



FOR YEAR ENDED
DECEMBER 31, 2011

THE CITY OF TOPEKA, KANSAS



ANNUAL FINANCIAL
REPORT

**City of Topeka, Kansas
Annual Financial Report
For the Year Ended December 31, 2011**

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COCHRAN HEAD VICK & CO., P.A.

& Co

Certified Public Accountants

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Topeka, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Topeka, Kansas (the City) as of and for the year ended December 31, 2011, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, 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 grant agreements 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 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.

Other Offices

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
(816) 453-7016 FAX

400 Jules Street
Suite 415
St. Joseph, MO 64501
(816) 364-1118
(816) 364-6144 FAX

6700 Antioch Rd, Suite 460
Merriam, Kansas 66204
(913) 378-1100
(913) 378-1177 FAX

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress, which appear as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 28, 2012

Cashin Head Vidothlos P.A.

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, 2011. Amounts are presented as whole dollars, except as otherwise indicated.

FINANCIAL HIGHLIGHTS

- The net assets of the City of Topeka at the close of the most recent fiscal year was \$488,956,043. Of this amount, \$60,821,497 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$.1 million to \$489.0 million in 2011. The \$.1 million decrease is comprised of a decrease in net assets of the governmental activities of \$3.7 million, and an increase in net assets of the City's business type activities of \$3.6 million.
- At the close of 2011, the City of Topeka's governmental funds reported combined ending fund balances of \$27.6 million, an increase of \$1.4 million in comparison with the prior year. At the end of 2011, unassigned fund balance for the General Fund was \$8.3 million or 11.1% of General Fund revenues, and 10.2% of General Fund expenditures.
- For the General Fund, actual resources available for appropriation in 2011 (revenue inflows and fund balance) were \$33,326 less than the final budget, while actual appropriations (outflows) were \$3.4 million less than budgeted for the year. While property tax and sales tax were favorable, the permits, franchise fees, interest, and municipal court were unfavorable.
- The City of Topeka's total bonded debt had a net decrease of \$.27 million during 2011. A summary of all 2011 changes in the City's long-term debt and liabilities can be found in the notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The *government-wide financial statements* 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 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, public works, parks and recreation, public housing, social services and interest. Property taxes, sales taxes, franchise fees, motor fuel taxes and transient guest taxes 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.

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.

The City of Topeka maintains twenty-four individual governmental funds. Due to the Parks and Recreation consolidation with Shawnee County as of January 1, 2012, the Golf Course improvement fund was transferred to Shawnee County.

Data from the remaining governmental funds, which the City categorizes as *special revenue funds and capital project funds*, are aggregated for presentation. Special revenue funds and capital projects funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. Individual fund data for each of these *non-major funds* are provided in the form of *combining statements* in the *Other Fund Statements & Schedules* section 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 in the *Fund Financial Statements* and the *Other Fund Statements & Schedules* section 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 the Public Golf Course, which both are non-major funds shown in the aggregate in the *Proprietary Funds* statements presented in the *Fund Financial Statements* section. Due to the Parks and Recreation consolidation, the Public Golf Course was closed out in 2011.

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 internal service funds: Information Technology; Fleet Services; and Risk

Management funds, which includes employees' health insurance, workers' compensation and vehicle self-insurance, unemployment compensation, and risk management reserve activities.

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*, at the end of the *Fund Financial Statements* and after the budget basis schedules in the *Other Fund Statements & Schedules*.

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.

Other Fund Statements and Schedules

In addition to the basic financial statements and accompanying notes, this report also presents the combining and individual fund statements and budgetary schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

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 \$488,956,043 at the close of 2011, the most recent fiscal year.

By far the largest portion of the City of Topeka's net assets (78.0%) 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, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010**	2011	2010**	2011	2010**
Current and other assets	\$121,927,866	\$124,948,346	\$74,404,066	\$68,811,010	\$ 196,331,932	\$ 193,759,356
Capital assets, non-depreciable	49,457,080	55,037,442	8,164,671	27,162,557	57,621,751	82,199,999
Capital assets, net of depreciation	370,435,364	377,734,491	352,436,742	341,278,566	722,872,106	719,013,057
Total assets	541,820,310	557,720,279	435,005,479	437,252,133	976,825,789	994,972,412
Long-term liabilities outstanding	195,074,731	197,276,892	217,654,900	223,238,256	412,729,631	420,515,148
Other liabilities	65,043,655	75,067,357	10,096,460	10,287,494	75,140,115	85,354,851
Total liabilities	260,118,386	272,344,249	227,751,360	233,525,750	487,869,746	505,869,999
Net assets: Invested in capital assets, net of related debt	237,583,929	224,786,079	144,028,418	144,341,063	381,612,347	369,127,142
Restricted	22,767,520	27,334,687	23,754,679	23,159,373	46,522,199	50,494,060
Unrestricted	21,350,475	33,255,264	39,471,022	36,225,947	60,821,497	69,481,211
Total net assets	\$281,701,924	\$285,376,030	\$207,254,119	\$203,726,383	\$488,956,043	\$489,102,413

** Certain amounts were reclassified to conform to the current year's presentation. This change had no effect on total net assets.

The Total Net Assets of the City had a slight decrease of \$.1 million from 2010. The composition of the net assets changed, with a decrease of restricted assets by \$4.0 million, an increase in invested in capital assets, net of related debt of \$12.5 million and unrestricted net assets decreased \$8.7 million.

A portion of the City's total net assets (9.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$60.8 million or 12.4% may be used to meet the government's ongoing obligations to citizens and creditors.

The City's governmental net assets decreased 1.3%, from \$285.4 million to \$281.7 million, in 2011.

Non-depreciable governmental capital assets decreased by \$5.6 million. This was a result of capitalizing construction projects of \$21.4 million consisting of public works improvements of \$17.6 million, improvements to park facilities for \$2.8 million, and \$1.0 million for public safety improvements. While the City completed many projects, it also began new ones and continued improvements to \$15.8 million. This consisted of infrastructure projects of \$9.0 million, park and recreation improvements for \$4.3 million, public safety related improvements of \$1.9 million and miscellaneous general improvements of \$.6 million.

The value of governmental depreciable capital assets decreased \$7.3 million in 2011. The main decrease was in building improvements and infrastructure of \$7.0 million. Long-term debt saw a decrease of \$2.2 million and other liabilities decreased \$10.2 million in 2011. The City set a policy to keep newly issued debt to under \$9.0 million

per year. The decrease in other liabilities, consisted of an decrease in temporary notes of \$11.2 million, while the City saw an increase in estimated insurance claims of \$2.2 million.

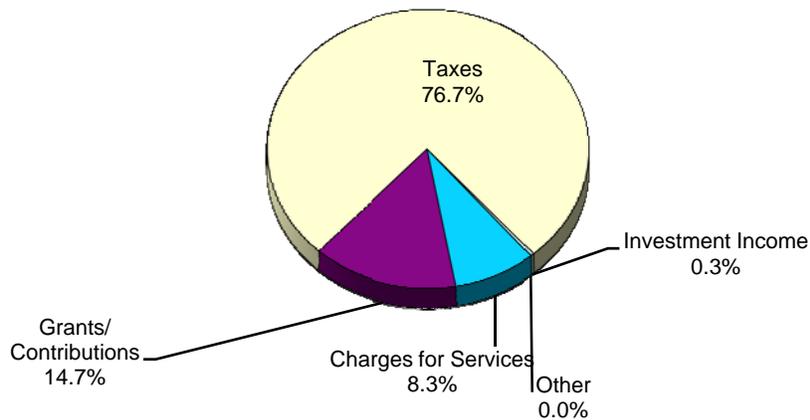
The City of Topeka's business-type total assets decreased by \$2.2 million or .51% in 2011. Assets showed increases in the areas of cash and depreciable equipment. While showing decreases in receivables and land and infrastructure. The combined utilities also had rate increases effective May 1, 2008 through 2011. As of this report date there has not been a new rate schedule approved. Short-term financing decreased by \$1.1 million, while permanent financing of general obligation bonds decreased \$5.6 million and revenue bonds increased \$.9 million. Restricted net assets increased by \$.6 million and assets net of related debt decreased by \$.3 million.

Statement of Activities

The charts below and on the next page depict the elements of the 2011 governmental activities. *Table 2* on the page after the charts shows the revenues and expenses of both the governmental and business-type changes in net assets.

**Fiscal Year 2011 Government Activities
(Also see Table 2)**

Sources of Revenue



Fiscal Year 2011 Government Activities (continued)
(Also see Table 2 on next page)

Functional Expenses

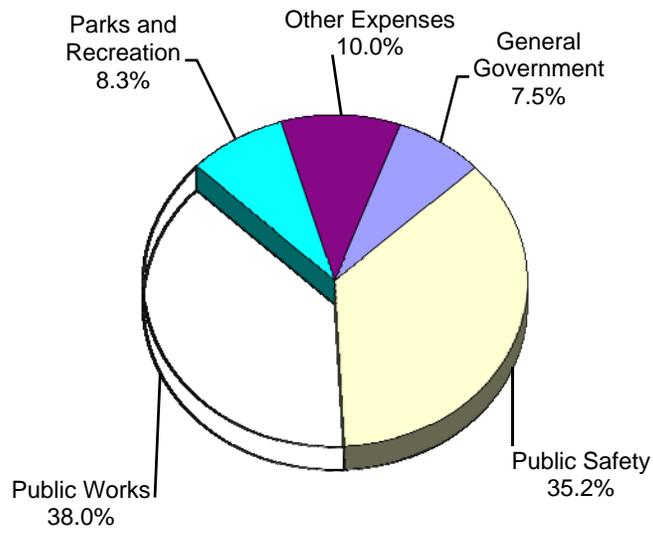


Table 2
City of Topeka, Kansas
Statement of Activities and Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010**	2011	2010**	2011	2010**
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 12,177,395	\$ 13,011,734	\$ 64,215,114	\$ 62,872,895	\$ 76,392,509	\$ 75,884,629
Operating grants and contributions	6,745,084	9,429,817	-	-	6,745,084	9,429,817
Capital grants and contributions	14,930,621	3,790,754	145,747	1,048,271	15,076,368	4,839,025
<u>General revenues</u>						
Property taxes	36,645,847	35,885,999	-	-	36,645,847	35,885,999
Sales taxes	49,934,630	47,878,274	-	-	49,934,630	47,878,274
Franchise taxes	11,861,777	12,090,272	-	-	11,861,777	12,090,272
Motor fuel taxes	5,417,603	5,592,181	-	-	5,417,603	5,592,181
Payment in lieu of taxes	5,492,001	5,479,991	-	-	5,492,001	5,479,991
Service assessments	290,049	274,485	-	-	290,049	274,485
Alcoholic beverage taxes	1,562,791	1,565,766	-	-	1,562,791	1,565,766
Transient guest taxes	1,964,711	1,839,049	-	-	1,964,711	1,839,049
Miscellaneous	53,437	-	-	-	53,437	-
Unrestricted investment earnings	496,077	375,862	1,490,738	872,900	1,986,815	1,248,762
Gain on sale of capital assets	242,085	188,930	44,097	43,470	286,182	232,400
Total revenues	147,814,108	137,403,114	65,895,696	64,837,536	213,709,804	202,240,650
Expenses						
General government	11,279,435	12,294,926	-	-	11,279,435	12,294,926
Public safety	54,653,150	52,672,902	-	-	54,653,150	52,672,902
Public works	57,487,591	50,102,735	-	-	57,487,591	50,102,735
Miscellaneous	3,813,754	3,714,714	-	-	3,813,754	3,714,714
Parks and Recreation	12,595,655	12,533,312	-	-	12,595,655	12,533,312
Public Housing	5,014,032	5,360,789	-	-	5,014,032	5,360,789
Social Services	684,638	547,155	-	-	684,638	547,155
Interest	5,645,299	7,630,957	-	-	5,645,299	7,630,957
Water, Water Pollution Control, & Stormwater Utility	-	-	58,489,582	56,363,844	58,489,582	56,363,844
Public Parking	-	-	4,193,038	3,323,677	4,193,038	3,323,677
Total expenses	151,173,554	144,857,490	62,682,620	59,687,521	213,856,174	204,545,011
Increase in net assets before transfers	(3,359,446)	(7,454,376)	3,213,076	5,150,015	(146,370)	(2,304,361)
Transfers in (out)	(314,660)	-	314,660	-	-	-
Increase (Decrease) in Net Assets	(3,674,106)	(7,454,376)	3,527,736	5,150,015	(146,370)	(2,304,361)
Net Assets - Beginning	285,376,030	292,830,406	203,726,383	198,576,368	489,102,413	491,406,774
Net Assets - Ending	\$ 281,701,924	\$ 285,376,030	\$ 207,254,119	\$ 203,726,383	\$ 488,956,043	\$ 489,102,413

** Certain amounts were reclassified to conform to the current year's presentation. This change had no effect on total net assets.

The overall City's net assets decreased by \$.1 million, with governmental activities decreasing \$3.7 million and business-type increasing by \$3.6 million. Even though the government-wide revenues increased from 2010 by \$10.4 million, the revenues were still lower than expenses for the last two years. The largest increase in revenues of \$2.1 million were in sales taxes. The largest revenue increase for the business-type activities was in fees for services of \$1.3 million. 2011 was the last year for the series of the annual rate increase for the combined utilities.

The following table summarizes the costs of the City's four largest governmental activities—general government, public safety, public works, 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 and excluding the general revenues). 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	\$ 11.3	\$ 4.8
Public Safety	54.7	52.6
Public works	57.5	41.4
Parks & recreation	<u>12.6</u>	<u>8.5</u>
Totals	<u>\$ 136.1</u>	<u>\$ 107.3</u>

The net cost of operations for the four major areas increased by \$.3 million from 2010, as detailed below:

- The largest increase in total cost of services was in Public Works of \$14.4 million. The increase was due to the increased amount of areas being repaired throughout the City. While the sales tax revenues fall under the general revenues of sales taxes.
- The total cost of services for Public Safety increased by \$2.0 million. Increase due to personnel costs.
- Parks and Recreation increased in both total cost by \$.1 million, while the net cost decreased by \$.9 million also. The charge for services had a slight increase and also an increase in the amount of grants.

Business-type activities

The change in net assets of the City's business-type activities decreased by \$3.6 million during 2011. Table 4 presents the net revenue from, or cost of, the City's two largest business-type activities – the combined Water, Water Pollution Control and Stormwater Utility and the Public Parking Fund – as well as each activity's net cost or proceeds (total cost to provide the services, less any revenues generated by the activity and excluding the general revenues).

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

	Total Cost of Services	Net Costs(proceeds) of Services
Water, Water Pollution Control, & Stormwater Utility	\$ 58.5	\$ (2.7)
Public Parking	4.2	1.0
Totals	\$ 62.7	\$ (1.7)

The total cost of services for the combined utilities increased by \$2.1 million, while the net cost of services increased by \$2.5 million, compared to 2010. The City approved utility rate increases effective May 1, 2008 and increased each year through 2011. The capital grants and contributions decreased by \$.9 million. Public Parking had an increase in total cost of services of \$0.9 million and a decrease in net cost of services of \$1.2 million, compared to 2010.

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, *unassigned fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

In 2011 the City implemented GASB 54, which changed the structure of the fund balance from Reserved and Unreserved to presenting fund balances of nonspendable, restricted, committed, assigned, and unassigned. For further explanation of these categories see the Fund Equity section of the footnotes.

At December 31, 2011, the City's governmental funds reported combined, ending fund balances of \$27.6 million, which is an increase of \$1.4 million from the prior year. Of the major funds the Sales Tax Street Repair and the Capital Project fund had net increases in fund balances. While the General Fund, Special Street Repairs and Debt Service had net decreases. General Fund decreased \$2.2 and Debt Service decreased \$4.8 million. This had to do with transferring of funds to the health insurance fund to cover the increased costs of claims. The overall fund balance for non-major funds remained constant, with the largest decrease occurring in the Special Liability and Retirement Reserve Fund.

The General Fund is the chief operating fund of the City of Topeka. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.3 million, and the total fund balance was \$8.7 million.

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. Unassigned fund balance represents 11.1% of total general fund expenditures, and total fund balance is 10.7% of expenditures.

The fund balance of the City's General Fund decreased by \$2.2 million during 2011. Factors in the net decrease of General Fund balance include:

- Revenues decreased \$3.2 million, with an increase of expenses by \$.3 million. The largest revenue sources are from sales taxes, property taxes and franchise fees.
- Transfers out, increased by \$1.3 million, to fund the risk management funds for increases in medical claims

The Special Street Repairs Fund ended 2011 with a fund balance of \$2.0 million, a decrease over the 2010 ending fund balance of \$.5 million. The expenditures in this fund are to be used to repair City streets and funded solely by motor fuel taxes collected by the State.

The Sales Tax Street Repairs Fund balance remained constant at \$11.2 million. The sole revenue of this fund is sales taxes and is for the purpose of repairs and improvements to existing streets, curbs and gutters, alleys, sidewalks, and street lights.

The Debt Service Fund had a total fund balance of \$4.8 million at December 31, 2011, all of which is restricted for the payment of debt service. The fund balance decreased by \$4.8 million from 2010. See the *Notes to the Financial Statements*, for a more complete description of activity in the Debt Service Fund.

Capital Project Funds balance had an increase in fund balance by \$8.8 million, while still having a negative balance of \$6.0 million. The City issues temporary notes to fund projects, then later issues bonds for permanent financing.

Proprietary funds

The City of Topeka's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. See the *Basic Financial Statements* section for more information. The total net assets of the combined Water, Water Pollution Control, and Stormwater Utility Fund ended December 31, 2011, at \$201.3 million, an increase from 2010 of \$5.5 million. This change consisted of increases in restrictions for debt service and capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2011 the General Fund had a budget amendment approved by Ordinance 19680, to approve the transfer of funds to provide needed funding for the shortfall in the risk management funds. The following discussion will be based on the final budget numbers.

General Fund revenues came in \$33,326 lower than anticipated, and expenditures were \$3.4 million less than budgeted in 2011. Key factors of the difference include:

- Sales tax revenues were \$1.1 million and property taxes were \$2.1 million favorable to budget
- The unfavorable revenue variances were in the permits, franchise fees, municipal court fines and interest, accounting for \$2.0 million.

Most of the spending variances were favorable, with the largest unfavorable variance in public safety of \$1.0 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had \$780.5 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). To find more information on capital assets, refer to the *Notes to the Financial Statements* and to the *Other Fund Statements and Schedules* section of this report. Capital asset transactions during the current fiscal year included:

- The City was able to capitalize \$21.4 million in governmental construction projects.
- The Combined Utility Fund replaced and installed new water lines on the Topeka Blvd Bridge and installed sanitary sewers and drain improvements. The combined utilities were able to complete and capitalize existing projects for around \$1.3 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 6,367,861	\$ 6,367,861	\$ 1,675,360	\$ 1,675,360	\$ 8,043,221	\$ 8,043,221
Construction in Progress *	42,372,108	48,237,461	4,419,351	24,641,583	46,791,459	72,879,044
Easements*	717,111	432,120	2,069,960	845,614	2,787,071	1,277,734
Buildings, Improvements, Infrastructure	359,408,779	366,432,473	349,705,214	338,627,795	709,113,993	705,060,268
Furniture and Fixtures	114,019	172,195	41,468	49,930	155,487	222,125
Vehicles	6,776,508	6,589,886	2,007,825	1,751,155	8,784,333	8,341,041
Tools and Equipment	2,772,294	2,637,171	682,235	849,686	3,454,529	3,486,857
Software	1,363,764	1,902,766	-	-	1,363,764	1,902,766
Total Capital Assets	\$ 419,892,444	\$ 432,771,933	\$ 360,601,413	\$ 368,441,123	\$ 780,493,857	\$ 801,213,056

The City's five-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of about \$270.2 million worth of capital assets for fiscal 2012 through 2016. Funding is budgeted to come from utility revenue bonds (\$118.3 million), other sources (\$97.9 million), general obligation bonds (\$32.2 million), and enterprise fund revenues (\$21.8 million) over the next five years. The most significant projects include continued upgrades to interceptor and distribution control systems, improvements to the storm sewer system, repairs to the river levee's, rehabilitation to the water treatment plant, increasing water service to the south part of Topeka, construction of various streets and trafficways, traffic signal replacements, fleet replacements for fire and police, addition of a new fire station, neighborhood improvements, and shelter house renovations.

Debt

At December 31, 2011, the City's total outstanding bonded indebtedness was \$315,070,000. Of this amount, \$160,655,000 is general obligation debt, backed by the full faith and credit of the government. There are \$124,345,000 in revenue bonds, secured by a pledge of the revenues derived from user fees for the specific enterprise fund or funds that benefited from the bond issue. The remainder of the bonded indebtedness consists of tax increment and sales tax revenue bonds in the amount of \$30,070,000. In addition, the City is obligated for \$78,077,683 of Kansas State Revolving Loan Program loans, which are secured solely by specified revenue sources from the Combined Utility Fund. The City is also responsible for \$15,230,000 in general obligation

temporary notes, issued to fund construction in progress for both governmental and business-type capital projects, in the amount of \$13,401,709 and \$1,828,281 respectively.

Moody's Investors Service has assigned the City's general obligation bonds ratings of "Aa2" and "Aa3" for the revenue bonds upon their issuance. The City's stable service area, satisfactory compliance with legal covenants of outstanding debt issues, and satisfactory debt service coverage levels have kept the City's revenue bonds in the "A" category. The City's utility revenue bonds are subordinate to the lien of the State Revolving Fund loans.

All material event notices were registered with Municipal Securities Rulemaking Board using Electronic Municipal Market Access (EMMA) dataport, who then disseminates the information to the Nationally Recognized Municipal Securities Information Repositories.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for the City of Topeka in 2011 was 7.2%, which is a slight increase from the rate of 7.1% in 2010. This is a little above the state's unemployment rate of 7.0%, but favorable to the national average rate of 8.9%. These and other factors were considered in preparing the City of Topeka's budget for the 2012 fiscal year.

During 2011, the fund balance in the general fund came in at \$8,685,175. The City projected a fund balance of \$8,066,550, when it adopted its 2012 operating budget. With the decrease in revenues and the increase in the KP&F pension rates for public safety and increase in medical claims, the City is continually monitoring the budget.

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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 40,816,636	\$ 23,273,605	\$ 64,090,241
Receivables (net of allowance for uncollectibles)	74,365,828	8,767,280	83,133,108
Internal balances	896,225	(896,225)	-
Due from other governments	841,614	588	842,202
Deposits held by others	1,605,267	-	1,605,267
Inventory	164,449	1,302,630	1,467,079
Prepaid Costs	110,222	277,992	388,214
Restricted assets:			
Cash and equity in Treasurer's Fund	1,475,286	30,466,062	31,941,348
Other restricted assets	-	9,223,668	9,223,668
Capital assets:			
Land and infrastructure	49,457,080	8,164,671	57,621,751
Depreciable buildings, property, and equipment, net of depreciation	370,435,364	352,436,742	722,872,106
Unamortized bond costs	1,652,339	1,988,466	3,640,805
Total assets	541,820,310	435,005,479	976,825,789
Liabilities and net assets			
Liabilities			
Accounts payable and other current liabilities	5,208,813	2,368,936	7,577,749
Salaries & wages payable	1,470,512	270,936	1,741,448
Accrued interest payable	2,409,912	550,633	2,960,545
Due to other governments	-	586,124	586,124
Due to others	1,530,531	-	1,530,531
Temporary notes payable	13,401,709	1,828,291	15,230,000
Liabilities payable from restricted assets	-	3,031,539	3,031,539
Unearned revenue	35,673,304	1,152,001	36,825,305
Non-current liabilities:			
Due within one year	21,131,010	10,187,421	31,318,431
Due in more than one year	173,943,721	207,467,479	381,411,200
Estimated insurance claims	5,348,874	-	5,348,874
Other	-	308,000	308,000
Total Liabilities	260,118,386	227,751,360	487,869,746
Net assets			
Invested in capital assets, net of related debt	237,583,929	144,028,418	381,612,347
Restricted for debt service	4,788,632	9,696,355	14,484,987
Restricted for capital projects	-	10,723,668	10,723,668
Restricted for sinking funds	-	3,334,656	3,334,656
Restricted for public safety	539,190	-	539,190
Restricted for public works	14,830,926	-	14,830,926
Restricted for other purposes	2,608,772	-	2,608,772
Unrestricted	21,350,475	39,471,022	60,821,497
Total net assets	\$ 281,701,924	\$ 207,254,119	\$ 488,956,043

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

City of Topeka, Kansas
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ (11,279,435)	\$ 6,526,579	\$ 2,500	\$ -	\$ (4,750,356)	\$ -	\$ (4,750,356)
Public Safety	(54,653,150)	696,829	1,368,338	-	(52,587,983)	-	(52,587,983)
Public Works	(57,487,591)	1,777,781	343,439	13,927,652	(41,438,719)	-	(41,438,719)
Miscellaneous	(3,813,754)	-	46,463	-	(3,767,291)	-	(3,767,291)
Parks and Recreation	(12,595,655)	3,061,392	23,919	1,002,969	(8,507,375)	-	(8,507,375)
Public Housing	(5,014,032)	114,814	4,960,425	-	61,207	-	61,207
Social Services	(684,638)	-	-	-	(684,638)	-	(684,638)
Interest and fiscal charges	(5,645,299)	-	-	-	(5,645,299)	-	(5,645,299)
Total Governmental Activities	<u>(151,173,554)</u>	<u>12,177,395</u>	<u>6,745,084</u>	<u>14,930,621</u>	<u>(117,320,454)</u>	<u>-</u>	<u>(117,320,454)</u>
Business-Type Activities:							
Water, Water Pollution Control, & Stormwater Utility	(58,489,582)	61,055,067	-	145,747	-	2,711,232	2,711,232
Public Parking	(4,193,038)	3,160,047	-	-	-	(1,032,991)	(1,032,991)
Total Business-Type Activities	<u>(62,682,620)</u>	<u>64,215,114</u>	<u>-</u>	<u>145,747</u>	<u>-</u>	<u>1,678,241</u>	<u>1,678,241</u>
Total Primary Government	<u>\$ (213,856,174)</u>	<u>\$ 76,392,509</u>	<u>\$ 6,745,084</u>	<u>\$ 15,076,368</u>	<u>\$ (117,320,454)</u>	<u>\$ 1,678,241</u>	<u>\$ (115,642,213)</u>
General revenues:							
Property taxes					36,645,847	-	36,645,847
Sales taxes					49,934,630	-	49,934,630
Franchise taxes					11,861,777	-	11,861,777
Motor fuel taxes					5,417,603	-	5,417,603
Payment in lieu of taxes					5,492,001	-	5,492,001
Service assessments					290,049	-	290,049
Alcoholic beverage taxes					1,562,791	-	1,562,791
Transient guest taxes					1,964,711	-	1,964,711
Miscellaneous					53,437	-	53,437
Unrestricted investment earnings					496,077	1,490,738	1,986,815
Gain on sale of capital assets					242,085	44,097	286,182
Transfers					(314,660)	314,660	-
Total general revenues and transfers					<u>113,646,348</u>	<u>1,849,495</u>	<u>115,495,843</u>
Change in net assets					(3,674,106)	3,527,736	(146,370)
Net assets - beginning					285,376,030	203,726,383	489,102,413
Net assets - ending					<u>\$ 281,701,924</u>	<u>\$ 207,254,119</u>	<u>\$ 488,956,043</u>

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

City of Topeka, Kansas
Balance Sheet
Governmental Funds
December 31, 2011

	Special Revenue Funds							Total 2011
	General	Special Street Repairs	Sales Tax Street Repair	Debt Service	Capital Projects Fund	Other Governmental Funds		
Assets								
Cash and equity in Treasurer's Fund	\$ 3,643,221	\$ 1,275,057	\$ 10,868,766	\$ 3,311,053	\$ 8,102,179	\$ 5,380,896	\$	32,581,172
Receivables (net of allowance for uncollectibles):								
Accounts receivable	1,757,299	18,583	-	-	244,674	611,036		2,631,592
Taxes receivable	27,786,716	-	2,529,922	13,816,497	-	2,352,556		46,485,691
Special Assessments with debt commitments	-	-	-	25,247,019	-	-		25,247,019
Due from other funds	460,042	-	-	-	-	-		460,042
Due from other governments	6,213	835,401	-	-	-	-		841,614
Deposits held by others	-	-	-	-	-	1,605,267		1,605,267
Inventory	22,206	-	-	-	-	-		22,206
Prepaid costs	16,121	-	-	-	-	-		16,121
Restricted assets:								
Cash and equity in Treasurer's Fund	-	-	-	1,475,286	-	-		1,475,286
Total assets	33,691,818	2,129,041	13,398,688	43,849,855	8,346,853	9,949,755		111,366,010
Liabilities and fund balances								
Liabilities:								
Accounts and contracts payable	1,692,419	81,004	2,163,288	-	945,162	204,142		5,086,015
Salaries & wages payable	1,345,118	62,613	2,810	-	-	1,686		1,412,227
Accrued interest	-	-	-	-	47,464	-		47,464
Due to other funds	123,605	-	-	-	-	460,042		583,647
Due to other governments	(477)	-	-	-	-	-		(477)
Due to others	37,603	-	-	-	-	1,492,928		1,530,531
Temporary notes payable	-	-	-	-	13,401,709	-		13,401,709
Deferred revenue	21,808,375	-	-	39,061,223	-	853,536		61,723,134
Total liabilities	25,006,643	143,617	2,166,098	39,061,223	14,394,335	3,012,334		83,784,250
Fund Balances								
Nonspendable	38,327	-	-	-	-	-		38,327
Restricted	-	1,985,424	11,232,590	4,788,632	-	4,760,874		22,767,520
Committed	-	-	-	-	-	2,497,088		2,497,088
Assigned	341,767	-	-	-	-	-		341,767
Unassigned	8,305,081	-	-	-	(6,047,482)	(320,541)		1,937,058
Total Fund Balance	8,685,175	1,985,424	11,232,590	4,788,632	(6,047,482)	6,937,421		27,581,760
Total liabilities and fund balances	\$ 33,691,818	\$ 2,129,041	\$ 13,398,688	\$ 43,849,855	\$ 8,346,853	\$ 9,949,755	\$	111,366,010

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 Statement of Net Assets
December 31, 2011

Fund balances of governmental funds	\$ 27,581,760
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements. The assets of the internal service funds are excluded from this amount of \$1,632,094 and included in the internal service fund note amount.	418,260,350
Long-term liabilities for items such as bonds and certificates of participation are not current obligations and, therefore, not recorded in the governmental fund statements (excluding \$3,712,406 in self insurance claims and \$2,015,169 in capital lease obligations, accrued compensated absences, and other post employment benefit obligations which are included in total charges for internal service funds).	(180,467,735)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	26,056,011
Unamortized bond issuance costs are capitalized in the government-wide financial statements but do not represent assets available for current obligations and therefore are not reported in the governmental fund statements.	1,652,339
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. A portion of the internal service fund activities are allocated to business type activities in the amount of \$1,019,748.	5,141,393
Liabilities for interest on long-term debt, compensated absences, OPEB, and claims are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(16,522,194)
Net assets of governmental activities	\$ 281,701,924

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
December 31, 2011

	Special Revenue Funds				Capital Project Funds	Other Governmental Funds	Total 2011
	General	Special Street Repairs	Sales Tax Repairs	Street			
Revenues							
Taxes and service assessments	\$ 49,790,425	-	\$ 13,859,830	\$ 14,184,156	\$ 1,899,881	\$ 11,000,827	\$ 90,735,119
Special assessments with debt commitments	-	-	-	1,766,964	-	-	1,766,964
Licenses and permits	1,084,153	-	-	-	-	35,176	1,119,329
Franchise fees	11,861,777	-	-	-	-	-	11,861,777
Intergovernmental	1,107,513	5,434,007	-	-	1,586,732	7,420,051	15,548,303
Fees for services	4,165,437	1,323	-	-	-	249,425	4,416,185
Administrative Fees - interfund	3,485,117	-	-	-	-	-	3,485,117
Fines and forfeitures	2,159,178	-	-	-	-	456,280	2,615,458
Interest from investments	3,672	-	10,317	476,707	-	5,382	496,078
Miscellaneous	672,828	73,765	20,184	5,715	(61,709)	1,551,672	2,262,455
Total revenues	74,330,100	5,509,095	13,890,331	16,433,542	3,424,904	20,718,813	134,306,785
Expenditures							
Current:							
General government	6,808,023	-	-	-	-	2,918,950	9,726,973
Public safety	50,478,282	-	-	-	-	1,104,206	51,582,488
Public works	9,000,986	5,678,160	13,782,196	-	-	3,974,159	32,435,501
Public works - interfund	-	363,000	-	-	-	-	363,000
Miscellaneous	3,863,117	-	-	-	-	-	3,863,117
Parks and recreation	10,780,904	-	-	-	-	88,337	10,869,241
Housing & neighborhood development	-	-	-	-	-	5,001,800	5,001,800
Social services	-	-	-	-	-	684,638	684,638
Construction	-	-	-	-	11,179,092	2,039,444	13,218,536
Engineering and others	-	-	-	-	3,087,446	-	3,087,446
Debt Service:							
Principal retirement	-	-	-	14,433,178	-	-	14,433,178
Interest and fiscal costs	103,593	-	-	6,182,052	415,322	-	6,700,967
Total expenditures	81,034,905	6,041,160	13,782,196	20,615,230	14,681,860	15,811,534	151,966,885
Excess (deficit) of revenues over (under) expenditures	(6,704,805)	(532,065)	108,135	(4,181,688)	(11,256,956)	4,907,279	(17,660,100)
Other Financing Sources (Uses)							
Original issuance of debt	-	-	-	-	17,185,000	-	17,185,000
Original issuance of debt premium	-	-	-	-	305,941	-	305,941
Refunding issuance of debt	-	-	-	34,420,000	-	-	34,420,000
Refunding issuance of debt premium	-	-	-	1,380,307	-	-	1,380,307
Payment for refunding bond escrow agent	-	-	-	(37,995,000)	-	-	(37,995,000)
Payment for refunding bond interest	-	-	-	(463,581)	-	-	(463,581)
Payment for refunding redemption premium	-	-	-	(195,500)	-	-	(195,500)
Payment in lieu of taxes - interfund	5,492,001	-	-	-	-	-	5,492,001
Transfers in	201,791	-	-	2,132,244	3,329,455	94,248	5,757,738
Transfers out	(1,324,880)	-	-	-	(770,540)	(4,976,978)	(7,072,398)
Sale of property	105,999	6,086	-	130,000	-	-	242,085
Total other financing sources	4,474,911	6,086	-	(591,530)	20,049,856	(4,882,730)	19,056,593
Net change in fund balances	(2,229,894)	(525,979)	108,135	(4,773,218)	8,792,900	24,549	1,396,493
Fund balances - beginning	10,915,069	2,511,403	11,124,455	9,561,850	(14,840,382)	6,912,872	26,185,267
Fund balances - ending	\$ 8,685,175	\$ 1,985,424	\$ 11,232,590	\$ 4,788,632	\$ (6,047,482)	\$ 6,937,421	\$ 27,581,760

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

City of Topeka, Kansas
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,396,493
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay costs in excess of capitalization threshold	17,013,956
Depreciation	(29,390,370)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.</p>	
	7,768,029
<p>while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related</p>	
Issuance of debt	(51,605,000)
Payment to escrow agent	37,995,000
Principal payments on long term debt	14,433,178
Amortization of bond issuance costs and deferred amounts	(504,939)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in liability for lawsuits	(717,468)
Changes in compensated absences, OPEB, and termination benefits	1,417,859
Change in accrued interest	782,062
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net income (loss) of the internal service funds is reported with the governmental activities.</p>	
	(2,262,906)
Change in net assets of governmental activities	\$ (3,674,106)

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax	\$ 18,810,275	\$ 18,810,275	\$ 19,830,576	\$ 1,020,301
Auto ad volorem tax	1,938,723	1,938,723	1,893,010	(45,713)
Local retail sales tax	26,600,000	26,600,000	27,703,555	1,103,555
Payment in lieu of taxes	218,396	218,396	233,465	15,069
Licenses	276,300	276,300	433,193	156,893
Permits	1,105,100	1,105,100	650,961	(454,139)
Franchise fees	12,710,225	12,710,225	11,861,777	(848,448)
Intergovernmental	1,186,272	1,186,272	1,107,513	(78,759)
Fees for services	4,403,218	4,403,218	4,165,437	(237,781)
Administrative Fees - interfund	3,485,117	3,485,117	3,485,117	-
Municipal court	2,515,300	2,515,300	2,159,178	(356,122)
Service assessments	120,000	120,000	129,818	9,818
Interest	325,000	325,000	3,672	(321,328)
Miscellaneous	669,500	669,500	672,828	3,328
Total revenues	<u>74,363,426</u>	<u>74,363,426</u>	<u>74,330,100</u>	<u>(33,326)</u>
Expenditures				
General government:				
City Council	237,095	237,095	236,396	699
Executive	985,703	985,703	892,022	93,681
Legal Services	1,491,864	1,491,864	1,444,247	47,617
Administrative and Financial Services	1,834,694	1,834,694	1,832,087	2,607
Municipal Court	1,734,631	1,734,631	1,588,896	145,735
Human Resources	818,724	818,724	829,507	(10,783)
Misc Non-Departmental & Contributions	8,422,507	7,097,627	3,875,356	3,222,271
Public Safety:				
Fire	20,174,714	20,174,714	20,529,375	(354,661)
Police	29,167,981	29,167,981	29,845,374	(677,393)
Public Works:				
Administration	870,077	870,077	417,965	452,112
Development Services	1,249,478	1,249,478	1,192,510	56,968
Engineering	2,205,090	2,205,090	1,965,650	239,440
Transportation Operations	2,854,449	2,854,449	2,703,985	150,464
Facility Operations	1,635,738	1,635,738	1,612,751	22,987
Planning	738,657	738,657	772,366	(33,709)
Parks and Recreation:				
Administration	2,005,876	2,005,876	2,115,363	(109,487)
Grounds and Horticulture	1,675,894	1,675,894	1,617,365	58,529
Recreational Activities	4,538,302	4,538,302	4,388,963	149,339
Facility Operations	460,656	460,656	450,146	10,510
Zoo	2,169,885	2,169,885	2,208,067	(38,182)
Total expenditures	<u>85,272,015</u>	<u>83,947,135</u>	<u>80,518,391</u>	<u>3,428,744</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,908,589)</u>	<u>(9,583,709)</u>	<u>(6,188,291)</u>	<u>3,395,418</u>
Other Financing Sources (Uses)				
Payment in lieu of debt service - interfund	100,000	100,000	100,000	-
Payment in lieu of taxes - interfund	5,392,000	5,392,000	5,392,001	1
Transfers in	300,000	300,000	201,791	(98,209)
Transfers out	-	(1,324,880)	(1,324,880)	-
Sale of property	190,000	190,000	105,999	(84,001)
Total other financing sources	<u>5,982,000</u>	<u>4,657,120</u>	<u>4,474,911</u>	<u>(182,209)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (4,926,589)</u>	<u>\$ (4,926,589)</u>	<u>(1,713,380)</u>	<u>\$ 3,213,209</u>
Beginning fund balance,			10,056,788	
Fund balance - end of year - budget basis			8,343,408	
Adjustments:				
Encumbrances			341,767	
Fund balance - end of year - GAAP basis			<u>8,685,175</u>	
Net change in fund balance - budget basis			<u>\$ (1,713,380)</u>	
Adjustments:				
Encumbrances - beginning of year			(858,281)	
Encumbrances - end of year			341,767	
Net change in fund balance - GAAP basis			<u>\$ (2,229,894)</u>	

The notes to the financial statements are an integral part of these statements
Budget amendment for transfers approved by Ordinance 19680

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 5,530,231	\$ 5,530,231	\$ 5,434,007	\$ (96,224)
Fees for service	-	-	1,323	1,323
Miscellaneous	136,356	136,356	73,765	(62,591)
Total revenues	<u>5,666,587</u>	<u>5,666,587</u>	<u>5,509,095</u>	<u>(157,492)</u>
Expenditures				
Public Works:				
Administration	1,329,694	1,329,694	1,166,251	163,443
Administrative Fees - interfund	363,000	363,000	363,000	-
Street Maintenance	4,166,457	4,166,457	3,546,831	619,626
Total expenditures	<u>5,859,151</u>	<u>5,859,151</u>	<u>5,076,082</u>	<u>783,069</u>
Excess of Revenues Over (Under) Expenditures	<u>(192,564)</u>	<u>(192,564)</u>	<u>433,013</u>	<u>625,577</u>
Other Financing Sources (Uses)				
Sale of property	10,000	10,000	6,086	(3,914)
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>6,086</u>	<u>(3,914)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (182,564)</u>	<u>\$ (182,564)</u>	439,099	<u>\$ 621,663</u>
Beginning fund balance,			<u>1,546,325</u>	
Fund balance - end of year - budget basis			1,985,424	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 1,985,424</u>	
Net change in fund balance - budget basis			<u>439,099</u>	
Adjustments:				
Encumbrances - beginning of year			(965,078)	
Encumbrances - end of year			-	
Net change in fund balance - GAAP basis			<u>\$ (525,979)</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
Sales Tax - Street Repairs Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 13,300,000	\$ 13,300,000	\$ 13,859,830	\$ 559,830
Interest on investments	-	-	10,317	10,317
Miscellaneous	-	-	20,184	20,184
Total revenues	<u>13,300,000</u>	<u>13,300,000</u>	<u>13,890,331</u>	<u>590,331</u>
Expenditures				
Public works	13,964,082	13,964,082	9,913,025	4,051,057
Total expenditures	<u>13,964,082</u>	<u>13,964,082</u>	<u>9,913,025</u>	<u>4,051,057</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (664,082)</u>	<u>\$ (664,082)</u>	3,977,306	<u>\$ 4,641,388</u>
Beginning fund balance,			<u>5,512,251</u>	
Fund balance - end of year - budget basis			9,489,557	
Adjustments:				
Encumbrances			<u>1,743,034</u>	
Fund balance - end of year - GAAP basis			<u>\$ 11,232,591</u>	
Net change in fund balance - budget basis			<u>3,977,305</u>	
Adjustments:				
Encumbrances - beginning of year			(5,612,204)	
Encumbrances - end of year			<u>1,743,034</u>	
Net change in fund balance - GAAP basis			<u>\$ 108,135</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, 2011

	Enterprise Funds			Internal Service Funds
	Water, Stormwater & Water Pollution Control Utility	Nonmajor Enterprise Funds	Total	
Assets				
Current assets:				
Cash and equity in Treasurer's Fund	\$ 22,066,838	\$ 1,206,767	\$ 23,273,605	\$ 8,235,464
Receivables, net:				
Accounts receivable	8,732,410	34,870	8,767,280	1,522
Intergovernmental	588	-	588	4
Due from other funds	123,523	-	123,523	82
Inventory	1,302,630	-	1,302,630	142,243
Prepays	274,143	3,849	277,992	94,101
Restricted cash and cash equivalents:				
Cash and equity in Treasurer's Fund	30,259,014	207,048	30,466,062	-
Restricted other	9,223,668	-	9,223,668	-
Total current assets	71,982,814	1,452,534	73,435,348	8,473,416
Noncurrent assets:				
Capital assets:				
Not being depreciated	7,088,446	1,076,225	8,164,671	50,364
Being depreciated, net of depreciation	335,237,574	17,199,168	352,436,742	1,581,730
Unamortized bond issue costs	1,804,334	184,132	1,988,466	-
Total noncurrent assets	344,130,354	18,459,525	362,589,879	1,632,094
Total assets	416,113,168	19,912,059	436,025,227	10,105,510
Liabilities				
Current liabilities:				
Accounts payable	2,348,172	20,764	2,368,936	123,275
Accrued payroll and benefits	253,575	17,361	270,936	58,285
Accrued interest	357,037	193,596	550,633	68,549
Due to other governments	586,124	-	586,124	-
Current portion of State revolving loan	7,486,580	-	7,486,580	-
Temporary notes payable	1,828,291	-	1,828,291	-
Leases payable	69,111	-	69,111	625,300
Self insurance claims	-	-	-	3,712,406
Current liabilities (payable from restricted assets):				
General obligation bonds payable	-	168,842	168,842	-
Revenue bonds payable	2,285,000	-	2,285,000	-
Accrued interest	2,177,920	-	2,177,920	-
Deposits	853,619	-	853,619	-
Compensated absences	168,334	9,554	177,888	31,020
Total current liabilities:	18,413,763	410,117	18,823,880	4,618,835
Noncurrent liabilities:				
Unearned revenue	1,151,800	201	1,152,001	6,181
Revenue bonds payable	122,060,000	-	122,060,000	-
Premium (loss) on redemption of bonds	(554,173)	-	(554,173)	-
Discount on issuance of bonds	(334,310)	-	(334,310)	-
Premium on issuance of bonds	2,600,851	-	2,600,851	-
Deferred Loss on Bond Redemption/Amortized	(575,048)	-	(575,048)	-
State revolving loan payable	70,591,101	-	70,591,101	-
General obligation bonds payable	-	12,284,439	12,284,439	-
Premium (loss) on redemption of bonds	-	222,992	222,992	-
Discount on issuance of bonds	-	(13,205)	(13,205)	-
Leases payable	280,815	-	280,815	1,215,480
Compensated absences and other benefits	849,561	54,456	904,017	143,369
Other	308,000	-	308,000	-
Total noncurrent liabilities	196,378,597	12,548,883	208,927,480	1,365,030
Total liabilities	214,792,360	12,959,000	227,751,360	5,983,865
Net assets				
Invested in capital assets, net of related debt	138,416,093	5,612,325	144,028,418	(208,686)
Restricted for debt service	9,696,355	-	9,696,355	-
Restricted for capital projects	10,723,668	-	10,723,668	-
Restricted for sinking funds	3,127,608	207,048	3,334,656	-
Unrestricted	39,357,084	1,133,686	40,490,770	4,330,331
Total net assets	\$ 201,320,808	\$ 6,953,059	208,273,867	\$ 4,121,645

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds. (1,019,748)

Total net assets \$ 207,254,119

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, 2011

	Water, Stormwater & Water Pollution Control Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 58,374,728	\$ 2,996,707	\$ 61,371,435	\$ 16,448,029
Other	2,680,339	163,340	2,843,679	291,308
Total operating revenues	<u>61,055,067</u>	<u>3,160,047</u>	<u>64,215,114</u>	<u>16,739,337</u>
Operating expenses:				
Personnel services	11,635,444	794,187	12,429,631	2,107,807
Contractual services	13,541,931	1,204,871	14,746,802	5,527,653
Supplies	6,198,749	70,263	6,269,012	106,353
Depreciation and amortization	12,048,565	808,215	12,856,780	624,222
Bad debt	726,832	-	726,832	-
Insurance claims	-	-	-	12,761,007
Other expenses	130,750	-	130,750	503
Total operating expenses	<u>44,282,271</u>	<u>2,877,536</u>	<u>47,159,807</u>	<u>21,127,545</u>
Operating income (loss)	<u>16,772,796</u>	<u>282,511</u>	<u>17,055,307</u>	<u>(4,388,208)</u>
Nonoperating revenues (expenses):				
Interest income	1,479,155	11,583	1,490,738	3,348
Interest (expense)	(7,493,620)	(996,501)	(8,490,121)	(166,823)
Gain (loss) on sale of capital assets	35,568	8,529	44,097	3,228
Other income (expenses)	(255,142)	-	(255,142)	-
Total nonoperating revenues (expenses)	<u>(6,234,039)</u>	<u>(976,389)</u>	<u>(7,210,428)</u>	<u>(160,247)</u>
Income (loss) before contributions and transfers	<u>10,538,757</u>	<u>(693,878)</u>	<u>9,844,879</u>	<u>(4,548,455)</u>
Intergovernmental grants	145,747	-	145,747	-
Transfers in	-	314,660	314,660	1,870,000
Payments in lieu of taxes and debt service	(5,173,000)	(319,001)	(5,492,001)	-
Transfers out	-	-	-	(870,000)
Change in net assets	<u>5,511,504</u>	<u>(698,219)</u>	<u>4,813,285</u>	<u>(3,548,455)</u>
Net assets-beginning of year	195,809,304	7,651,278	203,460,582	7,670,100
Net assets-end of year	<u>\$ 201,320,808</u>	<u>\$ 6,953,059</u>	<u>208,273,867</u>	<u>\$ 4,121,645</u>

Change in net assets, enterprise funds	4,813,285
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(1,285,549)</u>
Change in net assets	<u>\$ 3,527,736</u>

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

City of Topeka, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Water, Stormwater & Water Pollution Control Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Provided by (Used in) Operating Activities:				
Receipts from customers	\$ 61,514,459	\$ 3,010,870	\$ 64,525,329	\$ 16,735,965
Payments to suppliers	(18,450,894)	(1,288,986)	(19,739,880)	(16,707,159)
Payments to employees	(11,496,201)	(783,121)	(12,279,322)	(2,107,773)
Other	-	163,340	163,340	21,533
Net Cash Provided by (Used in) Operating Activities	31,567,364	1,102,103	32,669,467	(2,057,434)
Cash Provided by (Used in) Noncapital Financing Activities				
Transfers in	-	314,660	314,660	1,870,000
Transfers out	-	-	-	(870,000)
Advances from other funds	110,050	-	110,050	-
Advances to other funds	-	(323,189)	(323,189)	-
Payments in lieu of taxes	(5,173,000)	(319,001)	(5,492,001)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(5,062,950)	(327,530)	(5,390,480)	1,000,000
Cash Provided by (Used in) Investing Activities:				
Interest received	1,479,155	11,583	1,479,155	3,348
Net Cash Provided by (Used in) Investing Activities	1,479,155	11,583	1,479,155	3,348
Cash Provided by (Used In) Capital and Related Financing Activities:				
Bond issuance costs	(392,010)	(22,213)	(414,223)	-
Amortization of bond issuance costs	78,590	38,086	116,676	-
Discount on issuance of bonds	16,698	11,543	28,241	-
Premium on issuance of bonds	367,933	6,267	374,200	-
Deferred gain on refunding	(94,031)	-	(94,031)	-
Proceeds from capital lease	700	-	700	-
Payment of capital lease	-	-	-	(716,930)
Proceeds from capital debt	18,900,000	2,055,000	20,955,000	-
Principal paid on capital debt	(18,005,000)	(2,396,822)	(20,401,822)	-
Proceeds from state revolving loan	-	-	-	-
Payment of state revolving loan	(6,869,213)	-	(6,869,213)	-
Net payments on temporary notes	(1,121,709)	-	(1,121,709)	-
Interest paid on capital debt	(7,887,161)	(802,905)	(8,690,066)	(98,274)
Purchases of capital assets	(4,667,844)	-	(4,667,844)	(114,647)
Proceeds from sale of capital assets	35,568	8,529	44,097	3,228
Net Cash Provided by (Used in) Capital and Related Financing Activities	(19,637,479)	(1,102,515)	(20,739,994)	(926,623)
Net Increase (Decrease) in Cash and Cash Equivalents	8,346,090	(316,359)	8,029,731	(1,980,709)
Pooled cash and cash equivalents, beginning of year	43,979,762	1,730,174	45,709,936	10,216,173
Pooled cash and cash equivalents, end of year	\$ 52,325,852	\$ 1,413,815	\$ 53,739,667	\$ 8,235,464
Pooled cash reported on the Statement of Net Assets:				
Pooled cash and cash equivalents	\$ 22,066,838	\$ 1,206,767	\$ 23,273,605	\$ 8,235,464
Restricted cash and cash equivalents	30,259,014	207,048	30,466,062	-
Total pooled cash and cash equivalents	\$ 52,325,852	\$ 1,413,815	\$ 53,739,667	\$ 8,235,464
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	\$ 16,772,796	\$ 282,511	\$ 17,055,307	\$ (4,388,208)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation and amortization	12,048,565	808,215	12,856,780	624,222
Intergovernmental grants	145,747	-	145,747	-
Non-operating (expense)	(255,142)	-	(255,142)	-
Change in assets and liabilities				
Accounts receivable	1,451,917	12,192	1,464,109	(740)
Intergovernmental receivables	(588)	-	(588)	-
Due from other funds	109,026	1,770	110,796	12,874
Inventories	152,597	-	152,597	(6,527)
Prepays	44,000	(75)	43,925	308,013
Accounts payable	1,224,896	(13,777)	1,211,119	(100,811)
Accrued payroll and benefits	139,243	11,066	150,309	11,090
Deposits	41,388	-	41,388	1,476,472
Unearned revenue	(307,081)	201	(306,880)	6,181
Net Cash Provided by (Used in) Operating Activities	\$ 31,567,364	\$ 1,102,103	\$ 32,669,467	\$ (2,057,434)
Noncash capital and financing activities:				
Assets acquired under capital leases	\$ 349,226	\$ -	\$ 349,226	\$ -

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

City of Topeka, Kansas
Statement of Fiduciary Net Assets
December 31, 2011

	Total 2011
Assets	
Cash and equity in Treasurer's Fund	\$ 561,397
Accounts receivable	584
Total Assets	
	<u>561,981</u>
Liabilities	
Accounts and contracts payable	30,832
Due to other governments	25,085
Due to others	506,064
Total Liabilities	
	<u>\$ 561,981</u>

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

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

I. Summary of significant accounting policies

A. Reporting entity

The City of Topeka is a municipal corporation governed by a Mayor and nine 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. The accompanying financial statements present the financial position of the City at December 31, 2011. In evaluating the City's financial reporting entity, management has considered all potential component units and has determined there are no material component units over which the City is financially accountable. The City evaluated the financial reporting of the Joint Economic Development Organization (JEDO) and determined that JEDO should not be reported as a discretely presented component unit. See Note IV, Section C. for further information. Financial accountability is based primarily on non-operational or financial relationships with the City (as distinct from legal relationships). These financial statements include all accounts for which the City is considered to be financially accountable.

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), and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

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 program is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. 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 and enterprise 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 financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. While agency funds do not have a measurement focus and will only report assets and liabilities, agency funds do use the accrual basis of accounting. The operating statements present increases (*e.g.*, revenues) and decreases (*e.g.*, expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

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 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. 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 unearned 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. This fund accounts for activities of general government, public safety, public works, parks and recreation, zoo and planning.

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 *sales tax street repairs fund* provides funding for costs of maintenance and improvements to existing City streets, curbs, gutters, sidewalks, alleys and street lighting.

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

The *capital projects fund* is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The City of Topeka reports the following major proprietary funds:

The combined *water, storm water, and water pollution control 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 or committed to expenditure for specified purposes.

City of Topeka, Kansas
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Project funds are used to account for the construction of projects that are financed by developer contributions.

The City of Topeka reports the following types of nonmajor 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*(which consists of *funds for vehicle liability insurance, workman's compensation insurance, health insurance, a risk reserve fund, and unemployment insurance fund*).The schedules for the internal service funds can be found in the *Other Fund Statements and Schedules* section.

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 an 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 seven fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations. The City's agency funds consist of state mandated collections through the Municipal Court and payroll taxes and deductions. A more detailed list of these funds and their purposes can be found in the *Other Fund Financial Statements and Schedules* section.

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 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.

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

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

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

2. Receivables and payables

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

Property 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.

4. Restricted assets

Certain proceeds of governmental and business-type 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. An amount is placed under "restricted cash and cash equivalents" if resources need to be set aside to subsidize potential deficiencies from the enterprise fund's operation that could affect debt service payments. These amounts will be shown in the *Restricted assets: Cash and equity in treasurer's fund* account on the Combined Water, Water Pollution Control, and Storm water Utility *statement of net assets*.

City of Topeka, Kansas
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5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 capital assets are valued at their estimated fair 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. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements..

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related capital 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	50	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

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and sick leave balances. Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. After completing a probationary period, vacation is earned at a rate of .0462 to .1154 per hour for a forty hour employee, depending on the length of service. A forty hour per week employee can accumulate up to 240 hours in a year. A twenty-four hour employee, earns at a rate of .0462 to .1296 per hour and allowed to carry over 360 hours per year. All accrued vacation will be paid out upon termination of services from the City at the regular rate.

Sick leave for a forty hour employee is earned at a rate of .0462 per hour and has a maximum accrual of 1,040 hours. Sick leave for a twenty-four hour employee is earned at the same rate, but employees are allowed to carry up to 1,388 hours. Accrued sick leave will only be paid out upon an employee retiring and paid at 35% of their sick leave balance, with a maximum of 400 hours for a forty hour employee and a maximum of 520 hours for a twenty-four hour employee.

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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. 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 and discounts received on debt issuances are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as interest and fiscal charges.

8. Fund equity

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended December 31, 2011. Starting with the year ended December 31, 2011, the City is required to report governmental fund balances by five classifications:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes and imposed by formal action of the government's highest level of decision making authority. In the case of the City it is the City Council and the formal action would be a resolution or ordinance to modify or rescind the commitment.

Assigned – Amounts that are constrained by the government's intent to be used for specific purposes, except for stabilization arrangements. The City does not have any stabilization arrangements at this time. This classification does not require the highest level of decision making authority. The City Manager and the approving level of management are given authority by the authorized budget to specify this classification.

Unassigned – Amount of the remaining fund balance not in any of the other classifications.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

In the government-wide financial statements for business-type activities equity is shown as net assets and classified into three components:

Invested in capital assets, net of related debt - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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II. 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 2011, the City had one amendment to the originally adopted budget which affected the following funds: Alcohol and Drug Safety, Metro Transit Authority, Workers Compensation, Group Health Insurance, Risk Reserve, and Unemployment Compensation. This amendment approved by Ordinance 19680, allowed the increase in expenditures of \$20,000 to the Alcohol and Drug Safety fund for some remodeling to the City offices. This was covered by the beginning fund balance coming in higher by \$188,875 and revenues coming in higher by \$35,000. General property tax came in higher than expected for the Metro Transit Authority by \$150,000, so the spending authority level needed to be increased to allow the excess of funds to be passed through to them. The Workman's Compensation fund needed an increase in expenditures of \$300,000, which was being covered by beginning fund balance increasing by \$754,732 and revenues coming in higher by \$206,803. The increase was needed due to medical claims coming in higher than expected. The Group Health Insurance beginning fund balance came in significantly lower than expected by \$1,056,269. The General Fund and the Risk Reserve fund transferred \$1,000,000 and \$870,000 respectively. Health insurance claims came in higher than expected by \$2,141,114, while contractual services increased by \$218,567. Since the Risk Reserve fund transferred \$870,000 to aid the Group Health Insurance Fund the spending authority needed to be increased accordingly. Lastly, the Unemployment Insurance fund saw a rise in unemployment claims due to layoffs the City incurred in 2010 and needed an increase in budget of \$100,000.

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

Budget comparison statements and schedules are presented for each budgeted governmental 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 committed or assigned of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent year.

City of Topeka, Kansas
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The funds with legally adopted, annual budgets consist of the General Fund, Special Liability Expense Fund, Debt Service Fund, Special Alcohol Fund, Alcohol and Drug Safety Fund, Transient Guest Tax Fund, Golf Course Improvement Fund Retirement Reserve Fund, KP & F Equalization Fund, Neighborhood Revitalization Fund, Historic Asset Tourism Fund, Special Street Repair Fund, 1/2 % Sales Tax Fund, Sales Tax – Street Repairs, Law Enforcement Fund, Tax Increment Financing Fund, and Park Land Acquisition Fund, which are all Special Revenue funds. A legal annual operating budget is not required for capital projects funds (such as bridges, streets and traffic ways), but each project is taken before the governing body for approval, as well as trust (agency) funds, proprietary funds, and certain other special revenue funds. Spending in funds that are not subject to legal, annual, operating budget requirements are controlled by Federal regulations, other statutes, Council approved budgets, by the use of internal spending limits established by the governing body or by the external organization contributing the funds.

B. Excess of expenditures over appropriations

The Downtown Improvement District Fund, which is a fund that does not require a legally adopted budget, did report an excess of expenditures over budget by \$190. The fund showed increases in water usage and uncollectibles.

The Transient Guest Tax Fund showed a favorable variance in expenditures of \$379,999, but had an excess to budget in transfers out of \$13,748. This was due to the Historic Asset Tourism Fund getting a higher allocation than was budgeted.

The Retirement Reserve Fund was over by \$45,258 and was due to having some unexpected retirements of public safety employees at year end.

The ½% Sales Tax Fund was under budget by \$2,629,825 in expenditures, but was over in transfers out of \$909,324. This fund was set up to account for the tracking of the one-half percent sales tax to finance citywide infrastructure and economic development. The City receives the sales tax from the State and then passes it to JEDO, who in turn holds until disbursement requests are made for voter approved projects. The funding of these projects was requested in larger amounts than budgeted. The City received more funding than was budgeted for in 2011 by \$590,634.

C. Cash and Fund Balance Deficits

The Retirement Reserve Fund, is considered a nonmajor special revenue fund, ended 2011 with a cash and fund balance deficit of \$51,764(violating K.S.A. 10-1113 and 10-1121). In December 2011, the City experienced an increase in the amount of retirements.

The Miscellaneous Grants Fund, is a nonmajor governmental fund, ended 2011 with a deficit in cash of \$98,862 (violating K.S.A. 10-1113 and 10-1121). This is due to all of the larger grants are accepted with a reimbursement structure for expenditures than receiving the proceeds up front.

The Developer Project Fund, a nonmajor special revenue fund, ended 2011 with a deficit cash and fund balance of \$268,777 (violating K.S.A. 10-1113 and 10-1121). A project was thought to have been completed and then the developer requested that more work be completed.

The Workman's Compensation Risk Management Fund has a deficit fund balance at December 31, 2011 of \$665,540. Current year claims and administrative expenditures exceeded operating revenues.

City of Topeka, Kansas
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III. Detailed notes on all funds

A. Deposits and investments

At December 31, 2011, 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	\$ 78,600,426	0.077
Bond Investment contracts, held in trust and government securities	<u>6,735,825</u>	1.047
Total fair value of investments	<u>\$ 85,336,251</u>	
Weighted average maturity of portfolio		<u>0.154</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, 2011, the City's investment in the MIP was rated AAAf/S1+.

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, 2011, the City had deposits totaling \$13,275,766 in financial institutions, with collateral assets pledged to the City by the institutions having a fair market value of \$16,198,830.

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.

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

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

B. Receivables

Year end receivables for the governmental and business-type funds in the aggregate, are as follows:

	Governmental- type Activities	Business- type Activities	Total
Receivables:			
Accounts	\$ 2,631,592	\$ 8,767,280	\$ 11,398,872
Taxes	46,485,691	-	46,485,691
Sp. assessments	25,247,019	-	25,247,019
Intergovernmental	841,614	-	841,614
Net receivables	<u>\$ 75,205,916</u>	<u>\$ 8,767,280</u>	<u>\$ 83,973,196</u>

All trade receivables are shown net of an allowance for uncollectibles. At December 31, 2011 an allowance of \$1,057,815 and \$1,504,764 is recorded in the governmental-type activities and business-type activities, respectively.

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:

	General	Debt Service	Nonmajor Governmental	Total
Deferred Revenues				
Property tax	\$ 19,259,505	\$ 12,477,641	\$ 313,654	\$ 32,050,800
Special assessments	-	25,247,019	-	25,247,019
Motor vehicle ad valorem tax	2,000,000	1,330,595	28,828	3,359,423
Grants	-	-	203,573	203,573
Other deferred revenues	548,870	5,968	307,481	862,319
Total	<u>\$ 21,808,375</u>	<u>\$ 39,061,223</u>	<u>\$ 853,536</u>	<u>\$ 61,723,134</u>

City of Topeka, Kansas
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C. Capital Assets

Government-wide activity for the year ended December 31, 2011

Consolidated Statement Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets				
Land	\$ 6,367,861	\$ -	\$ -	\$ 6,367,861
Intangible Easements	432,120	284,991	-	717,111
Construction in Process	48,237,461	15,533,014	(21,398,367)	42,372,108
Total Non-Depreciable Capital Assets	55,037,442	15,818,005	(21,398,367)	49,457,080
Depreciable Capital Assets				
Building Improvements & Intrastructure	943,078,566	20,557,448	-	963,636,015
Furniture	6,684,818	250	-	6,685,068
Vehicles	21,502,349	1,499,791	(1,533,536)	21,468,601
Software	2,727,528	7,270	(7,270)	2,727,528
Tools & Equipment	7,809,602	834,630	(621,837)	8,022,395
Total Depreciable Capital Assets	981,802,861	22,899,389	(2,162,643)	1,002,539,607
Less Accumulated Depreciation for:				
Building Improvements & Intrastructure	(576,646,093)	(27,581,143)	-	(604,227,236)
Furniture	(6,512,623)	(58,426)	-	(6,571,049)
Vehicles	(14,912,463)	(1,313,166)	1,533,536	(14,692,093)
Software	(824,762)	(548,736)	9,734	(1,363,764)
Tools & Equipment	(5,172,431)	(513,121)	435,451	(5,250,101)
Total Less Accumulated Depreciation	(604,068,372)	(30,014,592)	1,978,721	(632,104,243)
Governmental activities capital assets, net of accumulated depreciation	\$ 432,771,931	\$ 8,702,802	\$ (21,582,289)	\$ 419,892,444
Consolidated Statement Business Activities				
Non-depreciable capital assets				
Land	\$ 1,675,360	\$ -	\$ -	\$ 1,675,360
Intangible Easements	845,614	1,224,346	-	2,069,960
Construction in Process	24,641,583	4,242,638	(24,464,870)	4,419,351
Total Non-Depreciable Capital Assets	27,162,557	5,466,984	(24,464,870)	8,164,671
Depreciable Capital Assets				
Building Improvements & Intrastructure	501,166,808	23,359,870	(12,833)	524,513,845
Furniture	820,110	-	(2,730)	817,380
Vehicles	7,688,313	661,062	(400,130)	7,949,245
Tools & Equipment	4,346,077	17,804	(19,552)	4,344,329
Total Depreciable Capital Assets	514,021,308	24,038,736	(435,245)	537,624,799
Less Accumulated Depreciation for:				
Building Improvements & Intrastructure	(162,539,013)	(12,282,451)	12,833	(174,808,631)
Furniture	(770,180)	(8,462)	2,730	(775,912)
Vehicles	(5,937,158)	(385,499)	381,237	(5,941,420)
Tools & Equipment	(3,496,391)	(180,368)	14,665	(3,662,094)
Total Less Accumulated Depreciation	(172,742,742)	(12,856,780)	411,465	(185,188,057)
Business Like activities capital assets, net of accumulated depreciation	\$ 368,441,123	\$ 16,648,940	\$ (24,488,650)	\$ 360,601,413

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Depreciation expense was charged to activities as follows:

Governmental Activities	
General government	\$286,731
Public Safety	1,676,934
Public Works	25,530,085
Parks and recreation	1,408,982
Internal Service	1,111,860
Total Depreciation Expense	<u>\$30,014,592</u>
Business - Type Activities	
Parking, Garages	\$808,215
Combined Utilities	12,048,565
Total Depreciation Expense	<u>\$12,856,780</u>

Construction commitments

The City had open, active construction projects on December 31, 2011. The projects include bridge repairs, building and facility updates, repairs of existing streets and traffic signals, new zoo exhibits and facilities, bike trails, water mains, and the construction of additional wastewater facilities. At year-end, the City's open project expenditures and remaining commitments with contractors, by category were as follows:

Construction Commitment	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
General Government	\$ 5,604,300	\$ 1,462,358
Public Safety - Fire	1,730,575	3,767
Public Works - Streets	22,087,268	14,932,134
Public Works - Special Assessment	6,645,039	7,730,276
Public Works - Bridges	47,480	600,537
Parks and Recreation & Zoo	6,257,447	3,261,577
Combined Utilities	4,419,350	23,396,811
Total	<u>\$ 46,791,459</u>	<u>\$ 51,387,461</u>

In order to fund some of the expenditures above, the City has issued \$15,230,000 worth of temporary notes, which was paid off in September 2012.

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

D. Interfund receivables, transfers, and activity

The composition of interfund balances as of December 31, 2011 is presented in both table and schedule format with brief descriptions as follows:

Due to/Due From:

	Due from :			
Due to :	General Fund	Non-major Governmental	Enterprise Funds	Total Transfers out
General Fund	\$ -	\$ 460,042	\$ -	\$ 460,042
Enterprise Fund	123,523	-	-	123,523
Internal Service Funds	82	-	-	82
Total transfers in	\$ 123,605	\$ 460,042	\$ -	\$ 583,647

The composition of interfund balances as of December 31, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
General	Retirement Reserve	Operating Subsidy	\$ 51,764
General	Developer Capital Projects	Operating Subsidy	268,777
General	Miscellaneous Grants Fund	Operating Subsidy	139,501
Total Governmental Funds			460,042
Water, WPC, & Stormwater Utility	General	Distribute investment interest	123,523
Total Proprietary Funds: Business-Type			123,523
Fleet	General	Fleet billing for parts	82
Total Proprietary Funds: Governmental-Internal Service Funds			82
Grand Total			\$ 583,647

City of Topeka, Kansas
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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:						
	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental	Enterprise Funds	Internal Service Funds	Total Transfers out
Transfer out:							
General Fund	\$ -	\$ -	\$ 10,220	\$ -	\$ 314,660	\$ 1,000,000	\$ 1,324,880
Capital Projects	1,791	768,749	-	-	-	-	770,540
Nonmajor Governmental	200,000	1,363,495	3,319,235	94,248	-	-	4,976,978
Internal Service Funds	-	-	-	-	-	870,000	870,000
Total transfers in	<u>\$ 201,791</u>	<u>\$ 2,132,244</u>	<u>\$ 3,329,455</u>	<u>\$ 94,248</u>	<u>\$ 314,660</u>	<u>\$ 1,870,000</u>	<u>\$ 7,942,398</u>

Transfers in consisted of the following:

General Fund received from Transient Guest Fund for operating expenses	\$ 200,000
General Fund received from Capital Projects excess on project expenses	1,791
Debt Service received from 1/2% Sales Tax for Bridge Debt Service	1,363,495
Debt Service received from Capital Projects for closed projects	768,749
Historic Asset Tourism received from Transient Guest Tax for rehabilitaion expenses	94,248
Cypress Ridge Golf received from General Fund for operating expenses	314,660
Health Insurance Fund received from General Fund for operating expenses	1,000,000
Health Insurance Fund received from Risk Reserve Fund for operating expenses	870,000
Capital Projects received from General Fund for project expenses	10,220
Capital Projects received from Transient Guest Tax for project expenses	200,000
Capital Projects received 1/2% Sales Tax for infrastructure	3,119,235
	<u>\$ 7,942,398</u>

Interfund charges for support services paid to the General Fund during 2011 were as follows:

Special Street Repair Fund	\$ 363,000
Water, Water Pollution Control, and Stormwater Utility Fund	7,719,000
Nonmajor Enterprise Funds	498,376
Property Insurance Fund	29,800
Workers Compensation Fund	328,000
Health Insurance Fund	27,942
Unemployment Fund	11,000
	<u>\$ 8,977,118</u>

In 2011, payments in lieu of taxes of \$5,173,000 and \$319,001 were made to the General Fund by the Water, Water Pollution Control, and Storm water Utility Fund and the Public Parking Facilities Fund, respectively. The payment in lieu of taxes is based on applying the levy rate to 33% of the net book value of capital assets and 3% of service revenues.

City of Topeka, Kansas
Notes to the Financial Statements
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E. Leases

Operating Leases

The City has operating leases for computers and Microsoft licenses. The expenditures for these operating leases for the year ended December 31, 2011 were \$424,164. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2012	\$ 313,873
2013	313,873
2014	247,469
2015	<u>31,299</u>
Total	<u>\$ 906,514</u>

Capital Leases

The City has entered into capital lease agreements, as lessee, for financing the acquisition of software and server equipment, telecommunications equipment, fire equipment and trucks, and an enterprise resource planning software. 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</u>	<u>Business Activities -</u>
Asset information:		
Machinery and equipment	\$ 7,336,672	\$ 425,029
Less accumulated depreciation	<u>(3,258,502)</u>	<u>(42,503)</u>
Total	<u>\$ 4,078,170</u>	<u>\$ 382,526</u>

The future minimum lease obligations for governmental activities, and the net present value of these minimum lease payments at December 31, 2011, were as follows:

	<u>Governmental Activities</u>	<u>Business Activities -</u>
Year Ending December 31		
2012	\$ 1,045,265	\$ 75,103
2013	993,340	75,103
2014	993,340	75,103
2015	350,467	75,103
2016	350,467	75,103
2017 - 2021	<u>1,401,864</u>	<u>-</u>
Total minimum lease payments	5,134,743	375,515
Less: amount representing interest	<u>(684,562)</u>	<u>(25,589)</u>
Net present value of minimum lease payments	<u>\$ 4,450,181</u>	<u>\$ 349,926</u>

City of Topeka, Kansas
Notes to the Financial Statements
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F. Long-term debt

Changes in long-term liabilities

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 142,274,897	\$ 27,140,000	\$ (21,213,178)	\$ 148,201,719	\$ 11,686,158
Tax increment and other bonds	36,820,000	24,465,000	(31,215,000)	30,070,000	3,335,000
Less deferred amounts:					
For issuance premium	2,821,945	1,646,526	(587,057)	3,881,414	-
For issuance discounts	(290,058)	-	59,025	(231,033)	-
Deferred amount on refunding	(3,706,260)	(655,977)	298,472	(4,063,765)	-
Capital leases	5,456,833	-	(1,006,652)	4,450,181	872,173
OPEB liability	3,699,649	174,854	-	3,874,503	-
Retirement Incentive	528,242	-	(160,079)	368,163	123,550
Compensated absences	9,671,644	-	(1,148,095)	8,523,549	5,114,129
Governmental activity					
Long-term liabilities	<u>\$ 197,276,892</u>	<u>\$ 52,770,403</u>	<u>\$ (54,972,564)</u>	<u>\$ 195,074,731</u>	<u>\$ 21,131,010</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	12,795,103	2,055,000	(2,396,822)	12,453,281	168,842
Less deferred amounts:					
Discount on issuance	(19,473)	-	6,268	(13,205)	-
Premium on issuance	211,449	21,729	(10,186)	222,992	-
Revenue bonds	123,450,000	18,900,000	(18,005,000)	124,345,000	2,285,000
Less deferred amounts:					
Premium (loss) on redemption	(439,169)	(163,088)	48,084	(554,173)	-
Discount on issuance	(351,008)	-	16,698	(334,310)	-
Premium on issuance	2,117,914	594,358	(111,421)	2,600,851	-
Defer gain(loss) redemption	(481,017)	(125,694)	31,663	(575,048)	-
State revolving loan	84,946,896	-	(6,869,213)	78,077,683	7,486,580
Other liabilities	308,000	-	-	308,000	-
Capital leases	-	349,226	-	349,226	69,111
OPEB liability	147,862	38,383	-	186,245	-
Retirement Incentive	185,598	-	(16,488)	169,110	46,870
Compensated absences	674,101	23,699	(8,203)	689,597	177,888
Business-type activity					
Long-term liabilities	<u>\$ 223,546,256</u>	<u>\$ 21,693,613</u>	<u>\$ (27,314,620)</u>	<u>\$ 217,925,249</u>	<u>\$ 10,234,291</u>

City of Topeka, Kansas
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The following paragraphs summarize the long-term liability activity for 2011 for the governmental and business type activities as presented in the above table.

The tax increment and other bonds consist of \$9,855,000 of STAR bonds for Heartland Park race track, \$5,605,000 of tax increment bonds for College Hill development, and \$14,610,000 of sales tax revenue bonds to replace one of the main bridges through the City.

With the issuance of GASB 45, the City has determined a liability for governmental activities of \$3,874,503.

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 storm water utilities, which are responsible for all phases of operation and maintenance of the City's public water supply, wastewater treatment, and storm water activities. The water, water pollution control, and storm water debt transactions are reported in separate funds for internal accounting purposes. However, the revenue generated by the Combined Water, Water Pollution Control, and Storm water Utility Fund is pledged in loan agreements and in bond covenants for repayment of debt.

At January 1, 2011, the City owed \$65,570,618 to the Kansas Water Pollution Control State Revolving Loan Fund (WPC-SRF); during the year, the City repaid loan principal of \$5,705,210. The total balance owed for the WPC-SRF at December 31, 2011, was \$59,865,408.

At January 1, 2011, the City owed \$19,376,278 to the Kansas Public Water Supply State Revolving Loan Fund (PWS-SRF); during the year, the City repaid loan principal of \$1,164,003. The total balance owed for the PWS-SRF at December 31, 2011 was \$18,212,275.

The City has entered into agreements to receive loans up to \$121,140,518 from WPC-SRF and up to \$20,198,119 from PWS-SRF. The City's procedure was to back the SRF loans through bond insurance instead of full faith and credit of the City. The City is not willing to change its policy regarding the use of full faith and credit for SRF loans. In 2011, the State lowered its requirement for bond insurance, making these types of loans an available option to the City in the future.

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, 2011, was \$155,070,000. During the year, general obligation bonds totaling \$11,590,000 were retired, \$12,020,000 were refunded, and \$29,195,000 of general obligation bonds were issued, bringing the December 31, 2011 outstanding balance to \$160,655,000.

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:

City of Topeka, Kansas
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Purpose	Interest Rates	Amount
Governmental activities	1.625 - 5.00%	\$33,605,000
Governmental activities – refunding	1.625 - 5.60%	114,596,719
Business-type activities	4.00 – 4.38%	4,745,000
Business-type activities - refunding	1.625 - 4.375%	7,708,281
		<u>\$160,655,000</u>

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

Year Ending December 31	Principal	Interest	Total
2012	\$ 11,855,000	\$ 5,677,252	\$ 17,532,252
2013	12,940,000	5,285,404	18,225,404
2014	13,440,000	4,762,904	18,202,904
2015	11,530,000	4,227,829	15,757,829
2016-2020	45,255,000	16,277,231	61,532,231
2021-2025	38,550,000	9,666,626	48,216,626
2026-2030	23,155,000	3,517,021	26,672,021
2031-2036	3,930,000	448,556	4,378,556
Total	<u>\$ 160,655,000</u>	<u>\$ 49,862,824</u>	<u>\$ 210,517,824</u>

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, 2011, was \$123,450,000. In 2011, the City retired \$2,105,000 of revenue bonds, refunded \$15,900,000 and issued \$18,900,000. Revenue bonds outstanding at year-end are \$124,345,000, as follows:

Purpose	Interest Rates	Amount
Water, Water Pollution Control & Storm water	2.00 - 7.50%	<u>\$124,345,000</u>

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Revenue bond debt service requirements to maturity are as follows:

Years Ending December 31	Principal	Interest	Total
2012	2,285,000	5,358,952	7,643,952
2013	2,310,000	5,361,913	7,671,913
2014	3,435,000	5,259,458	8,694,458
2015	4,075,000	5,091,958	9,166,958
2016	4,270,000	4,892,983	9,162,983
2017 - 2021	24,405,000	21,992,225	46,397,225
2022 - 2026	32,190,000	16,604,603	48,794,603
2027 - 2031	32,415,000	8,858,860	41,273,860
2032 - 2036	14,820,000	2,815,834	17,635,834
2037 - 2041	4,140,000	519,831	4,659,831
Total	<u>\$ 124,345,000</u>	<u>\$ 76,756,615</u>	<u>\$ 201,101,615</u>

Advance and current refundings

General Obligation Bonds – On September 20, 2011, the City issued its General Obligation Improvement and Refunding Bonds, Series 2011-A in the principal amount of \$25,765,000, with interest rates ranging from 2.00% to 4.25% and the final maturity date is August 15, 2031. Series 2011-A currently refunded the City's Series 2006-A General Obligation Bonds, with interest rates ranging from 4.00% to 4.25%, and 2006-B General Obligation Bonds, with interest rates ranging from 4.00% to 4.375%. The net proceeds of \$12,190,706 were used to refund the refunded bonds. As a result, the 2006-A and 2006-B bonds are considered defeased and the related liability for these bonds has been removed from the long-term debt.

The 2011-A attributable to the 2006-A bonds refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$83,462. The City completed this advance refunding to reduce its debt service payments by \$1,016,580 over the life of the bonds with a net present value savings of \$817,638. The 2011-A attributable to the 2006-B bonds refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$19,247. The City completed this advance refunding to reduce its debt service payments by \$222,216 over the life of the bonds with a net present value savings of \$195,767.

General Obligation Bonds – On September 20, 2011, the City issued its Full Faith and Credit Star Refunding Bonds, Series 2011-A in the principal amount of \$9,855,000, with interest rates ranging from 2.00% to 3.25% and the final maturity date is August 15, 2025. Series 2011-A currently refunded the City's Series 2006 Star Bonds, with interest rates ranging from 4.00% to 4.50%. The net proceeds of \$9,748,785 were used to refund the refunded bonds. As a result, the 2006 Star bonds are considered defeased and the related liability for these bonds has been removed from the long-term debt.

The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$290,161. The City completed this advance refunding to reduce its debt service payments by \$1,267,712 over the life of the bonds with a net present value savings of \$1,049,382.

General Obligation Bonds – On October 27, 2011, the City issued its Sales Tax Refunding Revenue Bonds, Series 2011 in the principal amount of \$14,610,000, with interest rates ranging from 2.00% to 4.00% and the final maturity date is December 15, 2016. Series 2011 currently refunded the City's Series 2006 Sales Tax Revenue Bonds, with interest rates ranging from 4.00% to 5.00%. The net proceeds of \$18,824,003, which included debt service reserve transfers, were used to refund the refunded bonds. As a result, the 2006 Sales Tax Revenue bonds are considered defeased and the related liability for these bonds has been removed from the long-term debt.

City of Topeka, Kansas
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The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$282,354. The City completed this advance refunding to reduce its debt service payments by \$2,016,901 over the life of the bonds with a net present value savings of \$1,957,902.

Revenue Bonds – On September 29, 2011, the City issued its Combined Utility Refunding Revenue Bonds,, Series 2011-A in the principal amount of \$18,900,000, with interest rates ranging from 2.00% to 4.50% and the final maturity date is December 31, 2041. Series 2011 currently refunded \$15,900,000 of the City's Series 2004-A Revenue Bonds, with interest rates ranging from 3.75% to 4.50%. The net proceeds of \$17,345,413 were used to refund the refunded bonds. As a result, the 2006 Revenue bonds are considered defeased and the related liability for these bonds has been removed from the long-term debt.

The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$83,462. The City completed this advance refunding to reduce its debt service payments by \$222,216 over the life of the bonds with a net present value savings of \$195,767.

G. Restricted assets

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

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

	Water	Stormwater	Water Pollution Control	Parking	Total
Bond reserve	\$ 5,310,295	\$ 831,340	\$ 2,418,026	\$ -	\$ 8,559,661
Renewal & replacement	1,500,000	-	-	-	1,500,000
Construction projects	432,222	5,191,759	9,596,443	-	15,220,424
Sinking fund	1,758,388	296,377	1,072,843	207,048	3,334,656
Water consumer deposits	615,889	-	-	-	615,889
Water consumer deposits flushing meters	98,738	-	-	-	98,738
Restrictions on SRF loans	494,493	-	642,201	-	1,136,694
Deposits with fiscal agent	2,388,821	-	6,834,847	-	9,223,668
Total restricted assets	<u>\$ 12,598,846</u>	<u>\$ 6,319,476</u>	<u>\$ 20,564,360</u>	<u>\$ 207,048</u>	<u>\$ 39,689,730</u>

H. Short-term Debt – Notes

The City issues notes in advance of property tax collections, depositing the proceeds in its capital improvement funds. These notes are necessary because the City receives the biggest part of its mill levy twice each year – January and June. The City issues business type notes to cover expenses, until the next revenue bonds are sold.

Short-term debt activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Governmental-type notes	\$24,615,000	\$ 13,401,709	\$ 24,615,000	\$ 13,401,709
Business-type notes	2,950,000	1,828,291	2,950,000	1,828,291
Total	<u>\$27,565,000</u>	<u>\$15,230,000</u>	<u>\$27,565,000</u>	<u>\$15,230,000</u>

City of Topeka, Kansas
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IV. 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. 75-6101 to 75-6115, general liability claims against the City are limited within the scope of the act to an occurrence aggregate of \$500,000. The City self-insures for general liability claims up to this statutory dollar limit and has a self-insured retention on third party vehicle liability claims of \$250,000. The City purchases commercial insurance coverage for physical damage to City property. For each of the past three years, settlements have been within coverage limits.

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

The internal self-insurance funds accrue the required amounts for the payment of anticipated claims by apportioning rate charges among the various City departments. Rates are based on historical and expected future expenses pursuant to eight-year actuarial studies. These rate charges are reported as expenditures in the applicable funds. Risks attributable to the workers' compensation self-insurance fund have excess reinsurance coverage above \$500,000.

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. It also maintains a trust reserve. Our management of this program and claims experience over the past several years has enabled us to not only maintain but upgrade benefit coverage with continued 100% payment of individual employee plans and no increases in dependent premiums.

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

	2011	2010
Claims liabilities at beginning of the year	\$ 2,240,845	\$ 1,941,607
Claims incurred during the year	12,761,007	10,944,520
Claims paid during the year	(11,289,446)	(10,645,282)
Claims liabilities at end of the year	<u>\$ 3,712,406</u>	<u>\$ 2,240,845</u>

B. Contingent liabilities

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding wrongful death, personal injury, civil rights actions, and wrongful termination cases. Management based on the advice of counsel, has recorded an estimated obligation of \$1,636,468 related to certain cases. While other cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

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.

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

City of Topeka, Kansas
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constitute general liabilities of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. Industrial revenue bonds outstanding at December 31, 2011, totaled \$34,735,000.

Costs to complete construction contracts to which the City was committed at December 31, 2011 are estimated at \$27,990,650 for the governmental funds and \$23,396,811 for Enterprise Funds.

C. 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. During the year ended December 31, 2011, the City paid \$8,799,364 to JEDO and received \$4,482,730 from JEDO in accordance with the interlocal agreement. The City is owed \$1,492,928 from the State of Kansas, which is subsequently due to JEDO for sales taxes earned, but not received and is included in due to others. 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.

D. Other post employment benefits

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

Plan Description The City of Topeka's health plan is self funded by the City. The City of Topeka has a single employer plan for retirees' health benefit. The benefit plan is authorized by Personnel Code Article III, Section 4 Group Insurance B and K.S.A. 12-5040. Retirees have the option to continue with the city plan and pay the monthly premium. However once the retiree drops the coverage they forfeit their right to future coverage. The City offers major medical health insurance and prescription coverage. The City does offer dental insurance, but the benefit is paid by the retirees on a full cost basis and is assumed to not produce an implicit subsidy.

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Funding Policy - The current plan is financed on a pay as you go basis. The retirees pay the same premium established for active employees. In 2011 the City had 265 retirees, contributing \$1,313,391. The total cost of health insurance claims and administrative fees for retirees was \$2,009,924. Resulting in the City supplementing the retirees' health insurance plan by \$696,533 for 2011.

See the chart below for costs paid by employees and retirees on a monthly basis.

	Retirees Base Plan	Employees Buy-up Plan
Single	\$ 308.00	\$ 355.30
With Children	512.00	648.95
With Spouse	590.00	746.13
Family	709.00	917.51
Medicare Single	293.00	349.03
Medicare Single + Pre Medicare	601.00	704.33
Medicare +_ Spouse	586.00	698.06

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2011, was as follows:

Actuarial accrued liability	\$ 11,499,605
Actuarial value of Plan Assets	-
Unfunded Actuarial Accrued Liability	\$ 11,499,605
Funded Ratio	0%
Covered Payroll	\$ 55,905,828
Percentage of Covered Payroll	20.60%

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. This number was established by an independent actuarial study done by Cavanaugh MacDonald Consulting LLC as of January 1, 2011. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligations.

Annual required contribution	\$ 879,015
Interest on net OPEB obligation	163,519
Adjustment to annual required contribution	<u>(132,765)</u>
Annual OPEB cost (expense)	909,769
City's contribution to retiree's costs	<u>(696,533)</u>
Increase in net OPEB obligation	213,236
Net OPEB obligation - beginning of year	<u>3,847,511</u>
Net OPEB obligation - end of year	<u><u>\$ 4,060,747</u></u>

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the years ending December 31, 2007-2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$ 1,727,200	62.9%	\$ 640,807
12/31/2008	1,704,763	24.4%	1,929,707
12/31/2009	1,821,773	29.3%	3,218,159
12/31/2010	1,831,955	65.6%	3,847,511
12/31/2011	909,769	76.6%	4,060,747

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

The City used the following assumptions in their valuation:

Method Used: Projected Unit Credit

Interest Rate: 4.25%

Amortization Factor: 28.9798%

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

Withdrawal Rates: Used City past history to establish rates

Retirement Rates: Used City past history to establish rates

Price Inflation: 3.25%

Health Care Cost Trend Rate: Pre-Medicare Medical and Drugs— 9.50% avg; ; other expenses 4.5 avg

E. 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.

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

Currently, K.S.A. 74-4919 establishes the KPERS member-employee contribution rate for Tier 1 members 4% and for Tier 2 (effective July 1, 2009) 6% 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 2011 was 7.74% (includes 1% for insurance) for both Tier 1 and Tier 2. Tier 2 is for employees with a membership date on or after July 1, 2009. The City of Topeka employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$1,920,510 \$1,805,616, and \$1,694,926, 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 2010 was 14.57%. The City's employer contributions to KP&F for the years ending December 31, 2011, 2010, and 2009 were \$4,867,695, \$4,053,917, and \$4,328,631, respectively, equal to the statutorily required contributions for each year.

F. Termination Benefits

In June 2010, the City offered a retirement incentive plan, where the City would cover the cost of a basic single health insurance premium for five years. Forty people took advantage of the plan. A risk free rate of .6751% to discount back the future payments to present value. The remaining benefit at 12/31/2011 was \$537,273, with an expected payout of \$170,420 in 2012 and payouts for 2013-2015 of \$365,853.

G. Pending Governmental Accounting Standards Board Statements (GASB)

GASB has issued the following statement which may impact the City's financial reporting requirements in the future.

- GASB Statement 57 – *OPEB Measurements by Agent Employers and Agent-Multiple Employer Plans*, effective for the fiscal year beginning January 1, 2012.
- GASB Statement 59 – *Financial Instruments Omnibus*, effective for the fiscal year beginning January 1, 2011.
- GASB Statement 60 – *Accounting and Financial Reporting for Service Concession Arrangements*, effective for the fiscal year beginning January 1, 2012.
- GASB Statement 61 – *The Financial Reporting Entity – Omnibus*, effective for the fiscal year beginning January 1, 2013.
- GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for the fiscal year beginning January 1, 2012.
- GASB Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for the fiscal year beginning after December 15, 2011.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective for the fiscal year beginning after June 15, 2011.
- GASB Statement No. 65, *Items previously reported as Assets and Liabilities*, effective for the fiscal year beginning after December 15, 2012.
- GASB Statement No. 66, *Technical Corrections to GASB Statement No. 10 and Statement No. 62*, effective for the fiscal year beginning after December 15, 2012.
- GASB Statement No. 67 – *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, effective for the fiscal year beginning January 1, 2014.
- GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, effective for the fiscal year beginning January 1, 2015.

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

H. Commitments and Encumbrances

Outstanding encumbrances at December 31, 2011 were as follows: General Fund \$341,767, Sales Tax – Street Repairs Fund \$1,743,034, and Non Major Special Revenue Funds \$408,799.

The governmental fund balance classifications as of December 31, 2011 is as follows:

	General	Special Street Repairs	Sales Tax Street Repair	Debt Service	Capital Projects Fund	Other Gov't Funds	Total 2011
Fund balances:							
Nonspendable:							
Prepaid items	\$ 38,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,327
Restricted for:							
Public safety	-	-	-	-	-	539,190	539,190
Public works	-	1,985,424	11,232,590	-	-	1,612,912	14,830,926
Public housing	-	-	-	-	-	110,314	110,314
Debt Service	-	-	-	4,788,632	-	-	4,788,632
Other purposes	-	-	-	-	-	2,498,458	2,498,458
Committed to:							
Public safety	-	-	-	-	-	1,663,617	1,663,617
Parks and recreation	-	-	-	-	-	273,573	273,573
Other purposes	-	-	-	-	-	559,898	559,898
Assigned to:							
Public safety	35,837	-	-	-	-	-	35,837
Public works	202,278	-	-	-	-	-	202,278
Parks and recreation	2,690	-	-	-	-	-	2,690
Other purposes	100,962	-	-	-	-	-	100,962
Unassigned:	8,305,081	-	-	-	(6,047,482)	(320,541)	1,937,058
Total fund balances	\$ 8,685,175	\$ 1,985,424	\$ 11,232,590	\$ 4,788,632	\$ (6,047,482)	\$ 6,937,421	\$ 27,581,760

I. Subsequent Events

The City evaluated subsequent events through the date the financial statements were available to be issued.

During 2011, the City adopted a resolution to consolidate the City of Topeka's Parks and Recreation Department into the Shawnee County Parks and Recreation Department effective January 2012. The City transferred Parks and Recreation Department property, equipment, and cash to the County. Mill levees will be transferred to the County based on the 2011 mill levy baseline of \$5 million. Transfers will be 80% for 2012, 60% for 2013, 40% for 2014, 20% for 2015 and 0% for 2016 and thereafter

City of Topeka, Kansas
Notes to the Financial Statements
December 31, 2011

The City issued the following in new debt instruments in May and June of 2012.

<u>Name and purpose of debt</u>	<u>Series</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount Issued</u>
General Obligation & Refunding Bonds	2012A	05/17/12	1.50 – 4.00	\$25,510,000
General Obligation & Refunding Bonds	2012B	05/17/12	0.50 – 2.25	1,660,000
Utility Refunding Revenue Bonds	2012A	06/12/12	3.00 – 3.50	22,045,000

Upon the exit of Interim City Manager, Mr. Daniel R. Stanley, the City Council named Mrs. Pamela S. Simecka, his replacement, until a permanent City Manager could be found. On August 14, 2012 the City Council approved a contract with Mr. Jim Colson to become the new City Manager.

In August, 2012 the City, will issue a negotiated temporary note sale in the amount of \$16,762,520 to refinance the 2011 temporary notes of \$15,230,000 and provide additional financing for new projects.

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

All Municipal Retired Employees Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funding Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
1/1/2007	\$ -	\$ 17,441,930	\$ 17,441,930	0%	\$ 62,540,183	27.89%
1/1/2009	-	18,737,527	18,737,527	0%	66,152,204	28.32%
1/1/2011	-	11,499,605	11,499,605	0%	55,905,828	20.57%

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.

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Downtown Improvement District	Topeka Ordinance #15701	Accounts for assessments levied against property owners and tenants within the downtown business improvement district to provide for improvements and promotion of the downtown business area.
Court Technology Fund	Topeka Ordinance #19502	Adds a court fee to existing mandatory court costs and fees for upgrading the court's electronic records and payment systems.
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.
Alcohol and Drug Safety	K.S.A. 8-1008	Fees are collected by Municipal Court on diversions of criminal proceedings to provide drug and alcohol evaluations, and appropriate referrals to include an internal Alcohol Information School by certified counselors, as well as case management ensuring both the needs of the client and Municipal Court are met.
Park Land Acquisition	Administrative Topeka Ordinance #17226/18065	Reserves funds transferred from City departments and contributed by other entities for future land acquisitions for park improvements and developments.
Law Enforcement	K.S.A 13-14-a02, 60-4100,74-5607 Topeka City Code Section 106:227-229 Topeka Ordinance # 17796	This fund was established for collecting revenues through means of donations, Federal monies, warrant fees, Municipal Court fees, and license fees in order to subsidize crime prevention activities including training, canine and officer equipment, and crime prevention programs.
Special Liability	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.

Special Revenue Funds (Continued...)

<u>FUND NAME</u>	<u>STATUTORY OR OTHER AUTHORITY</u>	<u>PURPOSE</u>
Golf Improvement	City Code 2-333 Ordinance #17783	Topeka Accounts for seven percent of golf course revenues to be used for capital improvements for the city golf course.
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.
Retirement Reserve	Administrative Action City Code 3.25.010	Provides funding for and absorbs those accrued sick leave, vacation, and other related costs of City employees upon their retirement.
KP & F Equalization	Administrative Action Topeka Ordinance #18269 & #18290	Provides funding for retirement of the KP & F liabilities and a reserve fund for any future excess contribution liabilities.
Neighborhood Revitalization	Administrative Action Topeka Ordinance #18222	Provides funding for the redevelopment of designated revitalization areas and dilapidated structures.
Historic Asset Tourism	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.
Tax Increment Financing	K.S.A 12-1770a & Topeka Ordinance #18923	This fund was established to monitor the amount of property and sales taxes received for tax increment financing districts created for redevelopment of blighted areas.
Donations and Gifts	Administrative	Established to house donations and gifts for departments in the General Fund.
Governmental and Miscellaneous Grants	Public Law 93-838 City Code Chapter 42 Various Grant Contracts	Accounts for the receipts and expenditures of proceeds provided by various governmental departments for Community Development Block Grant Programs, various other grants related to health and social service programs, and law enforcement programs. Other grants Included are miscellaneous grants from all sources to provide for things such as community clean up, recreational equipment and public safety.

Nonmajor Capital Projects Fund

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.)

Developer Project Fund	This fund was established to house the expenditures of projects that are funded by developers of the community.
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City of Topeka, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

Special Revenue Funds										
	Downtown Improvement District	Court Technology Fund	Special Alcohol Program	Alcohol & Drug Safety	Park Land Acquisition	Law Enforcement	Special Liability Expense	Golf Course Improvement	Transient Guest Tax	Retirement Reserve
Assets										
Cash and equity in Treasurer's Fund	\$ 10,196	\$ 38,939	\$ 516,408	\$ 287,767	\$ 259,997	\$ 850,435	\$ 888,255	\$ 13,576	\$ 39,303	\$ -
Receivables (net of allowance for uncollectibles):										
Accounts receivable	11,210	-	-	-	34,275	16,497	-	-	-	-
Taxes receivable	-	-	-	-	-	-	342,482	-	517,146	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-
Total assets	<u>21,406</u>	<u>38,939</u>	<u>516,408</u>	<u>287,767</u>	<u>294,272</u>	<u>866,932</u>	<u>1,230,737</u>	<u>13,576</u>	<u>556,449</u>	<u>-</u>
Liabilities and fund balances										
Liabilities:										
Accounts and contracts payable	-	-	-	-	-	93,673	28,395	-	-	-
Salaries & wages payable	-	-	-	1,009	-	-	687	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	51,764
Due to others	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	34,275	605	342,482	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,009</u>	<u>34,275</u>	<u>94,278</u>	<u>371,564</u>	<u>-</u>	<u>-</u>	<u>51,764</u>
Fund Balances										
Restricted	-	-	516,408	286,758	-	527,723	859,173	-	556,449	-
Committed	21,406	38,939	-	-	259,997	244,931	-	13,576	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(51,764)
Total Fund Balance	<u>21,406</u>	<u>38,939</u>	<u>516,408</u>	<u>286,758</u>	<u>259,997</u>	<u>772,654</u>	<u>859,173</u>	<u>13,576</u>	<u>556,449</u>	<u>(51,764)</u>
Total liabilities and fund balances	<u>\$ 21,406</u>	<u>\$ 38,939</u>	<u>\$ 516,408</u>	<u>\$ 287,767</u>	<u>\$ 294,272</u>	<u>\$ 866,932</u>	<u>\$ 1,230,737</u>	<u>\$ 13,576</u>	<u>\$ 556,449</u>	<u>\$ -</u>

continued...

City of Topeka, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue Funds							Project Fund	Total 2011	
	KP & F Equalization	Neighborhood Revitalization	Historic Asset Tourism	1/2 % Sales Tax	Tax Increment Financing	Community Improvement District	Donations & Gifts	Governmental & Miscellaneous Grants		Developer Projects
Assets										
Cash and equity in Treasurer's Fund	\$ 1,418,686	\$ 171,202	\$ 329,552	\$ -	\$ 278,170	\$ 1,500	\$ 19,112	\$ 257,798	\$ -	\$ 5,380,896
Receivables (net of allowance for uncollectibles)										
Accounts receivable	-	-	-	-	-	-	-	276,453	272,601	611,036
Taxes receivable	-	-	-	1,492,928	-	-	-	-	-	2,352,556
Deposits held by others	-	-	-	1,605,267	-	-	-	-	-	1,605,267
Total assets	<u>1,418,686</u>	<u>171,202</u>	<u>329,552</u>	<u>3,098,195</u>	<u>278,170</u>	<u>1,500</u>	<u>19,112</u>	<u>534,251</u>	<u>272,601</u>	<u>9,949,755</u>
Liabilities and fund balances										
Liabilities:										
Accounts and contracts payable	-	-	1,201	-	-	-	-	80,873	-	204,142
Salaries & wages payable	-	-	-	-	-	-	-	(10)	-	1,686
Due to other funds	-	-	-	-	-	-	-	139,501	268,777	460,042
Due to others	-	-	-	1,492,928	-	-	-	-	-	1,492,928
Deferred revenue	-	-	-	-	-	-	-	203,573	272,601	853,536
Total liabilities	-	-	1,201	1,492,928	-	-	-	423,937	541,378	3,012,334
Fund Balances										
Restricted	-	-	-	1,605,267	278,170	1,500	19,112	110,314	-	4,760,874
Committed	1,418,686	171,202	328,351	-	-	-	-	-	-	2,497,088
Unassigned	-	-	-	-	-	-	-	-	(268,777)	(320,541)
Total Fund Balance	<u>1,418,686</u>	<u>171,202</u>	<u>328,351</u>	<u>1,605,267</u>	<u>278,170</u>	<u>1,500</u>	<u>19,112</u>	<u>110,314</u>	<u>(268,777)</u>	<u>6,937,421</u>
Total liabilities and fund balances	<u>\$ 1,418,686</u>	<u>\$ 171,202</u>	<u>\$ 329,552</u>	<u>\$ 3,098,195</u>	<u>\$ 278,170</u>	<u>\$ 1,500</u>	<u>\$ 19,112</u>	<u>\$ 534,251</u>	<u>\$ 272,601</u>	<u>\$ 9,949,755</u>

City of Topeka, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

Special Revenue Funds

	Downtown Improvement District	Court Technology Fund	Special Alcohol Program	Alcohol & Drug Safety	Park Land Acquisition	Law Enforcement	Special Liability Expense	Golf Course Improvement	Transient Guest Tax	Retirement Reserve
Revenues										
Taxes and assessments	\$ 160,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,915	\$ -	\$ 1,964,711	\$ -
Licenses and permits	-	-	-	-	24,676	10,500	-	-	-	-
Intergovernmental	-	-	520,930	-	-	29,017	-	-	-	-
Fees for services	-	-	-	-	-	680	(22)	-	-	247,267
Fines and forfeitures	-	38,939	-	276,075	-	141,266	-	-	-	-
Interest from investments	8	-	-	-	-	1,729	-	-	-	-
Miscellaneous	(1,787)	-	-	-	-	206,069	(3,335)	-	-	-
Total revenues	158,452	38,939	520,930	276,075	24,676	389,261	359,558	-	1,964,711	247,267
Expenditures										
General government	168,962	-	-	70,322	-	-	617,408	-	1,363,667	645,258
Public safety	-	-	-	-	-	366,108	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Public works - planning	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	36,969	-	-	14,438	-	-
Public housing	-	-	-	-	-	-	-	-	-	-
Social services	-	-	578,160	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Total expenditures	168,962	-	578,160	70,322	36,969	366,108	617,408	14,438	1,363,667	645,258
Excess (deficit) of revenues over (under) expenditures	(10,510)	38,939	(57,230)	205,753	(12,293)	23,153	(257,850)	(14,438)	601,044	(397,991)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(494,248)	-
Total other financing sources (Uses)	-	-	-	-	-	-	-	-	(494,248)	-
Net change in fund balances	(10,510)	38,939	(57,230)	205,753	(12,293)	23,153	(257,850)	(14,438)	106,796	(397,991)
Fund balances - beginning	31,916	-	573,638	81,005	272,290	749,501	1,117,023	28,014	449,653	346,227
Fund balances - ending	\$ 21,406	\$ 38,939	\$ 516,408	\$ 286,758	\$ 259,997	\$ 772,654	\$ 859,173	\$ 13,576	\$ 556,449	\$ (51,764)

continued...

City of Topeka, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue Funds						Project Fund		Total 2011	
	KP & F Equalization	Neighborhood Revitalization	Historic Asset Tourism	1/2 % Sales Tax	Tax Increment Financing	Community Improvement District	Donations & Gifts	Governmental & Miscellaneous Grants		Developer Projects
Revenues										
Taxes and assessments	\$ -	\$ -	\$ -	\$ 8,239,489	\$ 273,481	\$ -	\$ -	\$ -	\$ -	\$11,000,827
Licenses and permits	-	-	-	-	-	-	-	-	-	35,176
Intergovernmental	-	-	-	-	-	-	6,385,104	485,000	-	7,420,051
Fees for services	-	-	-	-	-	1,500	-	-	-	249,425
Fines and forfeitures	-	-	-	-	-	-	-	-	-	456,280
Interest from investments	-	-	-	1,145	-	-	-	2,500	-	5,382
Miscellaneous	-	35,011	-	-	-	-	9,996	20,051	1,285,667	1,551,672
Total revenues	<u>-</u>	<u>35,011</u>	<u>-</u>	<u>8,240,634</u>	<u>273,481</u>	<u>1,500</u>	<u>9,996</u>	<u>6,407,655</u>	<u>1,770,667</u>	<u>20,718,813</u>
Expenditures										
General government	-	-	51,061	-	2,272	-	-	-	-	2,918,950
Public safety	17,565	-	-	-	-	-	8,960	711,573	-	1,104,206
Public works	-	-	-	3,500,647	-	-	-	239,039	-	3,739,686
Public works - planning	-	-	-	-	-	-	-	234,473	-	234,473
Parks and recreation	-	-	-	-	-	-	32,952	3,978	-	88,337
Public housing	-	-	-	-	-	-	-	5,001,800	-	5,001,800
Social services	-	-	-	-	-	-	-	106,478	-	684,638
Construction	-	-	-	-	-	-	-	-	2,039,444	2,039,444
Total expenditures	<u>17,565</u>	<u>-</u>	<u>51,061</u>	<u>3,500,647</u>	<u>2,272</u>	<u>-</u>	<u>41,912</u>	<u>6,297,341</u>	<u>2,039,444</u>	<u>15,811,534</u>
Excess (deficit) of revenues over (under) expenditures	<u>(17,565)</u>	<u>35,011</u>	<u>(51,061)</u>	<u>4,739,987</u>	<u>271,209</u>	<u>1,500</u>	<u>(31,916)</u>	<u>110,314</u>	<u>(268,777)</u>	<u>4,907,279</u>
Other Financing Sources (Uses)										
Transfers in	-	-	94,248	-	-	-	-	-	-	94,248
Transfers out	-	-	-	(4,482,730)	-	-	-	-	-	(4,976,978)
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>94,248</u>	<u>(4,482,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,882,730)</u>
Net change in fund balances	<u>(17,565)</u>	<u>35,011</u>	<u>43,187</u>	<u>257,257</u>	<u>271,209</u>	<u>1,500</u>	<u>(31,916)</u>	<u>110,314</u>	<u>(268,777)</u>	<u>24,549</u>
Fund balances - beginning	<u>1,436,251</u>	<u>136,191</u>	<u>285,164</u>	<u>1,348,010</u>	<u>6,961</u>	<u>-</u>	<u>51,028</u>	<u>-</u>	<u>-</u>	<u>6,912,872</u>
Fund balances - ending	<u>\$ 1,418,686</u>	<u>\$ 171,202</u>	<u>\$ 328,351</u>	<u>\$ 1,605,267</u>	<u>\$ 278,170</u>	<u>\$ 1,500</u>	<u>\$ 19,112</u>	<u>\$ 110,314</u>	<u>\$ (268,777)</u>	<u>\$ 6,937,421</u>

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments				
Property taxes - current	\$ 12,657,514	\$ 12,657,514	\$ 12,072,548	\$ (584,966)
Property taxes - delinquent	140,000	140,000	489,720	349,720
Neighborhood Revitalization Act rebates	(154,110)	(154,110)	-	154,110
Motor vehicle ad valorem tax	1,452,484	1,452,484	1,418,236	(34,248)
Sales Tax	409,000	409,000	115,652	(293,348)
Special assessments with debt commitments	1,715,000	1,715,000	1,486,381	(228,619)
Assessments - delinquent	-	-	280,583	280,583
Payment in lieu of taxes	96,299	96,299	88,000	(8,299)
Interest from investments	95,000	95,000	476,707	381,707
Miscellaneous	-	-	5,715	5,715
Total revenues	<u>16,411,187</u>	<u>16,411,187</u>	<u>16,433,542</u>	<u>22,355</u>
Expenditures				
Debt Service:				
Principal	14,518,428	14,518,428	14,433,178	85,250
Interest and fiscal costs	7,280,142	7,280,142	6,182,052	1,098,090
Total expenditures	<u>21,798,570</u>	<u>21,798,570</u>	<u>20,615,230</u>	<u>1,183,340</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,387,383)</u>	<u>(5,387,383)</u>	<u>(4,181,688)</u>	<u>1,205,695</u>
Other Financing Sources (Uses)				
Refunding issuance of debt	-	-	34,420,000	34,420,000
Refunding issuance of debt premium	-	-	1,380,307	1,380,307
Payment for refunding bond escrow agent	-	-	(37,995,000)	(37,995,000)
Payment for refunding bond interest	-	-	(463,581)	(463,581)
Payment for refunding redemption premium	-	-	(195,500)	(195,500)
Transfers in	3,573,406	3,573,406	2,132,244	(1,562,706)
Sale of property	-	-	130,000	130,000
Total other financing sources	<u>3,573,406</u>	<u>3,573,406</u>	<u>(591,530)</u>	<u>(4,286,479)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,813,977)</u>	<u>\$ (1,813,977)</u>	<u>(4,773,218)</u>	<u>\$ (3,080,784)</u>
Beginning fund balance,			9,561,850	
Fund balance - end of year - budget basis			4,788,632	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 4,788,632</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Downtown Improvement District Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 168,841	\$ 168,841	\$ 160,231	\$ (8,610)
Interest on investments	-	-	8	8
Miscellaneous	-	-	(1,787)	(1,787)
Total revenues	<u>168,841</u>	<u>168,841</u>	<u>158,452</u>	<u>(10,389)</u>
Expenditures				
General government	<u>168,772</u>	<u>168,772</u>	<u>168,962</u>	<u>(190)</u>
Total expenditures	<u>168,772</u>	<u>168,772</u>	<u>168,962</u>	<u>(190)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 69</u>	<u>\$ 69</u>	<u>(10,510)</u>	<u>\$ (10,579)</u>
Beginning fund balance,			<u>31,916</u>	
Fund balance - end of year - budget basis			21,406	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 21,406</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Court Technology Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Court	\$ -	\$ -	\$ 38,939	\$ 38,939
Total revenues	-	-	38,939	38,939
Total expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	38,939	\$ 38,939
Beginning fund balance,			-	
Fund balance - end of year - budget basis			38,939	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			\$ 38,939	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Alcohol Program Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 542,814	\$ 542,814	\$ 520,930	\$ (21,884)
Total revenues	<u>542,814</u>	<u>542,814</u>	<u>520,930</u>	<u>(21,884)</u>
Expenditures				
Social services	575,000	575,000	571,072	3,928
Total expenditures	<u>575,000</u>	<u>575,000</u>	<u>571,072</u>	<u>3,928</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (32,186)</u>	<u>\$ (32,186)</u>	<u>(50,142)</u>	<u>\$ (17,956)</u>
Beginning fund balance,			566,550	
Fund balance - end of year - budget basis			516,408	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 516,408</u>	
Net change in fund balance - budget basis			(50,142)	
Adjustments:				
Encumbrances - beginning of year			(7,088)	
Encumbrances - end of year			-	
Net change in fund balance - GAAP basis			<u>\$ (57,230)</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Alcohol and Drug Safety Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Court	\$ 52,000	\$ 87,000	\$ 276,075	\$ 189,075
Total revenues	<u>52,000</u>	<u>87,000</u>	<u>276,075</u>	<u>189,075</u>
Expenditures				
General government	58,413	78,413	70,232	8,181
Total expenditures	<u>58,413</u>	<u>78,413</u>	<u>70,232</u>	<u>8,181</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (6,413)</u>	<u>\$ 8,587</u>	205,843	<u>\$ 197,256</u>
Beginning fund balance,			80,915	
Fund balance - end of year - budget basis			286,758	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 286,758</u>	
Net change in fund balance - budget basis			<u>205,843</u>	
Adjustments:				
Encumbrances - beginning of year			(90)	
Encumbrances - end of year			-	
Net change in fund balance - GAAP basis			<u>\$ 205,753</u>	

Note: Ordinance 19680 increased revenue by \$35,000 and increased expenses by \$20,000

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Land Acquisition Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses & permits	\$ 15,000	\$ 15,000	\$ 24,676	\$ 9,676
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>24,676</u>	<u>9,676</u>
Expenditures				
Parks and recreation	190,000	190,000	36,969	153,031
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>36,969</u>	<u>153,031</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (175,000)</u>	<u>\$ (175,000)</u>	<u>(12,293)</u>	<u>\$ 162,707</u>
Beginning fund balance,			<u>272,290</u>	
Fund balance - end of year - budget basis			259,997	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 259,997</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 29,017	\$ (10,983)
Municipal Court	125,000	125,000	141,266	16,266
Licenses and permits	15,000	15,000	10,500	(4,500)
Fees for services	-	-	680	680
Interest	5,000	5,000	1,729	(3,271)
Miscellaneous	-	-	206,069	206,069
Total revenues	<u>185,000</u>	<u>185,000</u>	<u>389,261</u>	<u>204,261</u>
Expenditures				
Public safety:				
Police	<u>550,000</u>	<u>550,000</u>	<u>277,596</u>	<u>272,404</u>
Total expenditures	<u>550,000</u>	<u>550,000</u>	<u>277,596</u>	<u>272,404</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (365,000)</u>	<u>\$ (365,000)</u>	111,665	<u>\$ 476,665</u>
Beginning fund balance,			660,989	
Fund balance - end of year - budget basis			772,654	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 772,654</u>	
Net change in fund balance - budget basis			111,665	
Adjustments:				
Encumbrances - beginning of year			(88,512)	
Encumbrances - end of year			-	
Net change in fund balance - GAAP basis			<u>\$ 23,153</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Liability Expense Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 319,712	\$ 319,712	\$ 362,915	\$ 43,203
Fees for services	-	-	(22)	(22)
Miscellaneous	-	-	(3,335)	(3,335)
Total revenues	<u>319,712</u>	<u>319,712</u>	<u>359,558</u>	<u>39,846</u>
Expenditures				
General government	1,322,039	1,322,039	668,955	653,084
Total expenditures	<u>1,322,039</u>	<u>1,322,039</u>	<u>668,955</u>	<u>653,084</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,002,327)</u>	<u>\$ (1,002,327)</u>	(309,397)	<u>\$ 692,930</u>
Beginning fund balance,			1,041,076	
Fund balance - end of year - budget basis			731,679	
Adjustments:				
Encumbrances			127,494	
Fund balance - end of year - GAAP basis			<u>\$ 859,173</u>	
Net change in fund balance - budget basis			(309,397)	
Adjustments:				
Encumbrances - beginning of year			(75,947)	
Encumbrances - end of year			127,494	
Net change in fund balance - GAAP basis			<u>\$ (257,850)</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Golf Course Improvement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees for services	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Expenditures				
Parks and recreation:				
Golf	22,950	22,950	14,438	8,512
Total expenditures	<u>22,950</u>	<u>22,950</u>	<u>14,438</u>	<u>8,512</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,950)</u>	<u>\$ (2,950)</u>	<u>(14,438)</u>	<u>(11,488)</u>
Beginning fund balance,			28,014	
Fund balance - end of year - budget basis			13,576	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 13,576</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Transient Guest Tax Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 1,850,000	\$ 1,850,000	\$ 1,964,711	\$ 114,711
Total revenues	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,964,711</u>	<u>114,711</u>
Expenditures				
General government	1,350,000	1,350,000	970,001	379,999
Total expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>970,001</u>	<u>379,999</u>
Excess of Revenues Over (Under) Expenditures	<u>500,000</u>	<u>500,000</u>	<u>994,710</u>	<u>494,710</u>
Other Financing Sources (Uses)				
Transfers out	(480,500)	(480,500)	(494,248)	(13,748)
Total other financing sources	<u>(480,500)</u>	<u>(480,500)</u>	<u>(494,248)</u>	<u>(13,748)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 19,500</u>	<u>\$ 19,500</u>	500,462	<u>\$ 480,962</u>
Beginning fund balance,			55,986	
Fund balance - end of year - budget basis			556,449	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 556,449</u>	
Net change in fund balance - budget basis			<u>500,462</u>	
Adjustments:				
Encumbrances - beginning of year			(393,666)	
Encumbrances - end of year			-	
Net change in fund balance - GAAP basis			<u>\$ 106,796</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Retirement Reserve Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees for services	\$ 585,000	\$ 585,000	\$ 247,267	\$ (337,733)
Total revenues	<u>585,000</u>	<u>585,000</u>	<u>247,267</u>	<u>(337,733)</u>
Expenditures				
General government	600,000	600,000	645,258	(45,258)
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>645,258</u>	<u>(45,258)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	(397,991)	<u>\$ (382,991)</u>
Beginning fund balance,			346,227	
Fund balance - end of year - budget basis			(51,764)	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ (51,764)</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
KP & F Equalization Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Public safety	\$ 100,000	\$ 100,000	\$ 17,565	\$ 82,435
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>17,565</u>	<u>82,435</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>(17,565)</u>	<u>\$ (82,435)</u>
Beginning fund balance,			1,436,251	
Fund balance - end of year - budget basis			1,418,686	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 1,418,686</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Neighborhood Revitalization Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 37,000	\$ 37,000	\$ 35,011	\$ (1,989)
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>35,011</u>	<u>(1,989)</u>
Expenditures				
General government	82,185	82,185	-	82,185
Total expenditures	<u>82,185</u>	<u>82,185</u>	<u>-</u>	<u>82,185</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (45,185)</u>	<u>\$ (45,185)</u>	35,011	<u>\$ 80,196</u>
Beginning fund balance,			136,191	
Fund balance - end of year - budget basis			171,202	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 171,202</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Historic Asset Tourism Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government	\$ 80,500	\$ 80,500	\$ 47,202	\$ 33,298
Total expenditures	<u>80,500</u>	<u>80,500</u>	<u>47,202</u>	<u>33,298</u>
Excess of Revenues Over (Under) Expenditures	<u>(80,500)</u>	<u>(80,500)</u>	<u>(47,202)</u>	<u>33,298</u>
Other Financing Sources (Uses)				
Transfers in	80,500	80,500	94,248	13,748
Total other financing sources	<u>80,500</u>	<u>80,500</u>	<u>94,248</u>	<u>13,748</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	47,046	<u>\$ 47,046</u>
Beginning fund balance,			<u>-</u>	
Fund balance - end of year - budget basis			47,046	
Adjustments:				
Encumbrances			281,305	
Fund balance - end of year - GAAP basis			<u>\$ 328,351</u>	
Net change in fund balance - budget basis			<u>47,046</u>	
Adjustments:				
Encumbrances - beginning of year			(285,164)	
Encumbrances - end of year			281,305	
Net change in fund balance - GAAP basis			<u>\$ 43,187</u>	

City of Topeka, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
1/2 % Sales Tax Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 7,650,000	\$ 7,650,000	\$ 8,239,489	\$ 589,489
Interest on investments	-	-	1,145	1,145
Total revenues	<u>7,650,000</u>	<u>7,650,000</u>	<u>8,240,634</u>	<u>590,634</u>
Expenditures				
Public works	6,130,472	6,130,472	3,500,647	2,629,825
Total expenditures	<u>6,130,472</u>	<u>6,130,472</u>	<u>3,500,647</u>	<u>2,629,825</u>
Excess of Revenues Over (Under) Expenditures	<u>1,519,528</u>	<u>1,519,528</u>	<u>4,739,987</u>	<u>3,220,459</u>
Other Financing Sources (Uses)				
Transfers out	(3,573,406)	(3,573,406)	(4,482,730)	(909,324)
Total other financing sources	<u>(3,573,406)</u>	<u>(3,573,406)</u>	<u>(4,482,730)</u>	<u>(909,324)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (2,053,878)</u>	<u>\$ (2,053,878)</u>	257,257	<u>\$ 2,311,135</u>
Beginning fund balance,			<u>1,348,010</u>	
Fund balance - end of year - budget basis			1,605,267	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 1,605,267</u>	

City of Topeka, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Increment Financing
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes & assessments	\$ 293,356	\$ 293,356	\$ 273,481	\$ (19,875)
Total revenues	<u>293,356</u>	<u>293,356</u>	<u>273,481</u>	<u>(19,875)</u>
Expenditures				
General government	308,937	308,937	2,272	306,665
Total expenditures	<u>308,937</u>	<u>308,937</u>	<u>2,272</u>	<u>306,665</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (15,581)</u>	<u>\$ (15,581)</u>	271,209	<u>\$ 286,790</u>
Beginning fund balance,			6,961	
Fund balance - end of year - budget basis			278,170	
Adjustments:				
Encumbrances			-	
Fund balance - end of year - GAAP basis			<u>\$ 278,170</u>	

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.

<u>FUND NAME</u>	<u>STATUTORY AUTHORITY</u>	<u>PURPOSE</u>
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.
Payroll Clearing	Administrative	Accounts for receipts and disbursements of the City payroll withholding amounts, such as income taxes.
Court Bond	Administrative	Receives, holds, and disburses bonds posted by individuals at the Municipal Court.
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.
Law Enforcement Trust	K.S.A. 28-172a; K.S.A. 13-14a02, K.S.A. 60-4100, K.S.A. 74-5607	Holds Federal and State seized monies until cases are settled and then funds are dispersed properly.
Municipal Court Trust	K.S.A 12-4116 & Topeka Ordinance #16635; K.S.A. 75-5670; K.S.A. 74-5607 & K.S.A. 28-172a	Fees are collected on cases filed in Municipal Court, which are mandated by the State, for judicial education and training of judges, administering the statewide trauma system, to maintain the State law enforcement training center, and collects motor vehicle reinstatement fees. All of the funds collected are remitted to the State on a monthly basis.
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
Combined Fiduciary Funds
December 31, 2011

	Topeka Metropolitan Transit Authority	Payroll Clearing	Court Bond	Fire Insurance Proceeds	Law Enforcement Trust	Municipal Court Trust	Water Customer Round-Up	Total 2011
Assets								
Cash and equity in Treasurer's Fund	\$ 30,832	\$ 2,708	\$ 45,421	\$ 383	\$ 454,745	\$ 25,169	\$ 2,139	\$ 561,397
Receivables (net of allowance for uncollectibles):								
Accounts receivable	-	-	-	(383)	-	-	967	584
Total assets	30,832	2,708	45,421	-	454,745	25,169	3,106	561,981
Liabilities								
Accounts and contracts payable	30,832	-	-	-	-	-	-	30,832
Due to other governments	-	(84)	-	-	-	25,169	-	25,085
Due to others	-	2,792	45,421	-	454,745	-	3,106	506,064
Total liabilities	\$ 30,832	\$ 2,708	\$ 45,421	-	\$ 454,745	\$ 25,169	\$ 3,106	\$ 561,981

NONMAJOR ENTERPRISE FUNDS

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

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	This account will eventually be closed out once all assets and liabilities are cleared. The golf course will move over to Shawnee County as of 01-01-2012 as per the interlocal agreement #41460. Operations are conducted by an outside organization which is accounted for under Parks and Recreation.

City of Topeka, Kansas
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2011

	Public Parking Facilities	Public Golf Course	Total
Assets			
Current assets:			
Cash and equity in Treasurer's Fund	\$ 1,206,767	\$ -	\$ 1,206,767
Receivables, net:			
Accounts	34,870	-	34,870
Prepays	3,849	-	3,849
Restricted cash and equity in Treasurer's Fund	207,048	-	207,048
Noncurrent assets:			
Capital assets:			
Not being depreciated	1,076,225	-	1,076,225
Being depreciated, net of depreciation	17,199,168	-	17,199,168
Bond issuance cost	184,132	-	184,132
Total noncurrent assets	18,459,525	-	18,459,525
Liabilities			
Current liabilities:			
Accrued payroll and benefits	17,361	-	17,361
Accrued interest	193,596	-	193,596
Current liabilities (payable from restricted assets):			
General obligation bonds payable	168,842	-	168,842
Compensated absences	9,554	-	9,554
Total current liabilities:	410,117	-	410,117
Noncurrent liabilities:			
Unearned Revenue	201	-	201
General obligation bonds payable	12,284,439	-	12,284,439
Premium (loss) on redemption of bonds	222,992	-	222,992
Discount on issuance of bonds	(13,205)	-	(13,205)
Compensated absences	54,456	-	54,456
Total noncurrent liabilities	12,548,883	-	12,548,883
Total liabilities	12,959,000	-	12,959,000
Net assets			
Invested in capital assets, net of related debt	5,612,325	-	5,612,325
Restricted for sinking funds	207,048	-	207,048
Unrestricted	1,133,686	-	1,133,686
Total net assets	\$ 6,953,059	\$ -	\$ 6,953,059

Note: The Golf Course was closed out in 2011. It will be moving over to Shawnee County as of 1-1-2012, due to an interlocal agreement, contract #41460 approved in August 2011.

City of Topeka, Kansas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2011

	Public Parking Facilities	Public Golf Course	Total
Operating revenues:			
Charges for services	\$ 2,996,707	\$ -	\$ 2,996,707
Other	163,340	-	163,340
Total operating revenues	<u>3,160,047</u>	<u>-</u>	<u>3,160,047</u>
Operating expenses:			
Personnel services	794,187	-	794,187
Contractual services	1,204,871	-	1,204,871
Supplies	70,263	-	70,263
Depreciation	808,215	-	808,215
Total operating expenses	<u>2,877,536</u>	<u>-</u>	<u>2,877,536</u>
Operating income (loss)	<u>282,511</u>	<u>-</u>	<u>282,511</u>
Nonoperating revenues (expenses):			
Interest income	11,583	-	11,583
Interest (expense)	(996,501)	-	(996,501)
Gain (loss) on sale of capital assets	-	8,529	8,529
Total nonoperating revenues (expenses)	<u>(984,918)</u>	<u>8,529</u>	<u>(976,389)</u>
Income (loss) before transfers	<u>(702,407)</u>	<u>8,529</u>	<u>(693,878)</u>
Capital contributions from governmental activities	-	-	-
Transfers in	-	314,660	314,660
Payments in lieu of taxes and debt service	(319,001)	-	(319,001)
Change in net assets	<u>(1,021,408)</u>	<u>323,189</u>	<u>(698,219)</u>
Net assets-beginning of year	7,974,467	(323,189)	7,651,278
Net assets-end of year	<u>\$ 6,953,059</u>	<u>\$ -</u>	<u>\$ 6,953,059</u>

Note: The Golf Course was closed out in 2011. It will be moving over to Shawnee County as of 1-1-2012, due to an interlocal agreement, contract #41460 approved in August 2011.

City of Topeka, Kansas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2011

	Public Parking Facilities	Public Golf Course	Total
Cash Provided by (Used in) Operating Activities:			
Receipts from customers and users	\$ 3,010,870	\$ -	\$ 3,010,870
Payments to suppliers	(1,288,986)	-	(1,288,986)
Payments to employees	(783,121)	-	(783,121)
Other	163,340	-	163,340
Net Cash Provided by (Used in) Operating Activities	1,102,103	-	1,102,103
Cash Provided by (Used in) Noncapital Financing Activities			
Transfers in	-	314,660	314,660
Payments in lieu of taxes	(319,001)	-	(319,001)
Interfund advances	-	(323,189)	(323,189)
Net Cash Provided by (Used in) Noncapital Financing Activities	(319,001)	(8,529)	(327,530)
Cash Provided by (Used in) Investing Activities:			
Interest received	11,583	-	11,583
Net Cash Provided by (Used in) Investing Activities	11,583	-	11,583
Cash Provided by (Used In) Capital and Related Financing Activities:			
Bond issuance costs	(22,213)	-	(22,213)
Amortization of bond costs	38,086	-	38,086
Discount on issuance of bonds	11,543	-	11,543
Premium on issuance of bonds	6,267	-	6,267
Proceeds from capital debt	2,055,000	-	2,055,000
Principal paid on capital debt	(2,396,822)	-	(2,396,822)
Interest paid on capital debt	(802,905)	-	(802,905)
Proceeds from sale of capital assets	-	8,529	8,529
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,111,044)	8,529	(1,102,515)
Net Increase (Decrease) in Cash and Cash Equivalents	(316,359)	-	(316,359)
Pooled cash and cash equivalents, beginning of year	1,730,174	-	1,730,174
Pooled cash and cash equivalents, end of year	\$ 1,413,815	\$ -	\$ 1,413,815
Pooled cash and cash equivalents reported on the Statement of Net Assets:			
Pooled cash and cash equivalents	\$ 1,206,767	\$ -	\$ 1,206,767
Restricted cash and cash equivalents	207,048	-	207,048
Total pooled cash and cash equivalents	\$ 1,413,815	\$ -	\$ 1,413,815
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income	\$ 282,511	\$ -	\$ 282,511
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	808,215	-	808,215
Non-operating income (expense)	-	-	-
Change in assets and liabilities:			
Accounts receivable	12,192	-	12,192
Due from other funds	1,770	-	1,770
Inventories	-	-	-
Prepays	(75)	-	(75)
Accounts payable	(13,777)	-	(13,777)
Accrued liabilities	11,066	-	11,066
Unearned revenue	201	-	201
Net Cash Provided by (Used in) Operating Activities	\$ 1,102,103	\$ -	\$ 1,102,103

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.

<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.
Risk Management, includes the following areas:		
Workers' Compensation	K.S.A. 12-2615	Administered by the Risk Management Division of the Legal Department, provides accountability for expenditures and revenues for workers compensation claims.
Vehicle Physical Damage - Self Insurance	K.S.A. 12-2615	Administered by the Risk Management Division, provides accountability of expenditures and revenues for physical damage to City vehicles and aircraft.
Employees Health Insurance	Administrative	Provides fiscal and accounting control for the City Employee Health Self-Insurance Plan.
Risk Management Reserve	K.S.A. 12-2615	Administered by the Risk Management Division of the Legal Department, provides moneys to reimburse the City from insurable losses not otherwise insured.
Unemployment Compensation	Administrative	Administered by the Risk Management Division of the Legal Department, established to account for assessments made against compensation paid to City employees, to be used only to reimburse the State for unemployment compensation payments.

City of Topeka, Kansas
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Information Technology	Fleet Services	Combined Risk Management	Total
Assets				
Current assets:				
Cash and equity in Treasurer's Fund	\$ 570,847	\$ 682,675	\$ 6,981,942	\$ 8,235,464
Accounts	-	1,522	-	1,522
Intergovernmental	-	4	-	4
Due from other funds	-	82	-	82
Inventory	-	142,243	-	142,243
Prepays	34,101	-	60,000	94,101
Total current assets	<u>604,948</u>	<u>826,526</u>	<u>7,041,942</u>	<u>8,473,416</u>
Noncurrent assets:				
Capital assets:				
Not being depreciated	-	50,364	-	50,364
Being depreciated, net of depreciation	1,429,720	152,010	-	1,581,730
Other assets	-	-	-	-
Total noncurrent assets	<u>1,429,720</u>	<u>202,374</u>	<u>-</u>	<u>1,632,094</u>
Total assets	<u>2,034,668</u>	<u>1,028,900</u>	<u>7,041,942</u>	<u>10,105,510</u>
Liabilities				
Current liabilities:				
Accrued payroll and benefits	21,772	35,306	1,207	58,285
Accrued interest	68,549	-	-	68,549
Total current liabilities:	<u>760,587</u>	<u>54,575</u>	<u>3,809,854</u>	<u>4,625,016</u>
Leases payable	1,215,480	-	-	1,215,480
Compensated absences	59,700	77,664	6,005	143,369
Total noncurrent liabilities:	<u>1,275,180</u>	<u>77,664</u>	<u>6,005</u>	<u>1,358,849</u>
Total liabilities:	<u>2,035,767</u>	<u>132,239</u>	<u>3,815,859</u>	<u>5,983,865</u>
Net assets				
Invested in capital assets, net of related debt	(411,060)	202,374	-	(208,686)
Unrestricted	409,961	694,287	3,226,083	4,330,331
Total net assets	<u>\$ (1,099)</u>	<u>\$ 896,661</u>	<u>\$ 3,226,083</u>	<u>\$ 4,121,645</u>

City of Topeka, Kansas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Information Technology	Fleet Services	Risk Management	Total
Operating revenues:				
Charges for services	\$ 3,875,865	\$ 1,408,444	\$ 11,163,720	\$ 16,448,029
Other	14,265	7,422	269,621	291,308
Total operating revenues	<u>3,890,130</u>	<u>1,415,866</u>	<u>11,433,341</u>	<u>16,739,337</u>
Operating expenses:				
Personnel services	876,791	1,165,949	65,067	2,107,807
Contractual services	2,384,040	119,036	3,024,577	5,527,653
Supplies	48,804	55,931	1,618	106,353
Depreciation	598,951	25,271	-	624,222
Insurance claims	-	-	12,761,007	12,761,007
Other expenses	154	445	(96)	503
Total operating expenses	<u>3,908,740</u>	<u>1,366,632</u>	<u>15,852,173</u>	<u>21,127,545</u>
Operating income (loss)	<u>(18,610)</u>	<u>49,234</u>	<u>(4,418,832)</u>	<u>(4,388,208)</u>
Nonoperating revenues (expenses):				
Interest income	-	-	3,348	3,348
Interest expense	(166,823)	-	-	(166,823)
Gain (loss) on sale of capital assets	-	3,228	-	3,228
Total nonoperating revenues (expenses)	<u>(166,823)</u>	<u>3,228</u>	<u>3,348</u>	<u>(160,247)</u>
Income (loss) before transfers	<u>(185,433)</u>	<u>52,462</u>	<u>(4,415,484)</u>	<u>(4,548,455)</u>
Transfers in	-	-	1,870,000	1,870,000
Transfers out	-	-	(870,000)	(870,000)
Change in net assets	<u>(185,433)</u>	<u>52,462</u>	<u>(3,415,484)</u>	<u>(3,548,455)</u>
Net assets-beginning of year	184,334	844,199	6,641,567	7,670,100
Net assets-end of year	<u>\$ (1,099)</u>	<u>\$ 896,661</u>	<u>\$ 3,226,083</u>	<u>\$ 4,121,645</u>

City of Topeka, Kansas
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2011

	Information Technology	Fleet Services	Risk Management	Total
Cash Flows from operating activities				
Receipts from customers and users	\$ 3,875,865	\$ 1,407,704	\$ 11,452,396	\$ 16,735,965
Payments to suppliers	(2,168,362)	(249,399)	(14,289,398)	(16,707,159)
Payments to employees	(886,598)	(1,161,038)	(60,137)	(2,107,773)
Other	14,111	7,422	-	21,533
Net Cash Provided by (Used in) Operating Activities	<u>835,016</u>	<u>4,689</u>	<u>(2,897,139)</u>	<u>(2,057,434)</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	1,870,000	1,870,000
Transfers out	-	-	(870,000)	(870,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Cash flows from investing activities:				
Interest received	-	-	3,348	3,348
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>	<u>3,348</u>	<u>3,348</u>
Cash flows from capital and related financing activities:				
Interest paid on capital leases	(98,274)	-	-	(98,274)
Payment of capital lease	(716,930)	-	-	(716,930)
Purchase of capital assets	(250)	(114,397)	-	(114,647)
Proceeds from sale of capital assets	-	3,228	-	3,228
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(815,454)</u>	<u>(111,169)</u>	<u>-</u>	<u>(926,623)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,562	(106,480)	(1,893,791)	(1,980,709)
Pooled cash and cash equivalents, beginning of year	551,285	789,155	8,875,733	10,216,173
Pooled cash and cash equivalents, end of year	<u>\$ 570,847</u>	<u>\$ 682,675</u>	<u>\$ 6,981,942</u>	<u>\$ 8,235,464</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (loss)	\$ (18,610)	\$ 49,234	\$ (4,418,832)	\$ (4,388,208)
Adjustments to reconcile operating income to net cash provided by operations:				
Depreciation	598,951	25,271	-	624,222
Change in assets and liabilities:				
Accounts receivable	-	(740)	-	(740)
Due from other funds	-	-	12,874	12,874
Inventories	-	(6,527)	-	(6,527)
Prepays	308,013	-	-	308,013
Accounts payable	(43,531)	(83,427)	26,147	(100,811)
Accrued liabilities	(9,807)	15,967	4,930	11,090
Insurance claims	-	4,911	1,471,561	1,476,472
Unearned revenue	-	-	6,181	6,181
Net Cash Provided by (Used in) Operating Activities	<u>\$ 835,016</u>	<u>\$ 4,689</u>	<u>\$ (2,897,139)</u>	<u>\$ (2,057,434)</u>

City of Topeka, Kansas
Combining Statement of Net Assets
Risk Management Funds
December 31, 2011

	Property Insurance	Workman's Compensation	Group Health Insurance	Risk Management Reserve	Unemployment Compensation	Total
Assets						
Current assets:						
Cash and equity in Treasurer's Fund	\$ 1,639,636	\$ 1,389,741	\$ 3,020,226	\$ 808,259	\$ 124,080	\$ 6,981,942
Prepays	60,000	-	-	-	-	60,000
Total current assets	1,699,636	1,389,741	3,020,226	808,259	124,080	7,041,942
Total assets	1,699,636	1,389,741	3,020,226	808,259	124,080	7,041,942
Liabilities						
Current liabilities:						
Accounts payable	1,539	12,898	74,452	-	-	88,889
Accrued payroll and benefits	-	1,207	-	-	-	1,207
Self-insurance claims	70,000	2,034,000	1,591,487	-	16,919	3,712,406
Unearned revenue	-	-	6,181	-	-	6,181
Compensated absences	-	1,171	-	-	-	1,171
Total current liabilities:	71,539	2,049,276	1,672,120	-	16,919	3,809,854
Noncurrent liabilities:						
Compensated absences	-	6,005	-	-	-	6,005
Total noncurrent liabilities:	-	6,005	-	-	-	6,005
Total liabilities:	71,539	2,055,281	1,672,120	-	16,919	3,815,859
Net assets						
Unrestricted	1,628,097	(665,540)	1,348,106	808,259	107,161	3,226,083
Total net assets	\$ 1,628,097	\$ (665,540)	\$ 1,348,106	\$ 808,259	\$ 107,161	\$ 3,226,083

City of Topeka, Kansas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Risk Management Funds
For the Year Ended December 31, 2011

	Property Insurance	Workman's Compensation	Group Health Insurance	Risk Management Reserve	Unemployment Compensation	Total
Operating revenues:						
Charges for services	\$ 882,743	\$ 1,427,565	\$ 8,724,824	\$ -	\$ 128,588	\$ 11,163,720
Other	247,542	18,418	3,661	-	-	269,621
Total operating revenues	<u>1,130,285</u>	<u>1,445,983</u>	<u>8,728,485</u>	<u>-</u>	<u>128,588</u>	<u>11,433,341</u>
Operating expenses:						
Personnel services	-	65,067	-	-	-	65,067
Contractual services	317,560	1,240,093	1,455,524	-	11,400	3,024,577
Supplies	-	1,618	-	-	-	1,618
Insurance claims	323,048	1,562,526	10,658,113	-	217,320	12,761,007
Other expenses	(96)	-	-	-	-	(96)
Total operating expenses	<u>640,512</u>	<u>2,869,304</u>	<u>12,113,637</u>	<u>-</u>	<u>228,720</u>	<u>15,852,173</u>
Operating income (loss)	<u>489,773</u>	<u>(1,423,321)</u>	<u>(3,385,152)</u>	<u>-</u>	<u>(100,132)</u>	<u>(4,418,832)</u>
Nonoperating revenues (expenses):						
Interest income	-	862	1,407	1,079	-	3,348
Total nonoperating revenues (expenses)	<u>-</u>	<u>862</u>	<u>1,407</u>	<u>1,079</u>	<u>-</u>	<u>3,348</u>
Income (loss) before transfers	<u>489,773</u>	<u>(1,422,459)</u>	<u>(3,383,745)</u>	<u>1,079</u>	<u>(100,132)</u>	<u>(4,415,484)</u>
Transfers in	-	-	1,870,000	-	-	1,870,000
Transfers out	-	-	-	(870,000)	-	(870,000)
Change in net assets	<u>489,773</u>	<u>(1,422,459)</u>	<u>(1,513,745)</u>	<u>(868,921)</u>	<u>(100,132)</u>	<u>(3,415,484)</u>
Net assets-beginning of year	1,138,324	756,919	2,861,851	1,677,180	207,293	6,641,567
Net assets-end of year	<u>\$ 1,628,097</u>	<u>\$ (665,540)</u>	<u>\$ 1,348,106</u>	<u>\$ 808,259</u>	<u>\$ 107,161</u>	<u>\$ 3,226,083</u>