875,000	(1,390,000)	114,235,000	1,905,000
Less deferred amounts:					
For issuance prem/discounts	(220,109)	1,492,639	54,561	1,327,091	-
Cost of issuance amortized	(743,780)	(296,778)	26,502	(1,014,056)	-
Total bonds payable	106,026,111	16,070,861	(1,308,937)	120,788,035	1,905,000
State revolving loan	77,905,586	11,116,087	(3,052,467)	85,969,206	2,980,493
Compensated absences	491,361	13,998	-	505,359	505,359
Business-type activity					
Long-term liabilities	\$ 184,423,058	\$ 27,200,946	\$ (4,361,404)	\$ 207,262,600	\$ 5,390,852

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included in the preceding table, as part of the totals for *governmental activities*. At year-end, no general obligation bonds, \$98,410 of the compensated absences, and \$1,220,560 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 \$1,905,000 of the long-term liabilities due within one year for *business-type activities* in current *liabilities payable from restricted assets*. The remaining amount of \$112,330,000 is categorized as *non-current liabilities, due in more than one year* on that same statement.

Notes to the Financial Statements (continued)

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

At January 1, 2005, the City owed \$77,905,586 to the Kansas Water Pollution Control State Revolving Loan Fund (WPC-SRF); during the year, the City borrowed an additional \$11,116,087 from the WPC-SRF and repaid loan principal of \$3,052,467. The total balance owed for the WPC-SRF at December 31, 2005, was \$85,969,206.

During 2005, there was no activity on the Kansas Public Water Supply State Revolving Loan Fund (PWS-SRF) loan agreement between the City and the PWS-SRF.

The City has entered into agreements to receive loans up to \$111,807,667 from WPC-SRF and up to \$11,496,100 from PWS-SRF. The City anticipates borrowing additional monies from these revolving loan funds in 2006.

G. Restricted assets

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

Bond reserve - Water	\$5,943,700
Bond reserve - Water Pollution Control	1,810,305
Bond reserve - Stormwater	876,835
Renewal & replacement - Water	1,500,000
Construction proceeds - Water	4,168,800
Construction proceeds - Water Pollution Control	9,331,200
Sinking fund - Water	1,832,724
Sinking fund - Water Pollution Control	539,434
Sinking fund - Stormwater	363,769
Sinking fund cash - Water	143,315
Water consumer deposits - Water	407,083
Water consumer deposits flushing meters - Water	60,505
Deposits with fiscal agent - Water	729,989
Deposits with fiscal agent - Water Pollution Control	5,933,092
Total restricted assets	<u>\$33,640,751</u>

V. Other information

A. Risk management

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

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.

Notes to the Financial Statements (continued)

The internal self-insurance funds accrue the required amounts for the payment of anticipated claims by imposing rate charges to various City departments. Rates are based on historical and expected future expenses. These rate charges are reported as expenditures in the applicable funds. Risks attributable to the workers' compensation self-insurance fund have excess reinsurance coverage. The health self-insurance fund has catastrophic stop-loss reinsurance for all claims, except those for prescription drugs, to help protect the City against extraordinary losses. A reconciliation of changes in liabilities for claims, including claims incurred but not reported, for the past two years follows:

	2005	2004
Claims liabilities at beginning of the year	\$ 1,642,781	\$ 813,832
Claims incurred during the year	7,940,119	8,031,207
Claims paid during the year	(8,039,458)	(7,202,258)
Claims liabilities at end of the year	<u>\$ 1,543,442</u>	<u>\$ 1,642,781</u>

B. Related party transactions

There were no significant related party transactions in 2005.

C. Subsequent events

In February 2006, the Council selected Norton N. Bonaparte, Jr. as City Manager. Mr. Bonaparte began work on March 13, 2006.

On March 30, 2006, the City issued its City of Topeka, Kansas, Full Faith and Credit STAR Bonds, Series 2006-A (Heartland Park), in the aggregate principal amount of \$10,405,000. These bonds are anticipated to be paid from the proceeds of State and local sales taxes generated within the established redevelopment project area. The redevelopment project consists of enhancements and new construction for Heartland Park Topeka, a nationally recognized car-racing venue. The City has also pledged its full faith and credit to repayment of the bonds. The 2006-A Bonds are scheduled to mature on August 15 of the years 2009 through 2025, at interest rates ranging from 4% to 5.5%.

In May 2006, the City entered into a contract with Billy Casper Golf, Inc. (BCG), privatizing the maintenance of the City's public golf course. The City retains ownership of the course and related maintenance equipment; but the equipment is being leased to BCG for a monthly fee of \$1,000. The City will also continue to operate the pro shop, including golf cart rentals, at the course.

On June 15, 2006, the City issued its City of Topeka, Kansas, Series 2006 Sales Tax Revenue Bonds (Topeka Boulevard Bridge), in the aggregate principal amount of \$30,625,000, for the purpose of paying a portion of the costs to remove and replace the Topeka Boulevard bridge over the Kansas River. The revenues to pay the City's portion of the estimated \$51 million total cost of the bridge replacement will be generated by a special one-half of one percent (0.50%) Countywide sales tax authorized by the voters in August 2004. These bonds are not the City's general obligation, but are to be paid solely from the sales taxes to be collected by the Kansas Department of Revenue (KDOR), transferred by the City to the JEDO (see *Note V-E Jointly Governed Organizations* below), reimbursed to the City by JEDO upon demand by the City, then transferred by the City to U.S. Bank, the trustee for the 2006 Bonds. In addition to bond proceeds, the Topeka Boulevard Bridge project will also be financed in part by Federal and Kansas Department of Transportation highway grants.

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

Notes to the Financial Statements (continued)

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, 2005, totaled \$132,750,300.

Costs to complete construction contracts to which the City was committed at December 31, 2005 are estimated at \$31,320,526 for the governmental funds and \$45,963,898 for Enterprise Funds.

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

E. Jointly governed organizations

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

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

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

F. Other post employment benefits

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 in conjunction with such coverage. 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. At December 31, 2005, the city had a total of 302 retirees enrolled in these insurance plans.

Although each retiree pays the full amount of applicable insurance premiums, conceptually, the City is subsidizing this benefit, because each participant is charged a level premium, regardless of age or employer premium increases for the current employees' group that may be attributable to a higher claims experience in the retirees' group. However, the cost of this subsidy has not been quantified in these financial statements.

Notes to the Financial Statements (continued)

G. Employee retirement systems and pension plans

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

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

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

Currently, K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary, and K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually, based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limit on annual increases in the employer contribution rates. The KPERs employer rate established by statute for calendar year 2005 was 3.41%. The City of Topeka employer contributions to KPERs for the years ending December 31, 2005, 2004, and 2003 were \$923,997, \$882,246, and \$822,863 respectively, equal to the statutorily required contributions for each year.

Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. Including such past service costs' amortization, the City's KP&F uniform participating employer rate for calendar year 2005 was 11.69%. The City's employer contributions to KP&F for the years ending December 31, 2005, 2004, and 2003 were \$3,302,950, \$3,638,554, and \$3,756,421 respectively, equal to the statutorily required contributions for each year.

[The remainder of this page intentionally left blank.]

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Special Revenue Funds (Continued...)

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Capital Projects Planning	K.S.A. 12-1,118 Topeka Ordinance #15687	Represents resources set aside to be used for preliminary costs of planning for a capital improvement in advance of formal authorization and funding of the project. Fund is reimbursed after project is authorized.
Unsafe Structures Removal	K.S.A 12-1750 & K.S.A. 12-4758 Topeka Ordinance #16918	Accounts for resources and expenditures for repair, alteration, removal or demolishing those structures determined to be unfit for habitation or endangering health and safety of the public.
Retirement Reserve	Administrative Action	Provides funding for and absorbs those accrued sick leave, vacation, and other related costs of City employees upon their retirement.
KP & F Equalization	Administrative Action Topeka Ordinance #18269 & #18290	Provides funding for retirement of the KP & F liabilities and a reserve fund for any future excess contribution liabilities.
Historic Asset Preservation	Administrative Action Topeka Ordinance #17238	Provides funding for acquisition, rehabilitation and preservation of historic landmarks or historic resources located within the City.
1/2 % Sales Tax	City (# 34790)/County (C334-2004) Interlocal Agreement & Approved by Voters on 08-03-04	Provides funding for economic development and countywide infrastructure development.
Governmental and Miscellaneous Grants	Public Law 93-838 City Code Chapter 42 Various Grant Contracts	Accounts for the receipts and expenditures of proceeds provided by various governmental departments for Community Development Block Grant Programs, various other grants related to health and social service programs, and law enforcement programs. Other gr
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 i
Park Land Acquisition	Administrative Topeka Ordinance #17226	Reserves funds transferred from City departments and contibuted by other entities for future land acquisitions for park improvements and developments.
Undistributed Investment Earnings	Administrative	Accounts for investment earnings on all pooled City funds before actual distribution to various recipient funds.

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

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

City of Topeka, Kansas
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2005

With comparative totals for December 31, 2004

	Special Revenue Funds							
	Downtown Improvement District	Special Alcohol Program	General Improvement	Special Liability Expense	Zoo Improvement	Zoo	Golf Improvement	
Assets								
Cash and equity in Treasurer's Fund	\$ 22,244	\$ 374,014	\$ 226,846	\$ 968,743	\$ 12,551	\$ 192,006	\$ 99,494	\$ 34,139
Receivables (net of allowance for uncollectibles):								
Accounts receivable	42,497	-	-	-	-	-	-	-
General property taxes	-	-	194,533	290,230	-	1,677,474	-	433,358
Notes	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	2,596	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	\$ 64,741	\$ 374,014	\$ 421,379	\$ 1,258,973	\$ 12,551	\$ 1,872,076	\$ 99,494	\$ 467,497
Liabilities and fund balances								
Liabilities:								
Accounts and contracts payable	-	25,541	-	872	-	18,350	-	-
Salaries & wages payable	-	-	-	4,001	-	72,201	-	-
Accrued interest	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	57,500
Temporary notes payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	194,533	290,230	-	1,677,474	-	-
Total liabilities	-	25,541	194,533	295,103	-	1,768,025	-	57,500
Fund Balances								
Reserved for:								
Encumbrances	7,993	69,089	-	3,346	-	14,059	-	276,875
Unreserved, reported in:								
Special Revenue Funds	56,748	279,384	226,846	960,524	12,551	89,992	99,494	133,122
Capital Projects Funds	-	-	-	-	-	-	-	-
Total fund balances	64,741	348,473	226,846	963,870	12,551	104,051	99,494	409,997
Total liabilities and fund balances	\$ 64,741	\$ 374,014	\$ 421,379	\$ 1,258,973	\$ 12,551	\$ 1,872,076	\$ 99,494	\$ 467,497

Special Revenue Funds

<u>Capital Projects Planning</u>	<u>Unsafe Structure Removal</u>	<u>Retirement Reserve</u>	<u>KP & F Equalization</u>	<u>Historic Asset Preservation</u>	<u>1/2 % Sales Tax</u>	<u>Governmental & Miscellaneous Grants</u>	<u>Regional Planning Commission</u>	<u>Park Land Acquisition</u>	<u>Undistributed Investment Earnings</u>
\$ 186,043	\$ 80,035	\$ 657,265	\$ 754,057	\$ 101,310	\$ -	\$ 9,048	\$ 156,532	\$ 61,630	\$ 12,745
-	88,763	-	-	-	-	30,942	-	-	268,910
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	24,322	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,574,344	950,402	-	-	-
<u>\$ 186,043</u>	<u>\$ 168,798</u>	<u>\$ 657,265</u>	<u>\$ 754,057</u>	<u>\$ 101,310</u>	<u>\$ 3,574,344</u>	<u>\$ 1,014,714</u>	<u>\$ 156,532</u>	<u>\$ 61,630</u>	<u>\$ 281,655</u>
-	-	-	-	-	-	236,635	3,453	-	33
-	-	6,392	-	-	-	44,161	33,527	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	268,910
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	733,918	-	-	12,712
-	-	6,392	-	-	-	1,014,714	36,980	-	281,655
6,615	60,486	-	-	-	-	-	78,878	-	-
179,428	108,312	650,873	754,057	101,310	3,574,344	-	40,674	61,630	-
-	-	-	-	-	-	-	-	-	-
<u>186,043</u>	<u>168,798</u>	<u>650,873</u>	<u>754,057</u>	<u>101,310</u>	<u>3,574,344</u>	<u>-</u>	<u>119,552</u>	<u>61,630</u>	<u>-</u>
<u>\$ 186,043</u>	<u>\$ 168,798</u>	<u>\$ 657,265</u>	<u>\$ 754,057</u>	<u>\$ 101,310</u>	<u>\$ 3,574,344</u>	<u>\$ 1,014,714</u>	<u>\$ 156,532</u>	<u>\$ 61,630</u>	<u>\$ 281,655</u>

continued...

City of Topeka, Kansas
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2005

With comparative totals for December 31, 2004

...continued

	Public					Totals	
	Bridges	Buildings and Facilities	Sanitary Sewers	Streets and Trafficways	Park Improvements	2005	2004
Assets							
Cash and equity in Treasurer's Fund	\$ 612,766	\$ 1,417,905	\$ 329,753	\$ 6,835,227	\$ 1,245,541	\$ 14,389,894	\$ 10,158,225
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	-	-	431,112	506,565
General property taxes	-	-	-	-	-	2,595,595	2,729,966
Notes	-	-	-	-	-	24,322	24,322
Prepaid costs	-	-	-	-	-	2,596	2,945
Due from other governments	-	-	-	-	-	4,524,746	1,068,666
Total assets	\$ 612,766	\$ 1,417,905	\$ 329,753	\$ 6,835,227	\$ 1,245,541	\$ 21,968,265	\$ 14,490,689
Liabilities and fund balances							
Liabilities:							
Accounts and contracts payable	4,200	227,714	46,411	\$ 1,091,527	\$ 80,211	\$ 1,734,947	\$ 1,409,743
Salaries & wages payable	-	-	-	-	-	160,282	98,711
Accrued interest	2,915	-	5,510	50,897	-	59,322	48,950
Due to other funds	-	-	-	-	-	326,410	376,931
Temporary notes payable	1,027,027	-	1,941,462	16,444,647	-	19,413,136	13,249,500
Unearned Revenue	-	-	-	-	-	2,908,867	2,745,477
Total liabilities	1,034,142	227,714	1,993,383	17,587,071	80,211	24,602,964	17,929,312
Fund Balances							
Reserved for:							
Encumbrances	-	-	-	-	-	517,340	444,659
Unreserved, reported in:							
Special Revenue Funds	-	-	-	-	-	7,329,290	3,584,471
Capital Projects Funds	(421,376)	1,190,191	(1,663,630)	(10,751,844)	1,165,330	(10,481,329)	(7,467,753)
Total fund balances	(421,376)	1,190,191	(1,663,630)	(10,751,844)	1,165,330	(2,634,699)	(3,438,623)
Total liabilities and fund balances	\$ 612,766	\$ 1,417,905	\$ 329,753	\$ 6,835,227	\$ 1,245,541	\$ 21,968,265	\$ 14,490,689

[This page is intentionally left blank.]

City of Topeka, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Special Revenue Funds							
	Downtown Improvement District	Special Alcohol Program	General Improvement	Special Liability Expense	Zoo Improvement	Zoo	Golf Improvement	Transient Guest Tax
Revenues:								
Taxes and assessments	\$ 199,207	\$ -	\$ 338,912	\$ 203,532	\$ -	\$ 1,562,695	\$ -	\$ 1,612,169
Intergovernmental	-	430,815	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	855	399,170	23,042	-
Interest from investments	-	-	-	-	508	478	-	-
Other	970	-	-	-	5,000	1,468	-	-
Total revenues	<u>200,177</u>	<u>430,815</u>	<u>338,912</u>	<u>203,532</u>	<u>6,363</u>	<u>1,963,811</u>	<u>23,042</u>	<u>1,612,169</u>
Expenditures:								
General government	-	-	200,000	170,222	-	-	-	1,361,111
Public safety	-	-	-	-	-	-	-	-
Public works	214,517	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	1,601	2,057,355	8,373	-
Public housing	-	-	-	-	-	-	-	-
Social services	-	397,039	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Engineering and others	-	-	-	-	-	-	-	-
Total expenditures	<u>214,517</u>	<u>397,039</u>	<u>200,000</u>	<u>170,222</u>	<u>1,601</u>	<u>2,057,355</u>	<u>8,373</u>	<u>1,361,111</u>
Excess (deficit) of revenues over (under) expenditures	<u>(14,340)</u>	<u>33,776</u>	<u>138,912</u>	<u>33,310</u>	<u>4,762</u>	<u>(93,544)</u>	<u>14,669</u>	<u>251,058</u>
Other financing sources (uses):								
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-
Original issue premium on bonds	-	-	-	-	-	-	-	-
Original issue discount on bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(18,000)	-	-	(412,559)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>(412,559)</u>
Net change in fund balances	<u>(14,340)</u>	<u>33,776</u>	<u>138,912</u>	<u>33,310</u>	<u>(13,238)</u>	<u>(93,544)</u>	<u>14,669</u>	<u>(161,501)</u>
Fund balances (deficits) - beginning	79,081	314,697	87,934	930,560	25,789	197,595	84,825	571,498
Fund balances (deficits) - ending	<u>\$ 64,741</u>	<u>\$ 348,473</u>	<u>\$ 226,846</u>	<u>\$ 963,870</u>	<u>\$ 12,551</u>	<u>\$ 104,051</u>	<u>\$ 99,494</u>	<u>\$ 409,997</u>

Special Revenue Funds

Capital Projects Planning	Unsafe Structure Removal	Retirement Reserve	KP & F Equalization	Historic Asset Preservation	1/2 % Sales Tax	Governmental & Miscellaneous Grants	Regional Planning Commission	Park Land Acquisition	Undistributed Investment Earnings
\$ -	\$ 17,839	\$ -	\$ -	\$ -	\$ 6,913,790	\$ -	-	\$ -	\$ -
-	-	-	-	-	-	5,303,242	173,274	-	-
-	-	911,917	70,512	-	-	-	56,400	26,475	-
-	-	-	-	-	-	49,724	-	-	-
4,174	-	-	-	3,751	15,628	1,181,618	486	58,566	-
<u>4,174</u>	<u>17,839</u>	<u>911,917</u>	<u>70,512</u>	<u>3,751</u>	<u>6,929,418</u>	<u>6,534,584</u>	<u>230,160</u>	<u>85,041</u>	<u>-</u>
8,336	18,337	756,244	215,214	-	2,808,314	1,362,137	962,590	-	-
-	-	-	-	-	-	860,862	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,044,289	-	-	-
-	-	-	-	-	-	267,296	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>8,336</u>	<u>18,337</u>	<u>756,244</u>	<u>215,214</u>	<u>-</u>	<u>2,808,314</u>	<u>6,534,584</u>	<u>962,590</u>	<u>-</u>	<u>-</u>
<u>(4,162)</u>	<u>(498)</u>	<u>155,673</u>	<u>(144,702)</u>	<u>3,751</u>	<u>4,121,104</u>	<u>-</u>	<u>(732,430)</u>	<u>85,041</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
25,000	70,000	-	-	97,559	-	-	799,719	-	-
-	-	-	-	-	(546,760)	-	-	(49,839)	-
<u>25,000</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>97,559</u>	<u>(546,760)</u>	<u>-</u>	<u>799,719</u>	<u>(49,839)</u>	<u>-</u>
20,838	69,502	155,673	(144,702)	101,310	3,574,344	-	67,289	35,202	-
165,205	99,296	495,200	898,759	-	-	-	52,263	26,428	-
<u>\$ 186,043</u>	<u>\$ 168,798</u>	<u>\$ 650,873</u>	<u>\$ 754,057</u>	<u>\$ 101,310</u>	<u>\$ 3,574,344</u>	<u>\$ -</u>	<u>\$ 119,552</u>	<u>\$ 61,630</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, 2005
With comparative totals for December 31, 2004

...continued

	Capital Projects					Totals	
	Public					2005	2004
	Bridges	Buildings and Facilities	Sanitary Sewers	Streets and Trafficways	Park Improvements		
Revenues:							
Taxes and assessments	\$ 892,272	\$ -	\$ -	\$ -	\$ -	\$ 11,740,416	4,537,661
Intergovernmental	95,241	948,660	-	322,169	-	7,273,401	7,796,115
Licenses and permits	-	-	-	-	-	82,875	33,960
Charges for services	-	-	-	-	-	1,405,496	2,093,949
Interest from investments	-	-	-	-	-	50,710	9,961
Other	190,013	336,177	4,493	27,196	-	1,829,540	1,178,606
Total revenues	<u>1,177,526</u>	<u>1,284,837</u>	<u>4,493</u>	<u>349,365</u>	<u>-</u>	<u>22,382,438</u>	<u>15,650,252</u>
Expenditures:							
General government	-	-	-	-	-	7,862,505	4,914,030
Public safety	-	-	-	-	-	860,862	564,701
Public works	-	-	-	-	-	214,517	193,697
Parks and recreation	-	-	-	-	-	2,067,329	2,001,967
Public housing	-	-	-	-	-	4,044,289	3,902,156
Social services	-	-	-	-	-	664,335	697,203
Construction	699,905	2,282,170	596,993	12,917,710	1,093,395	17,590,173	7,158,585
Interest	97,084	9,766	12,658	72,402	515	192,425	93,776
Engineering and others	265,685	5,398,339	151,481	1,394,725	250,661	7,460,891	4,374,173
Total expenditures	<u>1,062,674</u>	<u>7,690,275</u>	<u>761,132</u>	<u>14,384,837</u>	<u>1,344,571</u>	<u>40,957,326</u>	<u>23,900,288</u>
Excess (deficit) of revenues over (under) expenditures	<u>114,852</u>	<u>(6,405,438)</u>	<u>(756,639)</u>	<u>(14,035,472)</u>	<u>(1,344,571)</u>	<u>(18,574,888)</u>	<u>(8,250,036)</u>
Other financing sources (uses):							
Proceeds of general obligation bonds	167,465	7,107,788	475,153	10,246,666	2,117,928	20,115,000	7,095,571
Original issue premium on bonds	2,464	79,572	6,991	106,006	31,160	226,193	60,546
Original issue discount on bonds	-	-	-	-	-	-	(3,196)
Transfers in	-	353,121	-	193,787	67,839	1,607,025	1,388,123
Transfers out	(190,013)	(52,526)	(10,453)	(1,212,003)	(77,253)	(2,569,406)	(1,622,797)
Total other financing sources (uses)	<u>(20,084)</u>	<u>7,487,955</u>	<u>471,691</u>	<u>9,334,456</u>	<u>2,139,674</u>	<u>19,378,812</u>	<u>6,918,247</u>
Net change in fund balances	94,768	1,082,517	(284,948)	(4,701,016)	795,103	803,924	(1,331,789)
Fund balances (deficits) - beginning	(516,144)	107,674	(1,378,682)	(6,050,828)	370,227	(3,438,623)	(2,106,834)
Fund balances (deficits) - ending	<u>\$ (421,376)</u>	<u>\$ 1,190,191</u>	<u>\$ (1,663,630)</u>	<u>\$ (10,751,844)</u>	<u>\$ 1,165,330</u>	<u>\$ (2,634,699)</u>	<u>\$ (3,438,623)</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes & assessments:				
Property taxes - current	\$ 12,666,688	\$ 12,666,688	\$ 12,466,992	\$ (199,696)
Property taxes - delinquent	100,000	100,000	121,430	21,430
Neighborhood Revitalization Act rebates	(121,845)	(121,845)	-	121,845
Motor vehicle ad valorem tax	774,343	774,343	813,134	38,791
Assessments - current	1,200,000	1,200,000	1,060,144	(139,856)
Assessments - prepaid	-	-	16,731	16,731
Assessments - delinquent	-	-	38,675	38,675
Payment in lieu of taxes	-	-	56,483	56,483
Intergovernmental	59,749	59,749	59,749	-
Interest from investments	109,600	109,600	97,365	(12,235)
Miscellaneous	-	-	(132,465)	(132,465)
Other	30,840	30,840	-	(30,840)
Payments in lieu of debt service	-	-	47,253	47,253
Total revenues	<u>14,819,375</u>	<u>14,819,375</u>	<u>14,645,491</u>	<u>(173,884)</u>
Expenditures				
Principal retirement	9,430,000	9,430,000	9,850,000	(420,000)
Interest on bonds	5,534,373	5,534,373	4,610,649	923,724
Fiscal agent fees	6,000	6,000	-	6,000
Contingency	750,000	750,000	-	750,000
Total expenditures	<u>15,720,373</u>	<u>15,720,373</u>	<u>14,460,649</u>	<u>1,259,724</u>
Excess (deficiency) of revenues over expenditures	(900,998)	(900,998)	184,842	1,085,840
Other financing sources (uses)				
Transfers in	299,537	299,537	1,425,268	1,125,731
Total other financing sources	<u>299,537</u>	<u>299,537</u>	<u>1,425,268</u>	<u>1,125,731</u>
Net change in fund balances	(601,461)	(601,461)	1,610,110	2,211,571
Beginning fund balance	<u>601,461</u>	<u>601,461</u>	<u>1,202,328</u>	<u>600,867</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,812,438</u>	<u>\$ 2,812,438</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Alcohol Program Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ 416,643	\$ 416,643	\$ 430,815	\$ 14,172
Total revenues	<u>416,643</u>	<u>416,643</u>	<u>430,815</u>	<u>14,172</u>
Expenditures				
Social Services	416,643	416,643	371,181	45,462
Total Expenditures	<u>416,643</u>	<u>416,643</u>	<u>371,181</u>	<u>45,462</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>59,634</u>	<u>59,634</u>
Beginning fund balance	225,628	225,628	219,750	(5,878)
Ending fund balance	<u>\$ 225,628</u>	<u>\$ 225,628</u>	<u>\$ 279,384</u>	<u>\$ 53,756</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Improvement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & Assessments	\$ 338,518	\$ 338,518	\$ 338,912	\$ 394
Other Financing Sources	133	133	-	(133)
Total revenues	<u>338,651</u>	<u>338,651</u>	<u>338,912</u>	<u>261</u>
Expenditures				
General Government	400,000	400,000	200,000	200,000
Total Expenditures	<u>400,000</u>	<u>400,000</u>	<u>200,000</u>	<u>200,000</u>
Excess (deficit) of revenues over expenditures	<u>(61,349)</u>	<u>(61,349)</u>	<u>138,912</u>	<u>200,261</u>
Beginning fund balance	81,349	81,349	87,934	6,585
Ending fund balance	<u><u>\$ 20,000</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 226,846</u></u>	<u><u>\$ 206,846</u></u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Liability Expense Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & Assessments	\$ 189,968	\$ 189,968	\$ 203,532	\$ 13,564
Other Financing Sources	2,245	2,245	-	(2,245)
Total revenues	<u>192,213</u>	<u>192,213</u>	<u>203,532</u>	<u>11,319</u>
Expenditures				
General Government	720,643	720,643	139,530	581,113
Total Expenditures	<u>720,643</u>	<u>720,643</u>	<u>139,530</u>	<u>581,113</u>
Excess (deficit) of revenues over expenditures	<u>(528,430)</u>	<u>(528,430)</u>	<u>64,002</u>	<u>592,432</u>
Beginning fund balance	528,430	528,430	896,522	368,092
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 960,524</u></u>	<u><u>\$ 960,524</u></u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Zoo Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes & Assessments	\$ 1,541,302	\$ 1,541,302	\$ 1,562,695	\$ 21,393
Fees For Service	325,000	325,000	399,170	74,170
Miscellaneous	107,533	107,533	1,468	(106,065)
Other Financing Sources	-	-	478	478
 Total revenues	 <u>1,973,835</u>	 <u>1,973,835</u>	 <u>1,963,811</u>	 <u>(10,024)</u>
 Expenditures				
Parks and recreation	2,084,541	2,084,541	2,059,812	24,729
 Total Expenditures	 <u>2,084,541</u>	 <u>2,084,541</u>	 <u>2,059,812</u>	 <u>24,729</u>
 Excess (deficit) of revenues over expenditures and transfers	 <u>(110,706)</u>	 <u>(110,706)</u>	 <u>(96,001)</u>	 <u>14,705</u>
Beginning fund balance	110,706	110,706	185,993	75,287
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,992</u>	<u>\$ 89,992</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Transient Guest Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes & Assessments	\$ 1,578,960	\$ 1,578,960	\$ 1,612,169	\$ 33,209
Total revenues	<u>1,578,960</u>	<u>1,578,960</u>	<u>1,612,169</u>	<u>33,209</u>
Expenditures				
General Government	1,387,500	1,387,500	1,373,611	13,889
Total Expenditures	<u>1,387,500</u>	<u>1,387,500</u>	<u>1,373,611</u>	<u>13,889</u>
Transfer Out	(170,260)	(412,559)	(412,559)	-
Excess (deficit) of revenues over expenditures and transfers	<u>21,200</u>	<u>(221,099)</u>	<u>(174,001)</u>	<u>47,098</u>
Beginning fund balance	21,145	307,124	307,123	(1)
Ending fund balance	<u><u>\$ 42,345</u></u>	<u><u>\$ 86,025</u></u>	<u><u>\$ 133,122</u></u>	<u><u>\$ 47,097</u></u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Planning Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other Financing Sources	\$ 130,000	\$ 130,000	\$ 4,174	\$ (125,826)
Total revenues	130,000	130,000	4,174	(125,826)
 Expenditures				
General Government	286,034	286,034	14,951	271,083
Total Expenditures	286,034	286,034	14,951	271,083
 Transfer In	-	-	25,000	25,000
Excess (deficit) of revenues over expenditures and transfers	(156,034)	(156,034)	14,223	170,257
Beginning fund balance	156,034	156,034	165,205	9,171
Ending fund balance	\$ -	\$ -	\$ 179,428	\$ 179,428

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Unsafe Structure Removal Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes & Assessments	\$ -	\$ -	\$ 17,839	\$ 17,839
Total revenues	<u>-</u>	<u>-</u>	<u>17,839</u>	<u>17,839</u>
Expenditures				
General Government	70,000	70,000	72,940	(2,940)
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>72,940</u>	<u>(2,940)</u>
Transfer In	70,000	70,000	70,000	-
Excess of revenues over expenditures and transfers	<u>-</u>	<u>-</u>	<u>14,899</u>	<u>14,899</u>
Beginning fund balance	15,921	15,921	93,413	77,492
Ending fund balance	<u><u>\$ 15,921</u></u>	<u><u>\$ 15,921</u></u>	<u><u>\$ 108,312</u></u>	<u><u>\$ 92,391</u></u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Retirement Reserve Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees For Service	\$ 880,000	\$ 880,000	\$ 911,917	\$ 31,917
Total revenues	<u>880,000</u>	<u>880,000</u>	<u>911,917</u>	<u>31,917</u>
Expenditures				
General Government	880,000	880,000	756,244	123,756
Total Expenditures	<u>880,000</u>	<u>880,000</u>	<u>756,244</u>	<u>123,756</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>155,673</u>	<u>155,673</u>
Beginning fund balance	89,325	89,325	495,200	405,875
Ending fund balance	<u>\$ 89,325</u>	<u>\$ 89,325</u>	<u>\$ 650,873</u>	<u>\$ 561,548</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
KP & F Equalization Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees For Service	\$ -	\$ 70,512	\$ 70,512	\$ -
Total revenues	-	70,512	70,512	-
Expenditures				
Gen Government	-	350,215	215,214	135,001
Total Expenditures	-	350,215	215,214	135,001
Excess (deficit) of revenues over expenditures	-	(279,703)	(144,702)	135,001
Beginning fund balance	-	898,759	898,759	-
Ending fund balance	<u>\$ -</u>	<u>\$ 619,056</u>	<u>\$ 754,057</u>	<u>\$ 135,001</u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Historic Asset Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Financing Sources	\$ -	\$ 3,750	\$ 3,751	\$ 1
Total revenues	<u>-</u>	<u>3,750</u>	<u>3,751</u>	<u>1</u>
 Transfer In	 -	 97,559	 97,559	 -
Excess of revenues over expenditures	 <u>-</u>	 <u>101,309</u>	 <u>101,310</u>	 <u>1</u>
Beginning fund balance	-	-	-	-
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ 101,309</u></u>	<u><u>\$ 101,310</u></u>	<u><u>\$ 1</u></u>

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Regional Planning Commission Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ 218,000	\$ 218,000	\$ 173,274	\$ (44,726)
Licenses & Permits	70,000	70,000	56,400	(13,600)
Other Financing Sources	-	-	486	486
Total revenues	<u>288,000</u>	<u>288,000</u>	<u>230,160</u>	<u>(57,840)</u>
Expenditures				
General Government	1,087,452	1,087,452	1,041,128	46,324
Total Expenditures	<u>1,087,452</u>	<u>1,087,452</u>	<u>1,041,128</u>	<u>46,324</u>
Transfer In	799,719	799,719	799,719	-
Excess (deficit) of revenues over expenditures and transfers	<u>267</u>	<u>267</u>	<u>(11,249)</u>	<u>(11,516)</u>
Beginning fund balance	30,278	30,278	51,923	21,645
Ending fund balance	<u>\$ 30,545</u>	<u>\$ 30,545</u>	<u>\$ 40,674</u>	<u>\$ 10,129</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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Taxes & assessments	\$ 779,139	\$ 892,272	\$ 1,671,411	\$ 5,864,320
Intergovernmental revenue	1,492,951	95,241	1,588,192	-
Other	-	190,013	190,013	-
Total revenues	<u>2,272,090</u>	<u>1,177,526</u>	<u>3,449,616</u>	<u>5,864,320</u>
Expenditures				
Construction	2,024,415	699,905	2,724,320	4,784,135
Interest	111,308	97,084	208,392	322,250
Engineering and others	3,429,557	265,685	3,695,242	4,268,887
Total expenditures	<u>5,565,280</u>	<u>1,062,674</u>	<u>6,627,954</u>	<u>9,375,272</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,293,190)</u>	<u>114,852</u>	<u>(3,178,338)</u>	<u>(3,510,952)</u>
Other financing sources (uses)				
Proceeds of general obligation bonds	2,465,236	167,465	2,632,701	3,332,302
Original issue premium on bonds	1,022	2,464	3,486	-
Original issue discount on bonds	(12,551)	-	(12,551)	-
Transfer in	358,650	-	358,650	178,650
Transfer out	(35,311)	(190,013)	(225,324)	-
Total other financing sources (uses)	<u>2,777,046</u>	<u>(20,084)</u>	<u>2,756,962</u>	<u>3,510,952</u>
Net change in fund balance	<u>\$ (516,144)</u>	<u>94,768</u>	<u>\$ (421,376)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(516,144)</u>		
Fund balance (deficit) - ending		<u>\$ (421,376)</u>		

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Intergovernmental revenue	\$ 3,967,288	\$ 948,660	\$ 4,915,948	\$ 5,501,735
Other	<u>1,433,294</u>	<u>336,177</u>	<u>1,769,471</u>	<u>659,223</u>
Total revenues	<u>5,400,582</u>	<u>1,284,837</u>	<u>6,685,419</u>	<u>6,160,958</u>
Expenditures				
Construction	5,379,072	2,282,170	7,661,242	9,964,412
Interest	(386)	9,766	9,380	327,827
Engineering and others	<u>1,601,619</u>	<u>5,398,339</u>	<u>6,999,958</u>	<u>6,549,451</u>
Total expenditures	<u>6,980,305</u>	<u>7,690,275</u>	<u>14,670,580</u>	<u>16,841,690</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,579,723)</u>	<u>(6,405,438)</u>	<u>(7,985,161)</u>	<u>(10,680,732)</u>
Other financing sources (uses)				
Proceeds of general obligation bonds	476,511	7,107,788	7,584,299	7,611,820
Original issue premium on bonds	3,976	79,572	83,548	-
Transfer in	1,241,081	353,121	1,594,202	3,068,912
Transfer out	<u>(34,171)</u>	<u>(52,526)</u>	<u>(86,697)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,687,397</u>	<u>7,487,955</u>	<u>9,175,352</u>	<u>10,680,732</u>
Net change in fund balance	<u>\$ 107,674</u>	1,082,517	<u>\$ 1,190,191</u>	<u>\$ -</u>
Fund balance - beginning		<u>107,674</u>		
Fund balance - ending		<u>\$ 1,190,191</u>		

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Other	\$ -	\$ 4,493	\$ 4,493	\$ 26,595
Total revenues	<u>-</u>	<u>4,493</u>	<u>4,493</u>	<u>26,595</u>
Expenditures				
Construction	1,102,299	596,993	1,699,292	2,683,338
Interest	19,235	12,658	31,893	223,196
Engineering and others	257,449	151,481	408,930	848,085
Total expenditures	<u>1,378,983</u>	<u>761,132</u>	<u>2,140,115</u>	<u>3,754,619</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,378,983)</u>	<u>(756,639)</u>	<u>(2,135,622)</u>	<u>(3,728,024)</u>
Other financing sources (uses)				
Proceeds of general obligation bonds	-	475,153	475,153	3,728,024
Original issue premium on bonds	-	6,991	6,991	-
Transfer in	301	-	301	-
Transfer Out	-	(10,453)	(10,453)	-
Total other financing sources (uses)	<u>301</u>	<u>471,691</u>	<u>471,992</u>	<u>3,728,024</u>
Net change in fund balance	<u>\$ (1,378,682)</u>	<u>(284,948)</u>	<u>\$ (1,663,630)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(1,378,682)</u>		
Fund balance (deficit) - ending		<u>\$ (1,663,630)</u>		

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Intergovernmental revenue	\$ 4,477	\$ 322,169	\$ 326,646	\$ 534,178
Other	-	27,196	27,196	715,320
Total revenues	<u>4,477</u>	<u>349,365</u>	<u>353,842</u>	<u>1,249,498</u>
Expenditures				
Construction	11,371,302	12,917,710	24,289,012	36,501,082
Interest	22,625	72,402	95,027	2,074,939
Engineering and others	4,107,890	1,394,725	5,502,615	13,961,411
Total expenditures	<u>15,501,817</u>	<u>14,384,837</u>	<u>29,886,654</u>	<u>52,537,432</u>
Excess (deficit) of revenues over (under) expenditures	<u>(15,497,340)</u>	<u>(14,035,472)</u>	<u>(29,532,812)</u>	<u>(51,287,934)</u>
Other financing sources (uses)				
Proceeds of general obligation bonds	7,365,079	10,246,666	17,611,745	50,817,730
Original issue premium on bonds	6,952	106,006	112,958	-
Original issue discount on bonds	(26,383)	-	(26,383)	-
Transfer in	2,400,864	193,787	2,594,651	470,204
Transfer out	(300,000)	(1,212,003)	(1,512,003)	-
Total other financing sources (uses)	<u>9,446,512</u>	<u>9,334,456</u>	<u>18,780,968</u>	<u>51,287,934</u>
Net change in fund balance	<u>\$ (6,050,828)</u>	(4,701,016)	<u>\$ (10,751,844)</u>	<u>\$ -</u>
Fund balance (deficit) - beginning		<u>(6,050,828)</u>		
Fund balance (deficit) - ending		<u>\$ (10,751,844)</u>		

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Intergovernmental revenue	\$ 610,824	\$ -	\$ 610,824	\$ 2,665,024
Other	255,332	-	255,332	528,472
Total revenues	<u>866,156</u>	<u>-</u>	<u>866,156</u>	<u>3,193,496</u>
Expenditures				
Construction	3,446,010	1,093,395	4,539,405	7,288,391
Interest	21,706	515	22,221	289,585
Engineering and others	1,023,287	250,661	1,273,948	1,903,927
Total expenditures	<u>4,491,003</u>	<u>1,344,571</u>	<u>5,835,574</u>	<u>9,481,903</u>
Excess (deficit) of revenues over (under) expenditures	<u>(3,624,847)</u>	<u>(1,344,571)</u>	<u>(4,969,418)</u>	<u>(6,288,407)</u>
Other financing sources (uses)				
Proceeds of general obligation bonds	3,555,709	2,117,928	5,673,637	5,790,135
Original issue premium on bonds	28,833	31,160	59,993	-
Original issue discount on bonds	(922)	-	(922)	-
Transfer in	411,454	67,839	479,293	498,272
Transfer out	-	(77,253)	(77,253)	-
Total other financing sources (uses)	<u>3,995,074</u>	<u>2,139,674</u>	<u>6,134,748</u>	<u>6,288,407</u>
Net change in fund balance	<u>\$ 370,227</u>	795,103	<u>\$ 1,165,330</u>	<u>\$ -</u>
Fund balance - beginning		<u>370,227</u>		
Fund balance - ending		<u>\$ 1,165,330</u>		

[This page is intentionally left blank.]

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

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.

City of Topeka, Kansas
Combining Statement of Net Assets
Non-major Enterprise Funds
December 31, 2005

With comparative totals for December 31, 2004

	Public Parking Facilities	Public Golf Course	Totals	
			2005	2004
Assets				
Current assets:				
Cash and equity in Treasurer's Fund	\$ 6,289,074	\$ -	\$ 6,289,074	\$ 8,267,007
Receivables (net of allowance for uncollectibles):				
Accounts receivable	88,007	-	88,007	43,383
Prepaid costs	2,310	5,137	7,447	7,447
Due from other funds	4,979	-	4,979	44,624
Inventory	-	32,533	32,533	21,887
Total current assets	6,384,370	37,670	6,422,040	8,384,348
Non-current assets:				
Capital assets:				
Land and infrastructure	1,978,979	48,000	2,026,979	1,459,649
Depreciable buildings, property, and equipment, net depreciation	14,008,802	350,599	14,359,401	14,795,091
Total non-current assets	15,987,781	398,599	16,386,380	16,254,740
Total assets	22,372,151	436,269	22,808,420	24,639,088
Liabilities				
Current liabilities:				
Accounts and contracts payable	33,913	4,110	38,023	74,798
Salaries & wages payable	29,604	13,585	43,189	41,731
Accrued interest	17,062	-	17,062	27,005
Due to other funds	-	119,460	119,460	3,411
Due to others	90	-	90	90
Temporary notes payable	6,011,864	-	6,011,864	7,309,575
Other	41,693	-	41,693	39,125
Total current liabilities	6,134,226	137,155	6,271,381	7,495,735
Non-current liabilities:				
General obligation bonds payable	6,240,000	-	6,240,000	6,240,000
Accrued liabilities	34,709	18,788	53,497	53,835
Total non-current liabilities	6,274,709	18,788	6,293,497	6,293,835
Total liabilities	12,408,935	155,943	12,564,878	13,789,570
Net assets				
Invested in capital assets, net of related debt	3,718,855	398,599	4,117,454	2,678,160
Unrestricted	6,244,361	(118,273)	6,126,088	8,171,358
Total net assets	\$ 9,963,216	\$ 280,326	\$ 10,243,542	\$ 10,849,518

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, 2005
With comparative totals for December 31, 2004

	Public Parking Facilities	Public Golf Course	Totals	
			2005	2004
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,420,155	\$ -	\$ 2,420,155	\$ 2,436,081
Meter fines	272,171	-	272,171	300,383
Green fees	-	644,859	644,859	647,178
Other	3,657	-	3,657	-
Total operating revenues	<u>2,695,983</u>	<u>644,859</u>	<u>3,340,842</u>	<u>3,383,642</u>
Operating expenses before depreciation and payments in lieu of taxes and debt service:				
Salaries, wages, and benefits	682,934	360,558	1,043,492	1,220,462
Purchased services	748,331	134,611	882,942	916,827
Commodities	79,921	185,152	265,073	310,569
Other	2,633	20,597	23,230	26,222
Total operating expenses before depreciation and payments in lieu of taxes and debt service	<u>1,513,819</u>	<u>700,918</u>	<u>2,214,737</u>	<u>2,474,080</u>
Operating income (loss) before depreciation and payments in lieu of taxes and debt service	1,182,164	(56,059)	1,126,105	909,562
Depreciation expense	660,054	67,881	727,935	712,711
Payments in lieu of debt service	611,038	17,253	628,291	718,428
Payments in lieu of taxes	200,000	4,500	204,500	208,500
Operating income (loss)	<u>(288,928)</u>	<u>(145,693)</u>	<u>(434,621)</u>	<u>(730,077)</u>
Other income (expense):				
Interest income	135,653	-	135,653	98,505
Interest expense	(307,008)	-	(307,008)	(307,126)
Nonoperating revenues (expenses)	<u>(171,355)</u>	<u>-</u>	<u>(171,355)</u>	<u>(208,621)</u>
Income (loss) before transfers	(460,283)	(145,693)	(605,976)	(938,698)
Transfers in (out)	-	-	-	100,000
Change in net assets	(460,283)	(145,693)	(605,976)	(838,698)
Net assets (deficit) beginning of year	<u>10,423,499</u>	<u>426,019</u>	<u>10,849,518</u>	<u>11,688,216</u>
Net assets (deficit) end of year	<u>\$ 9,963,216</u>	<u>\$ 280,326</u>	<u>\$ 10,243,542</u>	<u>\$ 10,849,518</u>

City of Topeka, Kansas
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Public Parking Facilities	Public Golf Course	Totals	
			2005	2004
Cash flows from operating activities				
Receipts from customers and users	\$ 2,691,094	\$ 644,859	\$ 3,335,953	3,335,697
Payments to suppliers	(869,649)	(214,599)	(1,084,248)	(1,163,849)
Payments to employees	(682,934)	(360,558)	(1,043,492)	(1,220,462)
Payments for interfund services used	(811,038)	(21,753)	(832,791)	(926,928)
Other	(2,633)	(20,597)	(23,230)	(26,222)
Net cash provided by operating activities	<u>324,840</u>	<u>27,352</u>	<u>352,192</u>	<u>(1,764)</u>
Cash flows from non-capital financing activities				
Transfer from other funds	-	-	-	100,000
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Cash flows from capital and related financing activities				
Payment of capital lease	-	(1,485)	(1,485)	(24,327)
Purchases of capital assets	(833,707)	(25,867)	(859,574)	(451,435)
Interest paid on capital debt	(307,008)	-	(307,008)	(307,126)
Proceeds from capital debt	(1,297,711)	-	(1,297,711)	7,309,575
Net cash provided (used) by capital and related financing activities	<u>(2,438,426)</u>	<u>(27,352)</u>	<u>(2,465,778)</u>	<u>6,526,687</u>
Cash flows from investing activities				
Interest and dividends received	135,653	-	135,653	98,505
Net cash provided by investing activities	<u>135,653</u>	<u>-</u>	<u>135,653</u>	<u>98,505</u>
Net increase (decrease) in cash and cash equivalents	(1,977,933)	-	(1,977,933)	6,723,428
Cash and cash equivalents, beginning	8,267,007	-	8,267,007	1,543,579
Cash and cash equivalents, ending	<u>\$ 6,289,074</u>	<u>\$ -</u>	<u>\$ 6,289,074</u>	<u>\$ 8,267,007</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (288,928)	\$ (145,693)	\$ (434,621)	\$ (730,077)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	660,054	67,881	727,935	712,711
Changes in assets and liabilities:				
Accounts receivable	(44,624)	-	(44,624)	(3,321)
Inventories	-	(10,646)	(10,646)	(4,625)
Prepaid items	-	-	-	(22,387)
Accounts payable	(32,090)	(4,685)	(36,775)	52,176
Accrued liabilities	(9,307)	4,446	(4,861)	34,972
Due to other funds	39,735	116,049	155,784	(41,213)
Total adjustments	<u>613,768</u>	<u>173,045</u>	<u>786,813</u>	<u>728,313</u>
Net cash provided (used) by operating activities	<u>\$ 324,840</u>	<u>\$ 27,352</u>	<u>\$ 352,192</u>	<u>\$ (1,764)</u>

INTERNAL SERVICE FUNDS

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

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

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
Information Technology	Topeka City Code Section 2-144	Accounts for assets, liabilities, revenues, and expenses in the operation of the Information Technology Department.
Fleet Services	Topeka Ordinance #15665	Accounts for the assets, liabilities, revenues, and expenses of fleet services for Public Works Department vehicles and also for other City departments' vehicles as needed.
Combined Risk Management, including:		
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, 2005

With comparative totals for December 31, 2004

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2005	2004
Assets					
Current assets:					
Cash and equity in Treasurer's Fund	\$ -	\$ 660,937	\$ 9,169,158	\$ 9,830,095	\$ 9,677,521
Prepaid costs	-	-	150,000	150,000	150,022
Due from other funds	-	-	3,549	3,549	24,432
Due from other governments	-	29	-	29	29
Inventory	4,588	79,252	-	83,840	64,557
Other assets	40,478	-	-	40,478	80,957
Total current assets	45,066	740,218	9,322,707	10,107,991	9,997,518
Non-current assets:					
Capital assets:					
Depreciable buildings, property, and equipment, net of depreciation	1,885,062	177,430	-	2,062,492	2,657,469
Total non-current assets	1,885,062	177,430	-	2,062,492	2,657,469
Total assets	1,930,128	917,648	9,322,707	12,170,483	12,654,987
Liabilities					
Current liabilities:					
Accounts and contracts payable	120,870	96,209	128,940	346,019	375,345
Salaries & wages payable	37,753	45,950	6,578	90,281	82,841
Due to other funds	725,544	-	-	725,544	383,165
Estimated insurance claims	-	-	1,543,442	1,543,442	1,642,781
Other	474,022	-	-	474,022	498,406
Unearned Revenue	-	-	48,534	48,534	9,501
Total current liabilities	1,358,189	142,159	1,727,494	3,227,842	2,992,039
Non-current liabilities:					
Accrued liabilities	46,792	51,618	-	98,410	89,061
Other	746,538	-	-	746,538	1,220,560
Total non-current liabilities	793,330	51,618	-	844,948	1,309,621
Total liabilities	2,151,519	193,777	1,727,494	4,072,790	4,301,660
Net assets					
Invested in capital assets, net of related debt	664,502	177,430	-	841,932	938,503
Unrestricted	(885,893)	546,441	7,595,213	7,255,761	7,414,824
Total net assets	\$ (221,391)	\$ 723,871	\$ 7,595,213	\$ 8,097,693	\$ 8,353,327

City of Topeka, Kansas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2005	2004
Operating revenues:					
Charges for services	\$ 2,571,229	\$ 1,223,293	\$ 9,448,464	\$ 13,242,986	\$ 13,398,392
Other	104,323	181	69,989	174,493	249,625
Total operating revenues	2,675,552	1,223,474	9,518,453	13,417,479	13,648,017
Operating expenses before depreciation:					
Salaries, wages, and benefits	842,206	956,503	49,659	1,848,368	1,782,830
Purchased services	1,441,588	117,369	1,484,974	3,043,931	3,620,170
Commodities	196,215	51,792	410	248,417	157,224
Insurance claims	-	-	7,940,119	7,940,119	8,031,207
Other payments	-	(193)	-	(193)	948
Total operating expenses before depreciation	2,480,009	1,125,471	9,475,162	13,080,642	13,592,379
Operating income before depreciation	195,543	98,003	43,291	336,837	55,638
Depreciation	608,725	34,937	-	643,662	621,957
Operating income (loss)	(413,182)	63,066	43,291	(306,825)	(566,319)
Nonoperating revenues (expenses)					
Interest income	-	-	76,462	76,462	63,755
Interest expense	(70,003)	-	-	(70,003)	(91,005)
Other income	-	-	35,250	35,250	36,980
Gain (loss) on disposal of capital assets	3,915	-	-	3,915	994
Total nonoperating income (expense) before transfers	(479,270)	63,066	155,003	(261,201)	(555,595)
Transfers in	5,567	-	-	5,567	22,756
Increase (decrease) in net assets	(473,703)	63,066	155,003	(255,634)	(532,839)
Total Net Assets beginning of year	252,312	660,805	7,440,210	8,353,327	8,886,166
Total Net Assets (deficit) end of year	\$ (221,391)	\$ 723,871	\$ 7,595,213	\$ 8,097,693	\$ 8,353,327

City of Topeka, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Information Technology	Fleet Services	Combined Risk Management	Totals	
				2005	2004
Cash flows from operating activities					
Receipts from customers and users	\$ 2,675,552	\$ 1,223,474	\$ 9,539,358	\$ 13,438,384	\$ 13,645,168
Payments to suppliers	(1,245,609)	(185,818)	(9,559,774)	(10,991,201)	(10,697,565)
Payments to employees	(842,206)	(956,503)	-	(1,798,709)	(1,732,821)
Other	-	-	35,250	35,250	36,980
Net cash provided by operating activities	587,737	81,153	14,834	683,724	1,251,762
Cash flows from non-capital financing activities					
Transfer In	5,567	-	-	5,567	22,756
Net cash provided by non-capital financing activities	5,567	-	-	5,567	22,756
Cash flows from capital and related financing activities					
Interest expense	(70,003)	-	-	(70,003)	(91,005)
Payment of capital lease	(498,406)	-	-	(498,406)	(497,050)
Purchases of capital assets	(28,810)	(19,875)	-	(48,685)	(269,854)
Proceeds from sales of capital assets	3,915	-	-	3,915	994
Net cash provided (used) by capital and related financing activities	(593,304)	(19,875)	-	(613,179)	(856,915)
Cash flows from investing activities					
Interest received	-	-	76,462	76,462	63,755
Net cash provided by investing activities	-	-	76,462	76,462	63,755
Net increase (decrease) in cash and cash equivalents	-	61,278	91,296	152,574	481,358
Cash and cash equivalents, January 1	-	599,659	9,077,862	9,677,521	9,196,163
Cash and cash equivalents, December 31	\$ -	\$ 660,937	\$ 9,169,158	\$ 9,830,095	\$ 9,677,521
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (413,182)	\$ 63,066	\$ 43,291	\$ (306,825)	\$ (566,319)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Other	-	-	35,250	35,250	36,980
Depreciation expense	608,725	34,937	-	643,662	621,957
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	(3,044)
Due from other funds	-	-	20,883	20,883	195
Inventories	-	(19,283)	-	(19,283)	(9,435)
Prepaid items	40,479	-	-	40,479	40,478
Accounts payable	3,260	(5,404)	(100,074)	(102,218)	62,685
Accrued liabilities	-	4,564	15,484	20,048	1,068,265
Due to other funds	342,379	-	-	342,379	-
Other current liabilities	6,076	3,273	-	9,349	-
Total adjustments	1,000,919	18,087	(28,457)	990,549	1,818,081
Net cash provided by operating activities	\$ 587,737	\$ 81,153	\$ 14,834	\$ 683,724	\$ 1,251,762

City of Topeka, Kansas
Combining Statement of Net Assets
Risk Management Funds
December 31, 2005

With comparative totals for December 31, 2004

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve	Compensation	2005	2004
Assets							
Current assets:							
Cash and equity in Treasurer's Fund	\$ 3,111,720	\$ 326,648	\$ 3,845,126	\$ 1,466,452	\$ 419,212	\$ 9,169,158	\$ 9,077,862
Prepaid costs	-	-	150,000	-	-	150,000	150,022
Due from other funds	2,412	-	-	1,137	-	3,549	24,432
Total current assets	<u>3,114,132</u>	<u>326,648</u>	<u>3,995,126</u>	<u>1,467,589</u>	<u>419,212</u>	<u>9,322,707</u>	<u>9,252,316</u>
Total assets	<u>3,114,132</u>	<u>326,648</u>	<u>3,995,126</u>	<u>1,467,589</u>	<u>419,212</u>	<u>9,322,707</u>	<u>9,252,316</u>
Liabilities							
Current liabilities:							
Accounts and contracts payable	-	-	128,940	-	-	128,940	152,489
Salaries & wages payable	6,578	-	-	-	-	6,578	7,335
Estimated insurance claims	543,442	-	1,000,000	-	-	1,543,442	1,642,781
Unearned Revenue	-	-	48,534	-	-	48,534	9,501
Total current liabilities	<u>550,020</u>	<u>-</u>	<u>1,177,474</u>	<u>-</u>	<u>-</u>	<u>1,727,494</u>	<u>1,812,106</u>
Total liabilities	<u>550,020</u>	<u>-</u>	<u>1,177,474</u>	<u>-</u>	<u>-</u>	<u>1,727,494</u>	<u>1,812,106</u>
Net assets							
Unrestricted	<u>2,564,112</u>	<u>326,648</u>	<u>2,817,652</u>	<u>1,467,589</u>	<u>419,212</u>	<u>7,595,213</u>	<u>7,440,210</u>
Total net assets	<u>\$ 2,564,112</u>	<u>\$ 326,648</u>	<u>\$ 2,817,652</u>	<u>\$ 1,467,589</u>	<u>\$ 419,212</u>	<u>\$ 7,595,213</u>	<u>\$ 7,440,210</u>

City of Topeka, Kansas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Risk Management Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve		Compensation	2005
Operating revenues:							
Fees for service	\$ 1,154,936	\$ 8,994	\$ 8,177,418	\$ -	\$ 107,116	\$ 9,448,464	\$ 9,545,524
Miscellaneous	49,154	20,835	-	-	-	69,989	102,277
Total operating revenues	<u>1,204,090</u>	<u>29,829</u>	<u>8,177,418</u>	<u>-</u>	<u>107,116</u>	<u>9,518,453</u>	<u>9,647,801</u>
Operating expenses							
Personnel	49,659	-	-	-	-	49,659	50,009
Purchased services	715,496	25,000	734,478	-	10,000	1,484,974	1,849,146
Commodities	410	-	-	-	-	410	47
Insurance claims	381,883	-	7,424,764	-	133,472	7,940,119	8,031,207
Total operating expenses	<u>1,147,448</u>	<u>25,000</u>	<u>8,159,242</u>	<u>-</u>	<u>143,472</u>	<u>9,475,162</u>	<u>9,930,409</u>
Operating income (loss)	56,642	4,829	18,176	-	(36,356)	43,291	(282,608)
Nonoperating revenues							
Interest income	49,457	-	3,634	23,371	-	76,462	63,755
Other income	-	-	35,250	-	-	35,250	36,980
Total other income	<u>49,457</u>	<u>-</u>	<u>38,884</u>	<u>23,371</u>	<u>-</u>	<u>111,712</u>	<u>100,735</u>
Income (loss) before transfers	106,099	4,829	57,060	23,371	(36,356)	155,003	(181,873)
Change in net assets	106,099	4,829	57,060	23,371	(36,356)	155,003	(181,873)
Beginning net assets	<u>2,458,013</u>	<u>321,819</u>	<u>2,760,592</u>	<u>1,444,218</u>	<u>455,568</u>	<u>7,440,210</u>	<u>7,622,083</u>
Ending net assets	<u>\$ 2,564,112</u>	<u>\$ 326,648</u>	<u>\$ 2,817,652</u>	<u>\$ 1,467,589</u>	<u>\$ 419,212</u>	<u>\$ 7,595,213</u>	<u>\$ 7,440,210</u>

City of Topeka, Kansas
Combining Statement of Cash Flows
Risk Management Funds
For the Year Ended December 31, 2005
With comparative totals for December 31, 2004

	Workers'	Vehicle	Employees	Risk	Unemployment	Totals	
	Compensation Self-Insurance	Physical Damage Self-Insurance	Health Insurance	Management Reserve		Compensation	2005
Cash flows from operating activities							
Receipts from customers and users	\$ 1,218,359	\$ 29,829	\$ 8,177,440	\$ 6,614	\$ 107,116	\$ 9,539,358	\$ 9,644,952
Payments to suppliers	(1,247,544)	(25,000)	(8,143,758)	-	(143,472)	(9,559,774)	(9,310,426)
Other	-	-	35,250	-	-	35,250	36,980
Net cash provided (used) by operating activities	(29,185)	4,829	68,932	6,614	(36,356)	14,834	371,506
Cash flows from investing activities							
Interest and dividends received	49,457	-	3,634	23,371	-	76,462	63,755
Net cash provided by investing activities	49,457	-	3,634	23,371	-	76,462	63,755
Net increase (decrease) in cash and cash equivalents	20,272	4,829	72,566	29,985	(36,356)	91,296	435,261
Cash and cash equivalents, January 1	3,091,448	321,819	3,772,560	1,436,467	455,568	9,077,862	8,642,601
Cash and cash equivalents, December 31	<u>\$ 3,111,720</u>	<u>\$ 326,648</u>	<u>\$ 3,845,126</u>	<u>\$ 1,466,452</u>	<u>\$ 419,212</u>	<u>\$ 9,169,158</u>	<u>\$ 9,077,862</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 56,642	\$ 4,829	\$ 18,176	\$ -	\$ (36,356)	\$ 43,291	(282,608)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Other	-	-	35,250	-	-	35,250	36,980
Changes in assets and liabilities:							
Accounts receivable	-	-	-	-	-	-	(3,044)
Due from (to) other funds	14,269	-	-	6,614	-	20,883	195
Accounts payable	(100,096)	-	22	-	-	(100,074)	(47,992)
Accrued liabilities	-	-	15,484	-	-	15,484	667,975
Total adjustments	(85,827)	-	50,756	6,614	-	(28,457)	654,114
Net cash provided (used) by operating activities	<u>\$ (29,185)</u>	<u>\$ 4,829</u>	<u>\$ 68,932</u>	<u>\$ 6,614</u>	<u>\$ (36,356)</u>	<u>\$ 14,834</u>	<u>\$ 371,506</u>

City of Topeka, Kansas
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005

With comparative totals for December 31, 2004

	2005	2004
Governmental funds capital assets by category:		
Land	\$ 6,359,851	\$ 6,359,851
Buildings, Improvements, Infrastructure	852,090,084	841,392,435
Furniture and Fixtures	1,601,556	1,539,247
Vehicles	15,899,216	15,522,695
Machinery and Equipment	6,068,538	5,953,635
Construction in Progress	48,340,345	33,654,257
Total governmental funds capital assets	\$ 930,359,590	\$ 904,422,120
Investments in governmental funds capital assets by source:		
General fund	\$ 854,418,864	\$ 844,510,819
Special revenue funds	27,600,381	26,257,044
Capital projects funds	48,340,345	33,654,257
Total governmental funds capital assets	\$ 930,359,590	\$ 904,422,120

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, 2005
 With comparative totals for December 31, 2004

Function and activity	Land	Buildings and Improvements	Furniture and Fixtures	Motor Vehicles	Tools and Equipment	Construction in Process	Totals	
							2005	2004
General Government:								
City Council	\$ -	\$ -	\$ 3,983	\$ -	\$ -	\$ -	\$ 3,983	\$ 3,983
Mayor/CAO	3,087,998	12,960,589	102,762	84,018	80,120	15,408,366	31,723,853	22,327,962
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	49,246
Municipal court	-	75,094	118,426	13,934	-	-	207,454	149,773
Total General Government	3,087,998	13,100,548	353,915	97,952	82,670	15,408,366	32,131,449	22,691,811
Public Safety:								
Police	446,152	15,160,922	573,635	4,363,179	171,352	84,117	20,799,357	20,785,968
Fire	53,136	5,050,435	251,779	6,345,567	1,159,176	14,632	12,874,725	12,795,703
Total Public Safety	499,288	20,211,357	825,414	10,708,746	1,330,528	98,749	33,674,082	33,581,671
Public Works:								
Administration	-	-	127,611	207,692	61,486	5,467,320	5,864,109	522,818
Engineering	-	44,140	57,212	383,048	125,362	-	609,762	587,403
Building inspection	-	-	21,343	177,002	-	-	198,345	198,345
Trafficways	-	684,593,545	65,828	269,496	286,748	3,406,273	688,621,890	677,804,768
Transportation	88,985	1,387,089	29,052	2,391,408	2,041,576	12,617,381	18,555,491	20,910,567
Bridges	-	111,761,825	-	-	-	6,627,953	118,389,778	117,327,105
Total Public Works	88,985	797,786,599	301,046	3,428,646	2,515,172	28,118,927	832,239,375	817,351,006
Parks and Recreation:								
Parks	2,683,580	20,362,771	93,374	1,626,252	1,979,067	4,580,132	31,325,176	29,609,047
Recreation	-	628,809	27,807	37,620	161,101	134,171	989,508	1,188,585
Total Parks and Recreation	2,683,580	20,991,580	121,181	1,663,872	2,140,168	4,714,303	32,314,684	30,797,632
Total governmental funds capital assets	\$ 6,359,851	\$ 852,090,084	\$ 1,601,556	\$ 15,899,216	\$ 6,068,538	\$ 48,340,345	\$ 930,359,590	\$ 904,422,120

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, 2005

Function and activity	Governmental Fund Capital Assets 01/01/05	Additions	Deductions	Governmental Fund Capital Assets 12/31/05
General Government:				
City Council	\$ 3,983	\$ -	\$ -	\$ 3,983
Mayor/CAO	16,315,487	-	-	16,315,487
Legal Services	101,383	-	-	101,383
Administrative and Financial Services	59,464	-	-	59,464
Human resources	49,246	-	13,934	35,312
Planning	-	-	-	-
Municipal court	149,773	57,681	-	207,454
Community Development	-	-	-	-
Total General Government	<u>16,679,336</u>	<u>57,681</u>	<u>13,934</u>	<u>16,723,083</u>
Public Safety:				
Police	20,785,968	267,007	337,735	20,715,240
Fire	12,795,565	68,864	4,336	12,860,093
Total Public Safety	<u>33,581,533</u>	<u>335,871</u>	<u>342,071</u>	<u>33,575,333</u>
Public Works:				
Administration	381,479	30,747	15,437	396,789
Engineering	587,403	22,359	-	609,762
Building inspection	198,345	-	-	198,345
Trafficways	675,694,636	9,580,293	59,312	685,215,617
Transportation	5,626,262	430,029	118,181	5,938,110
Bridges	111,761,825	-	-	111,761,825
Total Public Works	<u>794,249,950</u>	<u>10,063,428</u>	<u>192,930</u>	<u>804,120,448</u>
Parks and Recreation:				
Parks	25,387,707	1,536,536	179,199	26,745,044
Recreation	869,337	-	14,000	855,337
Total Parks and Recreation	<u>26,257,044</u>	<u>1,536,536</u>	<u>193,199</u>	<u>27,600,381</u>
Governmental funds capital assets excluding construction in process	870,767,863	11,993,516	742,134	882,019,245
Governmental funds construction in process	<u>33,654,257</u>	<u>25,239,735</u>	<u>10,553,647</u>	<u>48,340,345</u>
Total governmental funds capital assets	<u>\$ 904,422,120</u>	<u>\$ 37,233,251</u>	<u>\$ 11,295,781</u>	<u>\$ 930,359,590</u>

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

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	108
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	114
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	117
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	128

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

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets, net of related debt	\$ 371,387,011	\$ 347,949,488	\$ 315,869,831	\$ 295,663,965
Restricted for debt service	1,612,599	1,756,004	1,202,328	2,812,438
Unrestricted	23,904,371	23,775,707	28,186,126	36,295,195
Total Governmental Activities Net Assets	396,903,981	373,481,199	345,258,285	334,771,598
Business-Type Activities				
Invested in capital assets, net of related debt	162,220,121	172,063,436	141,159,915	139,930,303
Restricted for debt service	4,661,853	4,661,853	7,613,165	8,630,840
Restricted for capital projects	1,500,000	1,500,000	1,500,000	1,500,000
Restricted for sinking funds	2,550,638	3,009,686	2,760,998	2,879,242
Restricted for deposits	472,846	472,046	472,393	467,588
Unrestricted	16,963,315	7,924,181	36,322,814	38,636,904
Total Business-Type Activities Net Assets	188,368,773	189,631,202	189,829,285	192,044,877
Primary Government				
Invested in capital assets, net of related debt	533,607,132	520,012,924	457,029,746	435,594,268
Restricted	10,797,936	11,399,589	13,548,884	16,290,108
Unrestricted	40,867,686	31,699,888	64,508,940	74,932,099
Total Primary Government Net Assets	\$ 585,272,754	\$ 563,112,401	\$ 535,087,570	\$ 526,816,475

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Government	\$ 12,149,931	\$ 16,059,375	\$ 13,058,303	\$ 15,478,671
Public Safety	41,093,527	42,357,922	44,851,230	44,301,857
Public Works	42,230,107	40,349,669	40,509,135	43,308,612
Miscellaneous	2,675,531	1,078,991	13,686,232	602,031
Parks and Recreation	9,636,719	10,273,609	11,139,756	11,730,162
Public Housing	4,267,288	3,813,103	3,902,156	4,044,289
Social Services	984,714	668,354	697,203	664,335
Interest	4,996,178	5,050,028	5,005,900	5,161,643
Total Governmental Activities Expenses	<u>118,033,995</u>	<u>119,651,051</u>	<u>132,849,915</u>	<u>125,291,600</u>
Business-Type Activities:				
Water, Water Pollution Control, & Stormwater Utility	37,416,758	39,436,709	43,462,577	46,018,492
Public Parking	2,892,977	3,273,200	3,616,803	3,291,919
Public Golf Course	825,052	897,809	804,042	790,552
Concessions	185,662	203,799	-	-
Total Business-Type Activities Expenses	<u>41,320,449</u>	<u>43,811,517</u>	<u>47,883,422</u>	<u>50,100,963</u>
Total Primary Government Expenses	<u><u>159,354,444</u></u>	<u><u>163,462,568</u></u>	<u><u>180,733,337</u></u>	<u><u>175,392,563</u></u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	3,437,357	4,842,720	8,029,066	7,185,457
Public Safety	109,096	113,169	765,400	153,671
Public Works	2,258,205	2,720,868	3,639,149	3,363,923
Miscellaneous	241,068	145,301	208,456	107,600
Parks and Recreation	1,934,611	2,025,330	2,309,285	2,393,364
Operating Grants and Contributions	12,614,896	7,851,537	7,245,247	9,009,008
Capital Grants and Contributions	2,010,122	5,784,892	3,140,374	2,316,994
Total Governmental Activities Program Revenues	<u>22,605,355</u>	<u>23,483,817</u>	<u>25,336,977</u>	<u>24,530,017</u>
Business-Type Activities:				
Charges for Services:				
Water, Water Pollution Control, & Stormwater Utility	39,510,788	41,080,327	43,419,997	47,291,010
Public Parking	2,823,329	2,847,252	2,736,464	2,695,983
Public Golf Course	828,181	802,887	647,178	644,859
Concessions	181,373	204,931	-	-
Operating Grants and Contributions	33,000	-	-	20,000
Capital Grants and Contributions	1,329,042	-	-	-
Total Business-Type Activities program revenues	<u>44,705,713</u>	<u>44,935,397</u>	<u>46,803,639</u>	<u>50,651,852</u>
Total Primary Government Program Revenues	<u><u>\$ 67,311,068</u></u>	<u><u>\$ 68,419,214</u></u>	<u><u>\$ 72,140,616</u></u>	<u><u>\$ 75,181,869</u></u>

**

continued...

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

	Fiscal Year			
	2002	2003	2004	2005
Net (Expense) Revenue				
Governmental Activities	\$ (95,428,640)	\$ (96,167,234)	\$ (107,512,938)	\$ (100,761,583)
Business-Type Activities:	3,385,264	1,123,880	(1,079,783)	550,889
Total Primary Government Net Expense	<u>\$ (92,043,376)</u>	<u>\$ (95,043,354)</u>	<u>\$ (108,592,721)</u>	<u>\$ (100,210,694)</u>
General revenues:				
Governmental Activities:				
Taxes				
Property taxes	\$ 33,683,841	\$ 35,368,108	\$ 37,551,521	\$ 38,621,393
Sales taxes	27,393,994	23,532,671	27,195,771	33,697,145
Franchise taxes	5,986,826	5,904,563	6,938,644	10,057,929
Motor fuel taxes	5,697,432	4,873,724	4,976,669	5,123,815
Alcoholic beverage taxes	1,220,592	1,260,704	1,237,716	1,292,445
Transient guest taxes	1,276,153	1,458,615	1,789,703	1,612,169
Grants/contributions not restricted to specific programs	2,163,903	-	-	-
Gain on sale of capital assets	5,092	-	-	-
Transfers in (out)	2,000,000	346,067	(400,000)	(130,000)
Total governmental activities	<u>79,427,833</u>	<u>72,744,452</u>	<u>79,290,024</u>	<u>90,274,896</u>
Business-Type Activities				
Unrestricted investment earnings	820,012	484,616	863,868	1,526,703
Gain (loss) on sale of capital assets	150,416	-	13,998	8,000
Transfers	(2,000,000)	(346,067)	400,000	130,000
Total Business-Type Activities	<u>(1,029,572)</u>	<u>138,549</u>	<u>1,277,866</u>	<u>1,664,703</u>
Total Primary Government	<u>\$ 78,398,261</u>	<u>\$ 72,883,001</u>	<u>\$ 80,567,890</u>	<u>\$ 91,939,599</u>
Change in Net Assets				
Governmental Activities:	\$ (16,000,807)	\$ (23,422,782)	\$ (28,222,914)	\$ (10,486,687)
Business-Type Activities	2,355,692	1,262,429	198,083	2,215,592
Total Primary Government	<u>\$ (13,645,115)</u>	<u>\$ (22,160,353)</u>	<u>\$ (28,024,831)</u>	<u>\$ (8,271,095)</u>

*

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

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

The capital outlay expense was reclassified for all years into the General Government

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

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 562,459	\$ 897,170	\$ 788,765	\$ 1,063,692
Unreserved	8,226,144	4,192,045	9,139,605	10,872,739
Total General Fund	<u>\$ 8,788,603</u>	<u>\$ 5,089,215</u>	<u>\$ 9,928,370</u>	<u>\$ 11,936,431</u>
All Other Governmental Funds				
Reserved	2,771,567	2,792,770	2,906,380	4,191,997
Unreserved, reported in:				
Special Revenue Funds	5,230,847	5,576,823	6,556,675	9,953,325
Capital Projects Funds	(2,730,641)	(4,878,339)	(7,467,753)	(10,481,329)
Total all other governmental funds	<u>\$ 5,271,773</u>	<u>\$ 3,491,254</u>	<u>\$ 1,995,302</u>	<u>\$ 3,663,993</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Taxes and assessments	\$64,342,266	\$62,045,216	\$68,634,320	\$75,806,083
Licenses and permits	7,220,562	7,167,543	8,566,896	11,682,029
Intergovernmental	16,695,475	15,129,905	13,834,393	13,485,071
Fees for service	5,682,954	6,139,352	8,593,706	7,697,417
Investment income	916,562	481,801	550,925	494,401
Fines and forfeitures	2,810,433	2,605,243	2,945,019	3,006,858
Rents and interest	647	98,640	103,851	-
Other	1,462,123	1,972,268	1,730,312	2,246,069
Total revenues	<u>99,131,022</u>	<u>95,639,968</u>	<u>104,959,422</u>	<u>114,417,928</u>
Expenditures:				
Current:				
General government	13,862,851	14,336,221	14,491,502	16,107,096
Public safety	40,776,542	41,073,164	43,470,025	42,872,366
Public works	13,929,884	13,029,386	13,339,505	16,319,117
Miscellaneous	2,706,328	1,078,991	13,686,232	602,031
Parks and recreation	9,254,347	9,739,990	10,328,095	10,764,049
Public housing	4,267,288	3,813,103	3,902,156	4,044,289
Social services	984,714	668,354	697,203	664,335
Construction	3,903,533	12,087,729	7,158,585	17,590,173
Engineering and others	2,505,394	5,029,601	4,374,173	7,460,891
Capital leases	-	-	82,041	-
Underwriter's discount on bonds	-	-	332,250	-
Other costs of bond issuance	-	-	122,254	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	7,205,000	7,365,000	6,160,000	9,850,000
Interest	5,147,811	5,099,041	4,974,054	4,803,074
Total expenditures	<u>104,543,692</u>	<u>113,320,580</u>	<u>123,118,075</u>	<u>131,077,421</u>
Excess (deficiency) of revenues over expenditures	<u>(5,412,670)</u>	<u>(17,680,612)</u>	<u>(18,158,653)</u>	<u>(16,659,493)</u>
Other financing sources (uses):				
Proceeds of general obligation bonds	-	42,335,000	59,385,000	20,115,000
Original issue premium on bonds	-	277,033	684,114	226,193
Original issue discount on bonds	-	-	(138,195)	-
Defeasance of bonds	-	(30,300,000)	(38,130,000)	-
Redemption premium on defeased bonds	-	(520,956)	(379,200)	-
Transfers in	4,777,124	3,408,289	2,186,745	3,356,680
Transfers out	(3,709,668)	(3,062,222)	(2,609,501)	(3,492,247)
Capital leases	-	-	82,041	-
Sale of property	64,754	63,561	420,852	130,619
Total other financing sources (uses)	<u>1,132,210</u>	<u>12,200,705</u>	<u>21,501,856</u>	<u>20,336,245</u>
Net change in fund balances	<u>\$ (4,280,460)</u>	<u>\$ (5,479,907)</u>	<u>\$ 3,343,203</u>	<u>\$ 3,676,752</u>
Debt service as a percentage of noncapital expenditures	12.59%	12.96%	9.98%	13.82%

See breakdown of taxes and assessments on page 113.

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

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

Fiscal Year	Property Tax	Auto Ad Valorem	Sales Tax	Transient Guest Tax	Payments in Lieu of Taxes	Special Assessments	Total
2002	25,680,271	3,245,558	27,393,994	1,276,153	4,843,557	1,902,733	64,342,266
2003	27,242,985	3,297,687	23,532,671	1,458,615	4,925,748	1,587,510	62,045,216
2004	28,501,243	3,679,898	27,470,539	1,789,703	5,424,022	1,768,915	68,634,320
2005	29,392,422	3,509,857	33,697,144	1,612,169	5,671,862	1,922,629	75,806,083
Change 2002-2005	14.5%	8.1%	23.0%	26.3%	17.1%	1.0%	17.8%

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

Levy Year	Real Property	Personal Property	Motor Vehicle	Corporation	Total	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1996	490,985,132	81,230,816	99,411,687	64,243,472	735,871,107	42.184	4,185,475,433	17.58%
1997	518,150,716	86,571,979	101,862,417	67,939,717	774,524,829	36.053	4,415,827,483	17.54%
1998	537,961,023	91,755,768	101,862,417	66,580,530	798,159,738	32.588	4,551,388,553	17.54%
1999	567,535,489	94,568,971	102,234,340	76,232,926	840,571,726	31.671	4,829,640,546	17.40%
2000	598,880,284	100,095,765	103,112,439	82,107,765	884,196,253	31.785	5,133,131,762	17.23%
2001	639,811,794	104,293,494	102,761,506	90,808,628	937,675,422	32.574	5,504,254,827	17.04%
2002	663,952,786	99,512,426	106,771,595	90,583,484	960,820,291	32.447	5,680,535,365	16.91%
2003	697,585,301	101,802,554	108,022,653	91,086,096	998,496,604	33.129	5,948,006,923	16.79%
2004	743,500,077	102,142,306	176,323,205	96,183,658	1,118,149,246	33.224	6,599,634,664	16.94%
2005	773,082,310	109,805,201	112,163,923	99,068,092	1,094,119,526	32.391	6,562,713,094	16.67%

Source: Shawnee County Clerk

The assessed value of each class is calculated by varying percentages of appraised or market value. The range varies from 11.5% for residential to 33% for public utilities.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
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%
2004	28,597,845	28,048,577	98.08%	452,666	28,501,243	99.66%
2005	29,449,181	28,984,901	98.42%	407,520	29,392,421	99.81%

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

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

Fiscal Year	City of Topeka					Other Overlapping Governments					Grand Total
	General Fund	Debt Service Fund	Parks and Recreation Fund	Others	Total	State of Kansas	Shawnee County	School District No 501	Washburn University	Others	
1997	10.184	14.806	7.969	3.094	36.053	1.500	36.668	60.856	17.599	11.540	164.216
1998	8.674	14.004	8.085	1.825	32.588	1.500	37.193	58.771	17.847	10.816	158.715
1999	10.233	12.482	7.470	1.486	31.671	1.500	36.958	50.971	18.317	11.291	150.708
2000	10.432	13.077	7.581	0.695	31.785	1.500	37.014	51.984	3.313	12.849	138.445
2001	11.231	12.181	7.475	1.687	32.574	1.500	35.971	49.610	3.311	13.819	136.785
2002	13.222	10.246	8.013	0.966	32.447	1.500	40.592	52.563	3.312	12.848	143.262
2003	13.278	11.236	8.193	0.422	33.129	1.500	40.734	47.769	3.314	13.384	139.830
2004	17.220	7.680	6.105	2.219	33.224	1.500	43.043	46.198	3.308	13.967	141.240
2005	10.508	13.931	5.930	2.022	32.391	1.500	42.091	54.007	3.313	14.195	147.497
2006	10.855	12.060	5.763	1.975	30.653	1.500	41.850	53.295	3.313	13.118	143.729

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

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

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy***	82,291,659	1	7.52%	53,535,133	1	7.28%
Southwestern Bell/Utility***	28,023,934	2	2.56%	31,569,667	2	4.29%
Burlington Northern/Santa Fe/Utility***	12,762,554	3	1.17%	6,686,221	6	0.91%
Simon Property Group/Retail	11,592,901	4	1.06%	16,022,726	3	2.18%
Kansas Gas Service/Utility***	10,390,887	5	0.95%	-	-	-
Target Distribution	7,259,669	6	0.66%	-	-	-
Frito Lay/Manufacturing	7,057,541	7	0.65%	5,426,562	9	0.74%
Blue Cross/Blue Shield/Ks Hospital Serv/Insurance	6,723,649	8	0.61%	9,851,147	4	1.34%
**Riviana Foods/Hills Pet Products/Manufacturing	5,804,186	9	0.53%	5,450,526	8	0.74%
Walmart Properties/Hypermart/Retail	5,833,544	10	0.53%	6,274,043	7	0.85%
Hallmark Cards/Manufacturing	-	-	-	4,498,740	10	0.61%
Payless Shoe Source/Manufacturing	-	-	-	6,758,484	5	0.92%
Total	\$ 177,740,524		16.24%	\$ 146,073,249		19.86%
Total Assessed Value	\$ 1,094,119,526			\$ 735,871,107		

Source: Shawnee County Clerk 2005 tax roll

The percentages will be higher than 2004 due to correction in using market value instead of assessed value.

*Included in the NRA

**Includes IRB

***State Assessed

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

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Temporary Notes	Capital Leases	General Obligation Bonds	Revenue Bonds	Temporary Notes	Department of Health & Environment Loans	Capital Leases			
1996	111,636,000	13,810,000	-	2,149,000	15,145,000	-	27,197,183	-	169,937,183	3.44%	1,374
1997	111,146,000	9,963,000	-	1,704,000	12,640,000	12,837,000	27,439,625	-	175,729,625	3.44%	1,469
1998	111,580,000	12,150,000	-	1,240,000	42,755,000	2,950,000	26,138,462	-	196,813,462	3.61%	1,587
1999	109,516,500	11,240,000	-	828,500	42,435,000	2,000,000	25,498,259	-	191,518,259	3.41%	1,545
2000	108,726,200	11,530,000	-	428,800	41,740,000	2,000,000	27,788,362	-	192,213,362	3.19%	1,571
2001	109,163,400	4,065,000	2,484,618	6,256,600	66,380,000	9,500,000	27,633,083	71,446	225,554,147	3.61%	1,851
2002	101,958,400	9,815,070	2,745,704	6,256,600	65,190,000	2,034,930	37,592,045	48,952	225,641,701	3.53%	1,848
2003	106,636,500	14,456,414	2,216,017	6,248,500	63,960,000	2,543,586	64,454,297	25,162	260,540,475	4.06%	2,135
2004	121,740,000	20,559,075	1,718,967	6,240,000	100,750,000	2,580,925	77,905,586	-	331,494,553	4.92%	2,690
2005	132,005,000	19,413,136	1,220,560	6,240,000	114,235,000	6,011,864	85,969,205	-	365,094,765	5.17%	2,995

Note: Details regarding the City's outstanding debt can be found in the notes on pages 59 - 61 and in the statistical section on pages 118-125. See page 126 for personal income and population data.

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

Fiscal Year	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds			
1996	111,636,000	2,149,000	113,785,000	2.72%	920.03
1997	111,146,000	1,704,000	112,850,000	2.56%	943.10
1998	111,580,000	1,240,000	112,820,000	2.48%	909.89
1999	109,516,500	828,500	110,345,000	2.28%	889.93
2000	108,726,200	428,800	109,155,000	2.13%	891.96
2001	109,163,400	6,256,600	115,420,000	2.10%	946.96
2002	101,958,400	6,256,600	108,215,000	1.91%	886.27
2003	106,636,500	6,248,500	112,885,000	1.90%	925.23
2004	121,740,000	6,240,000	127,980,000	1.94%	1,038.56
2005	132,005,000	6,240,000	138,245,000	2.11%	1,134.22

***Note:** Details regarding the city's outstanding debt can be found on pages 117 and 119-125
See page 114 for property value data, and population data can be found on page 126*

City of Topeka, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2005

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Shawnee County	\$ 53,045,000	70.84%	\$ 37,577,078
Unified School District No. 345	10,610,000	29.39%	3,118,279
Unified School District No. 437	22,930,000	62.68%	14,372,524
Unified School District No. 450	16,270,000	22.16%	3,605,432
Unified School District No. 501	54,955,000	100.00%	54,955,000
Washburn University	32,840,000	100.00%	32,840,000
Topeka Shawnee Co. Library	<u>20,175,000</u>	70.84%	<u>14,291,970</u>
	210,825,000		160,760,283
Direct debt, City of Topeka:			
General obligation bonds	138,245,000		138,245,000
Temporary notes	25,425,000		25,425,000
Capital leases	<u>1,220,560</u>		<u>1,220,560</u>
Total direct and overlapping debt	<u>\$ 375,715,560</u>		<u>\$ 325,650,843</u>

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

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

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit	\$ 144,966,608	\$ 144,951,674	\$ 144,945,808	\$ 252,171,518	\$ 265,258,876	\$ 281,302,627	\$ 288,246,087	\$ 299,548,981	\$ 335,444,774	\$ 328,235,658
Total net debt applicable to limit	114,706,992	110,307,142	112,804,248	110,782,194	110,743,959	118,631,535	113,017,753	120,841,801	142,729,341	155,727,186
Legal debt margin	\$ 30,259,616	\$ 34,644,532	\$ 32,141,560	\$ 141,389,324	\$ 154,514,917	\$ 162,671,092	\$ 175,228,334	\$ 178,707,180	\$ 192,715,433	\$ 172,508,672

Total net debt applicable to the limit
as a percentage of debt limit

	79.13%	76.10%	77.83%	43.93%	41.75%	42.17%	39.21%	40.34%	42.55%	47.44%
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Legal Debt Margin Calculation for Fiscal Year 2005

Total assessed value	\$ 1,094,119,526
Debt limit (30% of total assessed value)	328,235,858
Debt applicable to limit:	
General obligation bonds	158,539,624
Less: Amount set aside for repayment of general obligation debt	(2,812,438)
Total net debt applicable to limit	155,727,186
Legal debt margin	\$ 172,508,672

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

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

Fiscal Year	Water, Water Pollution Control and Stormwater Revenue Bonds				KDHE Revolving Loans			Total Revenue Coverage ²
	Utility Service Charges	Less: Expenses ¹	Net Available Revenue	Debt Service (Next Fiscal Year)	Principal	Interest	Coverage ²	
1996	16,102,316	12,161,988	3,940,328	905,000	812,700	1,124,839	942,738	1.04
1997	17,327,002	12,846,287	4,480,715	960,000	758,400	1,312,736	937,481	1.13
1998	38,468,842	24,279,259	14,189,583	320,000	2,419,019	1,499,502	909,730	2.76
1999	39,138,038	22,511,463	16,626,575	695,000	2,061,285	1,957,736	917,522	2.95
2000	41,306,476	22,112,125	19,194,351	725,000	2,033,485	2,364,895	971,921	3.15
2001	38,697,963	25,336,897	13,361,066	1,190,000	2,920,130	2,391,254	993,301	1.78
2002	41,769,722	27,964,870	13,804,852	1,230,000	3,321,653	2,393,232	1,504,554	1.63
2003	41,536,887	30,883,047	10,653,840	1,280,000	3,262,553	2,676,292	2,079,729	1.15
2004	44,199,358	33,768,185	10,431,173	1,390,000	4,907,439	3,052,467	2,575,437	0.87
2005	48,710,060	35,721,304	12,988,756	1,905,000	5,387,707	3,100,000	3,189,298	0.96

Note: Details regarding the city's outstanding debt can be found in the notes on pages 117-120 and 122-125.

1 - Expenses do not include payments in lieu of taxes, depreciation, amortization, or other non-cash items but do include principal on permitted loans. *Prior years have been updated to reflect this change.*

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

City of Topeka, Kansas
Schedule of Bonded Indebtedness by Category
December 31, 2005

Bond Series	Interest Rates	Issue Date	Final Maturity	Original Principal Amount	Principal Outstanding 01/01/2005	Issued	Retired	Refunded	Principal Outstanding 12/31/2005
General obligation bonds (A)									
Building Improvements									
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	6,400,000	-	400,000	-	6,000,000
2003A	1.80%-4.125%	03/01/03	08/15/17	523,019	489,519	-	37,000	-	452,519
2003B	2.375%-5.00%	08/14/03	08/15/18	7,090,315	6,940,326	-	31,389	-	6,908,937
2003C	2.70%-5.50%	11/24/03	08/15/23	4,331,205	4,244,388	-	163,988	-	4,080,400
2004B	3.10%-4.25%	10/07/04	08/15/20	9,388,630	9,388,630	-	585,150	-	8,803,480
2004C	3.10%-5.00%	11/23/04	08/15/24	118,531	118,531	-	5,517	-	113,014
2005A	3.30%-5.50%	02/17/05	08/15/25	5,635,000	-	5,635,000	-	-	5,635,000
2005B	3.50%-5.00%	11/29/05	08/15/25	1,127,949	-	1,127,949	-	-	1,127,949
2005C	4.88%-5.50%	11/29/05	08/15/15	5,070,000	-	5,070,000	-	-	5,070,000
				<u>47,119,649</u>	<u>33,821,394</u>	<u>11,832,949</u>	<u>1,223,044</u>	<u>-</u>	<u>44,431,299</u>
Drainage Improvements									
2001B	4.00%-5.10%	08/01/01	08/01/21	900,000	690,000	-	70,000	-	620,000
				<u>900,000</u>	<u>690,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>620,000</u>
Sanitary and Storm Sewer									
2001B	4.00%-5.10%	08/01/01	08/01/21	850,000	670,000	-	70,000	-	600,000
2003A	1.80%-4.125%	03/01/03	08/15/17	161,037	149,870	-	12,333	-	137,537
2003B	2.375%-5.00%	08/14/03	08/15/18	1,502,500	1,330,953	-	424,454	-	906,499
2003C	2.70%-5.50%	11/24/03	08/15/23	68,895	67,515	-	2,609	-	64,906
2004B	3.10%-4.25%	10/07/04	08/15/20	357,180	357,180	-	178,590	-	178,590
2004C	3.10%-5.00%	11/23/04	08/15/24	216,295	216,295	-	10,067	-	206,228
2005B	3.50%-5.00%	11/29/05	08/15/25	475,154	-	475,154	-	-	475,154
				<u>3,631,061</u>	<u>2,791,813</u>	<u>475,154</u>	<u>698,053</u>	<u>-</u>	<u>2,568,914</u>
Street Improvements									
2001B	4.00%-5.10%	08/01/01	08/01/21	1,981,500	1,585,000	-	160,000	-	1,425,000
2003A	1.80%-4.125%	03/01/03	08/15/17	1,167,529	1,061,446	-	117,167	-	944,279
2003B	2.375%-5.00%	08/14/03	08/15/18	793,050	439,067	-	88,428	-	350,639
2003C	2.70%-5.50%	11/24/03	08/15/23	890,554	872,703	-	33,718	-	838,985
2004B	3.10%-4.25%	10/07/04	08/15/20	2,264,270	2,264,270	-	609,040	-	1,655,230
2004C	3.10%-5.00%	11/23/04	08/15/24	560,307	560,307	-	26,079	-	534,228
2005B	3.50%-5.00%	11/29/05	08/15/25	3,464,719	-	3,464,719	-	-	3,464,719
				<u>11,121,929</u>	<u>6,782,793</u>	<u>3,464,719</u>	<u>1,034,432</u>	<u>-</u>	<u>9,213,080</u>
Trafficway Improvements									
2001B	4.00%-5.10%	08/01/01	08/01/21	16,428,500	10,460,000	-	530,000	-	9,930,000
2003A	1.80%-4.125%	03/01/03	08/15/17	3,598,403	3,464,403	-	148,000	-	3,316,403
2003B	2.375%-5.00%	08/14/03	08/15/18	14,633,860	14,524,715	-	1,956,473	-	12,568,242
2003C	2.70%-5.50%	11/24/03	08/15/23	4,820,346	4,723,724	-	182,507	-	4,541,217
2004B	3.10%-4.25%	10/07/04	08/15/20	21,002,980	21,002,980	-	1,324,280	-	19,678,700
2004C	3.10%-5.00%	11/23/04	08/15/24	1,546,660	1,546,660	-	71,990	-	1,474,670
2005B	3.50%-5.00%	11/29/05	08/15/25	2,224,255	-	2,224,255	-	-	2,224,255
				<u>64,255,004</u>	<u>55,722,482</u>	<u>2,224,255</u>	<u>4,213,250</u>	<u>-</u>	<u>53,733,487</u>
Park Improvements									
2001B	4.00%-5.10%	08/01/01	08/01/21	1,910,000	1,635,000	-	115,000	-	1,520,000
2003A	1.80%-4.125%	03/01/03	08/15/17	755,012	704,762	-	55,500	-	649,262
2003B	2.375%-5.00%	08/14/03	08/15/18	842,161	809,939	-	804,257	-	5,682
2003C	2.70%-5.50%	11/24/03	08/15/23	1,114,000	1,091,670	-	42,178	-	1,049,492
2004B	3.10%-4.25%	10/07/04	08/15/20	6,111,940	6,111,940	-	402,940	-	5,709,000
2004C	3.10%-5.00%	11/23/04	08/15/24	4,433,207	4,433,207	-	206,346	-	4,226,861
2005B	3.50%-5.00%	11/29/05	08/15/25	2,117,923	-	2,117,923	-	-	2,117,923
				<u>17,284,243</u>	<u>14,786,518</u>	<u>2,117,923</u>	<u>1,626,221</u>	<u>-</u>	<u>15,278,220</u>
Taxable Pension Obligation									
2004A	4.00%-5.00%	08/12/04	08/15/15	13,385,000	13,385,000	-	985,000	-	12,400,000
				<u>13,385,000</u>	<u>13,385,000</u>	<u>-</u>	<u>985,000</u>	<u>-</u>	<u>12,400,000</u>
Total all general obligation bonds (A)				\$ 157,696,886	\$ 127,980,000	\$ 20,115,000	\$ 9,850,000	\$ -	\$ 138,245,000
Revenue Bonds (B):									
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	24,035,000	-	465,000	-	23,570,000
2004A	2.00%-6.00%	02/19/04	08/01/33	46,180,000	45,275,000	-	925,000	-	44,350,000
2005A	4.00%-7.50%	12/09/05	08/01/35	14,875,000	-	14,875,000	-	-	14,875,000
				<u>\$ 117,860,000</u>	<u>\$ 100,750,000</u>	<u>\$ 14,875,000</u>	<u>\$ 1,390,000</u>	<u>\$ -</u>	<u>\$ 114,235,000</u>
Total all revenue bonds				\$ 117,860,000	\$ 100,750,000	\$ 14,875,000	\$ 1,390,000	\$ -	\$ 114,235,000
Total all bonded indebtedness				\$ 275,556,886	\$ 228,730,000	\$ 34,990,000	\$ 11,240,000	\$ -	\$ 252,480,000

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, 2005

Project Purpose/Description	Project Number	Project Amount Financed
Bridge project, repairs to Topeka Boulevard Bridge	12053B	\$ 1,027,027
Parking Garage - 7th & Kansas	131370	6,011,864
Sanitary Sewer Old Potwin Site	400256	75,148
Sanitary Sewer Grand Oaks & Hilltop	405964	44,087
Sanitary Sewer Shawnee Trails	407822	125,247
Sanitary Sewer River Hill District	408583	215,425
Sanitary Sewer SE 45th Street from Maryland to east of California Sts.	409060	303,599
Sanitary Sewer Southboro #9	409061	93,845
Sanitary Sewer Southboro #9	409062	84,689
Sanitary Sewer Southboro #2	409071	103,654
Sanitary Sewer Se 22ns & 3 Cts	409152	65,129
San Swr Aquarian Acres #9	409171	200,395
San Swr Aquarian Acres #9	409172	270,534
San Swr Aquarian Acres	409250	96,190
Pump Station SW 49th - Misty	409320	118,233
Sanitary Sewer Highway 24	409331	145,287
Woodbridge Place N of 10th	603432	350,692
Oakwood Hill SE 44th & SE Oak	603893	120,237
Southboro #9	604685	260,514
Street Improvement Southboro #9	604686	220,435
Street Improvement Shawnee Trails	605251	320,633
SW Cambridge 41st - 43rd	605720	541,068
SW Cambridge 43rd - 45th	605722	240,475
6th & Wanamaker Roundabout	605811	1,045,242
Southboro #2	605911	206,407
Monroe School Area Impr	605940	400,791
SE 22nd Croco - Aspen Ct	605981	98,194
SE 22nd 3 Courts	605982	354,700
Aquarian Acres Sub #9	605991	573,131
Aquarian Acres Sub #9	605992	390,771
River Hill Development	606041	901,780
Aquarian Center Paving	606050	526,038
Street Improvement SW Lakeside	606112	210,415
3 NIA General Improvements	606130	716,163
Street Improvement Laurel Park	606141	130,257
Traffic Improvement SE California & 21st	701421	1,653,263
Traffic Improvement SE California & 21st to 29th	701422	100,198
Traffic Improvement SE California & 29th to 33rd	701423	200,395
Kansas Avenue Extension Study	701830	1,703,362
Traffic Improvement SE 6th & Golden Market	701901	200,395
Industrial Road SW 53rd to SW 57th	701971	1,394,345
Wanamaker 37th to 41st	702001	584,746
Heartland Park Topeka (Taxable)	605803	3,000,000
Total aggregate principal outstanding		<u>\$ 25,425,000</u>

Note: On November 29, 2005, the City issued its Series 2005-A Temporary Notes and 2005-B Taxable Notes in the aggregate principal amount of \$22,425,000 and \$3,000,000, respectively. The 2005-A Notes were purchased by Citigroup Global Markets, Inc., bear interest at 4.5%, and are scheduled to mature on November 29, 2006. The 2005-B Taxable Notes were purchased by UMB Bank, NA, bear interest at 4.85% and are scheduled to mature on December 1, 2006.

See independent auditor's report.

City of Topeka, Kansas
Debt Service Payments to Final Maturity
Revenue Bonds
December 31, 2005

Water, Water Pollution Control and Stormwater			
Year	Principal	Interest	Total
2006	1,905,000	5,387,707	7,292,707
2007	1,665,000	5,572,139	7,237,139
2008	1,715,000	5,475,089	7,190,089
2009	1,770,000	5,380,389	7,150,389
2010	1,835,000	5,284,089	7,119,089
2011	1,890,000	5,181,514	7,071,514
2012	2,910,000	5,075,839	7,985,839
2013	3,305,000	4,943,804	8,248,804
2014	3,460,000	4,794,269	8,254,269
2015	3,630,000	4,634,226	8,264,226
2016	3,800,000	4,462,716	8,262,716
2017	3,990,000	4,278,054	8,268,054
2018	4,180,000	4,092,476	8,272,476
2019	4,390,000	3,890,589	8,280,589
2020	4,620,000	3,675,283	8,295,283
2021	4,850,000	3,446,253	8,296,253
2022	5,090,000	3,205,708	8,295,708
2023	5,360,000	2,949,075	8,309,075
2024	5,630,000	2,678,190	8,308,190
2025	5,925,000	2,393,550	8,318,550
2026	6,230,000	2,093,925	8,323,925
2027	6,555,000	1,778,760	8,333,760
2028	6,900,000	1,447,080	8,347,080
2029	4,375,000	1,102,868	5,477,868
2030	4,595,000	887,753	5,482,753
2031	4,830,000	661,755	5,491,755
2032	3,390,000	424,163	3,814,163
2033	3,560,000	265,425	3,825,425
2034	915,000	98,700	1,013,700
2035	965,000	50,663	1,015,663
	\$ 114,235,000	\$ 95,612,046	\$ 209,847,046

See independent auditor's report.

City of Topeka, Kansas
Schedule of Industrial Revenue Bonds by Obligee (1)
December 31, 2005

Obligated Entity or Purpose	Interest Rates	Issue Date	Final Maturity	Original Principal Amount	Principal Outstanding 01/01/2005	Issued	Retired	Principal Outstanding 12/31/2005
Brewster Place	3.75 - 6.00%	08/15/02	08/01/22	\$ 2,225,000	\$ 2,150,000	\$ -	\$ 75,000	\$ 2,075,000
Brewster Place	2.50 - 5.50%	05/15/04	06/01/24	12,000,000	12,000,000	-	385,000	11,615,000
Fairlawn Green Acquisition	7.25%	11/01/96	12/15/21	2,275,000	2,275,000	-	368,384	1,906,616
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	3,770,000	-	40,000	3,730,000
Great Plains Hotel	Var. Rate	12/01/88	10/01/13	4,300,000	2,670,000	-	200,000	2,470,000
Hill's Pet Nutrition	5.45%	06/18/02	08/01/12	15,000,000	12,605,000	-	1,300,000	11,305,000
Kensington Park Apts.	7.00% - 8.00%	08/01/92	08/15/17	2,490,000	2,017,159	-	59,475	1,957,684
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	1,275,000	-	425,000	850,000
Payless Shoesource Corp.	7.00%	08/01/97	08/01/07	13,731,000	4,126,000	-	1,375,000	2,751,000
Payless Shoesource Corp.	7.00%	09/01/98	09/01/08	13,200,000	5,280,000	-	1,320,000	3,960,000
Payless Shoesource Corp.	7.00%	10/01/99	10/02/09	3,844,000	1,915,000	-	385,000	1,530,000
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,563,000	7,385,000	-	1,055,000	6,330,000
Payless Shoesource Corp.	8.25%	12/01/00	01/01/11	10,393,000	7,280,000	-	1,040,000	6,240,000
Payless Shoesource Corp.	6.00%	10/29/02	10/01/12	14,000,000	11,000,000	-	1,500,000	9,500,000
Payless Shoesource Corp.	6.00%	06/15/04	06/01/14	10,000,000	10,000,000	-	1,000,000	9,000,000
Presbyterian Manor	6.80% - 8.625%	06/01/88	06/01/10	8,320,000	6,120,000	-	-	6,120,000
Reser's Fine Foods	4.5-5.4	03/15/98	04/01/05	5,650,000	935,000	-	935,000	-
Security Benefit	5.75%	03/01/02	03/01/12	50,000,000	40,000,000	-	5,000,000	35,000,000
Sunwest Hospital	Variable	05/01/88	07/09/05	5,500,000	4,030,000	-	190,000	3,840,000
YMCA	5.50 - 7.50%	08/01/00	09/01/25	8,500,000	8,270,000	-	125,000.00	8,145,000
				<u>\$ 204,521,000</u>	<u>\$ 149,528,159</u>	<u>\$ -</u>	<u>\$ 16,777,859</u>	<u>\$ 132,750,300</u>

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

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	501 School District Enrollment (3)	Unemployment Rate % (4)
1996	123,675	4,936,365	\$22,312	14,107	5.5%
1997	119,658	5,114,437	\$23,005	14,167	4.8%
1998	123,993	5,456,434	\$24,408	14,232	3.6%
1999	123,993	5,621,125	\$25,120	14,135	3.4%
2000	122,377	6,022,592	\$26,784	14,144	4.8%
2001	121,885	6,253,618	\$27,755	14,018	5.0%
2002	122,101	6,398,858	\$28,347	13,876	5.6%
2003	122,008	6,420,657	\$28,306	14,058	6.4%
2004	123,228	6,737,067	\$29,599	14,300	7.2%
** 2005	121,886	7,067,184	\$30,932	13,870	6.6%

Sources:

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

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

(3) School District 501 only. Private schools and school districts 437, 345, and 450, which partially overlap the city boundaries, are not included.

(4) Kansas Department of Human Resources

**Used a 4.9% increase from 2004 for the personal income and used a 4.5% increase from 2004 for the Per Capita Income since these actual numbers were unavailable at publication. The percentages were derived from the Division of the Budget and the Bureau's estimated increases for the state.

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

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

Employer	2005			1996		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Kansas	8,434	1	8.03%	12,824	1	13.82%
Stormont-Vail Health Care	3,100	2	2.95%	2,280	2	2.46%
Unified School District # 501	2,270	3	2.16%	2,200	3	2.37%
Blue Cross Blue Shield of Kansas	1,817	4	1.73%	1,847	6	1.99%
St. Francis Hospital & Medical Center	1,800	5	1.71%	1,607	7	1.73%
Payless Shoe Source	1,800	6	1.71%	1,550	8	1.67%
Goodyear Tire and Rubber Co.	1,679	7	1.60%	1,900	5	2.05%
Washburn University	1,670	8	1.59%	-		-
City of Topeka	1,400	9	1.33%	1,362	10	1.47%
US Government	1,231	10	1.17%	1,444	9	1.56%
Burlington Northern/Santa Fe/Utility	-		-	1,931	4	2.08%
Total	25,201		23.98%	28,945		31.18%
Total Employment	105,084			92,822		

Source:

*Topeka Chamber of Commerce, November 2005 and November 1996, for number of employees
State Department of Labor, June 2005 and March 1996 for total employment*

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

Function/Program	Full-time Equivalent Employees as of December 31									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government										
City Council	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Executive	21.25	23.25	23.25	21.00	22.75	20.00	19.00	19.00	17.00	18.00
Legal	15.75	16.00	16.00	17.00	17.00	22.00	22.50	23.50	21.50	21.50
Financial Services	29.00	29.00	31.00	29.00	26.00	28.00	24.75	24.75	25.00	24.00
Municipal Court	28.00	27.00	27.00	28.00	28.00	24.00	28.00	27.00	27.00	27.00
Human Resources	12.00	12.00	12.00	11.00	11.00	10.00	10.00	11.00	10.00	10.00
Information Technology	15.00	15.00	15.00	14.25	14.00	14.15	14.00	14.00	14.00	14.00
Fleet Services	25.00	25.00	24.00	23.00	22.00	22.00	21.00	21.00	21.00	21.00
Public Safety										
Fire	250.00	250.00	250.00	250.00	248.00	249.00	249.00	249.00	242.00	241.00
Police	324.54	329.50	329.50	338.50	350.00	347.00	351.00	356.50	357.50	355.00
Public Works										
Administration	13.00	13.00	8.00	8.00	8.00	12.00	12.00	12.00	13.00	13.00
Development Services	20.00	20.00	20.00	20.00	43.00	40.50	38.50	37.00	38.00	38.00
Engineering	48.00	48.00	48.00	47.00	47.00	43.00	43.00	43.00	42.00	41.00
Transportation Operations	15.00	14.00	14.00	14.00	14.00	14.00	16.00	16.00	15.00	14.00
Special Street Repair	53.00	54.00	54.00	53.00	54.00	50.00	49.00	50.00	53.00	53.00
Facility Operations	11.00	13.25	17.25	18.25	17.50	16.25	16.25	16.25	14.25	14.25
Parks and Recreation	93.88	91.88	91.88	90.51	87.38	87.63	93.75	92.85	93.10	93.35
Zoo	26.00	27.00	27.00	28.50	29.50	30.50	31.50	31.50	31.50	31.50
Planning	12.00	12.50	12.50	13.00	16.00	14.50	15.00	15.00	13.00	14.00
Housing & Neighborhood Development	13.00	17.00	21.00	21.00	14.00	15.60	15.60	19.00	17.00	17.00
Water	148.00	148.00	147.00	145.00	127.00	116.00	114.00	122.00	115.00	117.00
Water Pollution Control	120.00	119.00	119.00	100.00	82.00	74.00	73.00	74.00	73.00	73.00
Stormwater Utility	16.00	16.00	16.00	16.00	12.00	12.00	13.00	13.00	13.00	13.00
Public Parking	21.00	21.00	21.00	21.00	18.00	18.00	19.00	19.00	17.00	17.00
Public Golf Course	9.00	9.00	9.00	8.00	8.00	8.00	1.00	8.00	9.00	9.00
Concessions	1.00	1.00	1.00	1.00	1.00	1.00	8.00	1.00	-	-
Total	1,342.42	1,353.38	1,356.38	1,338.01	1,319.13	1,291.13	1,299.85	1,317.35	1,293.85	1,291.60

Source: City Budget Office

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

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

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

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

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

*City Clerk was budgeted under Financial Services in 1995-1996 and then moved to the Executive section.

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

Function/Program	Fiscal Year as of December 31									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fire										
Total number of incidents	8,722	9,771	10,239	11,556	11,897	12,088	12,091	11,920	12,286	13,153
Fire calls	924	1,030	828	799	1,030	1,023	1,035	890	767	2,767
Rescue & Emergency Medical calls	5,183	5,950	6,583	7,656	8,018	8,205	7,903	8,093	8,133	9,599
Police										
Citations issued	47,048	40,978	48,141	42,455	48,276	51,565	43,766	42,114	42,967	43,060
Driving under the influence citations	1,087	1,042	946	944	891	777	833	833	819	553
Development Services										
Residential building permits	537	558	490	603	530	408	824	594	584	571
Commercial building permits	332	313	362	340	304	308	341	287	294	296
Street Operations										
Streets swept (curb miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15,408	15,822
Pot hole patching material used (tonnage)	1,200	1,200	1,200	1,200	1,200	1,200	1,230	1,000	1,250	2,024
Traffic Operations										
Cross walks painted (miles)	675	675	675	695	670	670	675	675	675	655
Streets painted (miles)	350	350	350	366	350	345	350	350	350	340
Number of signs replaced	n/a	n/a	n/a	2,314	3,913	3,800	3,950	2,583	3,579	3,721
Public Parking violations issued	13,231	50,554	48,003	46,392	45,690	47,552	44,895	37,898	33,052	26,877
Parks and Recreation										
Mini-Train & Carousel attendance	143,396	132,337	113,366	79,701	67,966	59,393	82,520	88,449	148,750	137,032
Swimming pool attendance	51,615	72,890	61,615	54,497	99,841	108,946	99,613	98,107	80,161	101,500
Summer youth camp attendance	3,809	4,128	4,450	4,663	4,357	4,304	4,295	4,301	4,007	4,236
Youth basketball teams	109	112	110	116	99	92	88	83	73	71
Youth volleyball teams	53	58	67	71	65	63	87	91	58	87
Adult summer softball teams	316	276	335	357	366	371	404	396	420	515
Adult volleyball teams	574	542	482	463	454	438	450	447	473	465
Adult basketball teams	276	256	245	222	212	193	164	157	155	129
Zoo attendance	194,033	203,770	192,869	186,886	185,121	157,347	151,855	151,669	182,058	163,421
Housing & Neighborhood Development										
CDBG disbursed per year (thousands of \$)	n/a	n/a	2,213	2,820	1,702	3,621	3,851	2,646	2,586	2,526
CDBG rehab activity of single residential units	n/a	n/a	308	698	199	149	245	152	170	151
Water										
New Connections	549	496	353	492	443	438	592	530	636	611
Number of accounts	47,961	48,373	48,775	49,462	49,949	50,490	50,886	51,400	51,400	52,890
Annual Volume (millions of gallons)	7,203	7,345	7,190	7,233	7,553	7,117	7,460	7,287	6,548	7,990
Valve routine maintenance	4,805	4,724	5,674	1,718	2,564	1,682	1,295	343	786	1,234
Water Pollution Control										
Number of accounts	34,702	39,009	43,796	44,332	45,092	45,683	45,421	44,680	47,193	47,157
Volume (millions of gallons)	4,454	5,158	5,384	5,595	5,475	5,221	5,094	4,989	4,952	6,197
Number of service calls	658	522	635	658	702	694	640	733	880	1,109
Stormwater Utility										
Number of service calls	n/a	n/a	n/a	100	247	344	153	177	281	340
Public Golf Course rounds	49,206	54,674	48,811	48,896	47,021	46,403	42,903	40,146	31,131	27,626

Source: Various city departments

Note: Indicators are not available for general government and administration functions.

Parks and Recreation: The mini-train's tracks were replaced in 1999. Starting in 2002 the attendance figures included free rides. In 1996 the Hillcrest pool was closed due to construction of new aquatic center and reopened in 1997. In 1999 the Blaisdell pool closed for construction of new aquatic center, reopening in 2000. The summer youth camp is for twelve weeks except for 1995, which is eleven. In 2002 a spring session for youth volleyball was created.

Street Operations for streets swept have been changed for the years 1996 - 2004

n/a = nonavailable

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

Function/Program	Fiscal Year as of December 31									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Square miles of City	56.6	56.6	56.6	56.6	56.6	56.6	56.6	58.5	59.8	60.1
Fire										
Stations	11	12	12	12	12	12	12	12	12	12
Firefighters	244	244	244	244	244	248	239	236	218	218
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police officers	268	268	293	293	293	289	277	274	290	293
Street Operations										
Miles of City streets	667	667	667	671	671	671	671	783	783	783
Traffic Operations										
Traffic signals	180	180	180	180	180	181	181	184	184	182
Traffic signs	n/a	n/a	n/a	n/a	n/a	3,800	3,850	3,950	3,579	3,721
Parks and Recreation										
Mini-Train & Carousel	2	2	2	2	2	2	2	2	2	2
Swimming pools	8	8	8	5	5	5	5	5	5	5
Community Centers	7	7	7	7	7	7	7	6	6	7
Softball diamonds	15	15	15	15	15	15	14	14	14	12
Water										
Water mains (miles)	768	773	777	782	800	800	808	808	808	815
Storage capacity (millions of gallons)	22	25	25	25	25	25	25	25	25	25
Water Pollution Control										
Sanitary sewers (miles)	562	778	778	778	800	800	750	750	750	854
Stormwater Utility										
Storm sewers (miles)	216	216	216	250	250	250	220	200	200	316
Public Parking										
Parking garages	6	6	6	6	6	6	7	7	7	7
Parking meters	1,620	1,620	1,620	1,620	1,620	1,620	1,620	1,620	1,745	1,758
Public Golf Course	1	1	1	1	1	1	1	1	1	1

Source: Various city departments
Note: Indicators are not available for the general government, administration and zoo functions.

City of Topeka, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

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 01/01/2005	Expenditures	Unexpended Grant Amount at 12/31/2005	
U.S. Department of Housing and Urban Development							
Community Development Block Grant - Emergency Shelter	14.231	S-02-DC-20-0001	\$ 43,060	\$ 1,104	\$ 1,104	\$ -	
Community Development Block Grant - Emergency Shelter	14.231	S-03-DC-20-0001	43,105	1,279	1,279	-	
Community Development Block Grant - Emergency Shelter	14.231	S-04-DC-20-0001	45,158	30,158	30,158	-	
Community Development Block Grant - Emergency Shelter	14.231	S-05-DC-20-0001	46,184	46,184	-	46,184	
Community Development Block Grant - Emergency Shelter	14.231	S-02-MC-20-0003	83,000	350	350	-	
Community Development Block Grant - Emergency Shelter	14.231	S-04-MC-20-0003	87,754	54,411	54,411	-	
Community Development Block Grant - Emergency Shelter	14.231	S-05-MC-20-0003	87,343	87,343	40,631	46,712	
Community Development Block Grant - 28th year	#	14.218	B-02-MC-20-0003	3,096,049	236,832	144,097	92,735
Community Development Block Grant - 29th year	#	14.218	B-03-MC-20-0003	2,420,493	196,561	70,804	125,757
Community Development Block Grant - 30th year	#	14.218	B-04-MC-20-0003	2,364,378	585,931	189,641	396,290
Community Development Block Grant - 31st year	#	14.218	B-05-MC-20-0003	3,242,755	3,242,755	1,789,683	1,453,072
Shelter Plus Care Program	14.238	KS01C90-3001	5,026,200	224,004	224,004	-	
Shelter Plus Care Program	14.238	KS01C40-3003	1,181,208	1,181,208	771,312	409,896	
HOME - 2001	^	14.239	M-01-MC20-0203	1,188,123	134,453	2,631	131,822
HOME - 2002	^	14.239	M-02-MC20-0203	1,189,805	19,994	15,032	4,962
HOME - 2003	^	14.239	M-03-MC20-0203	969,584	90,272	84,251	6,021
HOME - 2004	^	14.239	M-04-MC20-0203	976,693	475,358	257,455	217,903
HOME - 2005	^	14.239	M-05-MC20-0203	1,140,343	1,140,343	326,780	813,563
Special Economic Development Initiative Grant	14.216	B-03-SP-KS-0251	715,320	609,609	369,709	239,900	
Fair Housing Assistance	^	14.401	FHE007007016	99,898	27,254	-	-
Fair Housing Assistance	^	14.401	FHE007037016	113,722	23,569	23,569	-
Fair Housing Assistance	^	14.401	FHE007047016	73,149	73,149	46,225	26,924
Total U.S. Department of Housing and Urban Development			24,233,324	8,482,121	4,470,380	4,011,741	
Environmental Protection Agency							
Passed through Kansas Department of Health and Environment: Capitalization Grants for State Revolving Funds	*	66.458	C20 1270 01	111,807,668	14,707,130	11,116,087	3,591,043
Total Environmental Protection Agency				111,807,668	14,707,130	11,116,087	3,591,043
U.S. Department of the Interior-National Park Service							
Passed through Kansas State Historical Society: Historic Preservation Fund Grants In-Aid		15.904	20-04-19317-010	11,500	11,500	11,500	-
Historic Preservation Fund Grants In-Aid		15.904	20-05-20418-011	8,000	8,000	398	7,602
Total U.S. Department of the Interior				19,500	19,500	11,898	7,602
U.S. Department of Justice							
Local Law Enforcement Block Grant	16.592	2003-LB-BX-1324	102,787	33,328	33,328	-	
Local Law Enforcement Block Grant	16.592	2004-LB-BX-1069	38,556	38,556	4,708	33,848	
Crime Victim Assistance/Discretionary Grant	16.582		4,721	4,721	4,721	-	
Federal Victims of Crime Act	16.575	05-VOCA-44	50,000	36,352	35,909	443	
Federal Victims of Crime Act	16.575	06-VOCA-45	46,911	46,911	11,973	34,938	
Weed and Seed Program	16.595	2004-WS-Q4-0093	175,000	154,799	154,799	-	
Weed and Seed Program	16.595	2005-WS-Q5-0027	225,000	225,000	111,072	113,928	
Public Safety Partnership and Community Policing Grant	*	16.710	2002-SH-WX-0138	229,800	50,071	50,071	-
Public Safety Partnership and Community Policing Grant	*	16.710	2002-SH-WX-0602	236,668	128,867	82,971	45,896
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1433	210,142	210,142	17,535	192,607	
Passed through Kansas Department of Corrections: "Going Home" Reentry Grant	16.202		96,715	17,890	17,890	-	
"Going Home" Reentry Grant	16.202		47,080	47,080	24,042	23,038	
Passed through Kansas Bureau of Investigation: Project Safe Neighborhoods	16.609	03-01 Adult	59,994	50,344	1,495	48,849	
Project Safe Neighborhoods	16.609	03-02 Juvenile	59,360	59,360	33,583	25,777	
Passed through Kansas Justice Coordinating Council: Byrne Formula Grant	16.579	05-Byrne-71	22,610	9,886	8,863	1,023	
Passed through Kansas Attorney General: Project Safe Neighborhood	16.609	2004-GP-CX-0607	2,500	2,500	-	2,500	
Total U.S. Department of Justice			1,607,844	1,115,807	592,960	522,847	
U.S. Department of Transportation							
Passed through Kansas Department of Transportation: Urban Highway Administration - Planning Funding Assistance	20.205	L-0132-05	273,851	273,851	114,013	159,838	
State and Community Highway Safety	20.600	OP-0993-05	31,040	27,322	26,157	1,165	
State and Community Highway Safety	20.600	OP-0993-06	27,000	27,000	-	27,000	
Safety Incentives to Prevent Operation of Motor Vehicles By Intoxicated Persons	20.605	AL-9082-05	6,868	6,407	2,775	3,632	
Safety Incentives to Prevent Operation of Motor Vehicles By Intoxicated Persons	20.605	AL-9082-06	7,187	7,187	-	7,187	
Total U.S. Department of Transportation			345,946	341,767	142,945	198,822	
U.S. Department of Homeland Security							
Assistance to Firefighter Grant	97.044	EMW-2004-FG-19242	169,975	169,975	-	169,975	
Passed through Kansas Highway Patrol: State Domestic Preparedness Equipment Support Grant	97.044		48,473	48,473	45,356	3,117	
State Domestic Preparedness Equipment Support Grant	97.044		200,000	200,000	-	200,000	
Total U.S. Department of Homeland Security			418,448	418,448	45,356	373,092	
Federal Bureau of Investigation							
Heart of America Joint Terrorism Task Force		66F-KC-C84787	14,666	12,020	7,665	4,355	
Heart of America Joint Terrorism Task Force		66F-KC-C84787	14,666	14,666	1,916	12,750	
Total Federal Bureau of Investigation			29,332	26,686	9,581	17,105	
Total Federal Awards			\$ 138,462,062	\$ 25,111,459	\$ 16,389,207	\$ 8,722,252	

Transfers of Program Income were made

^ Transfers of uncommitted funds were made

* Major Program

City of Topeka, Kansas
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2005

Note 1: Basis of Presentation

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

Note 2: Loans

The City of Topeka has the following federal subsidized loan:

EPA Capitalization Grant from the State Revolving Loan Fund CFDA #66.458. The balance at December 31, 2005 was \$85,969,205.

[The remainder of this page intentionally left blank.]



Certified Public Accountants
and Management Consultants

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

Donald L. Nelson, CPA
Jere Noe, CPA
Gary D. Knoll, CPA
Brian J. Florea, CPA
Adam C. Crouch, CPA
John S. Bittel, CPA
Derek H. Hart, CPA

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

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

We have audited the financial statements of the City of Topeka, Kansas, as of and for the year ended December 31, 2005, and have issued our report thereon dated March 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

In planning and performing our audit, we considered the City'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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and other matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.

Wending Noe Nelson & Johnson LLC

Topeka, Kansas
March 6, 2006



Certified Public Accountants
and Management Consultants

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

Donald L. Nelson, CPA
Jere Noe, CPA
Gary D. Knoll, CPA
Brian J. Florea, CPA
Adam C. Crouch, CPA
John S. Bittel, CPA
Derek H. Hart, CPA

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, 2005. 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, 2005.

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 reportable 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 caused by error or fraud 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 Hae Nelson & Johnson LLC

Topeka, Kansas
March 6, 2006

CITY OF TOPEKA, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended December 31, 2005

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 None reported

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

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

Identification of major programs:

<u>CFDA number</u>	<u>Program name</u>
16.710	Public Safety Partnership and Community Policing
66.458	Capitalization Grant - State Revolving Loan Fund

Dollar threshold used to distinguish between type A and type B programs \$491,000

Auditee qualified as low risk auditee? X Yes _____ 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, 2005

Findings - Federal Award Findings and Questioned Costs

No findings in the preceding year.

[This page is intentionally left blank.]