



City of Topeka, KS
Popular Annual
Financial Report
Fiscal Year Ending December 31, 2019





About the Popular Annual Financial Report

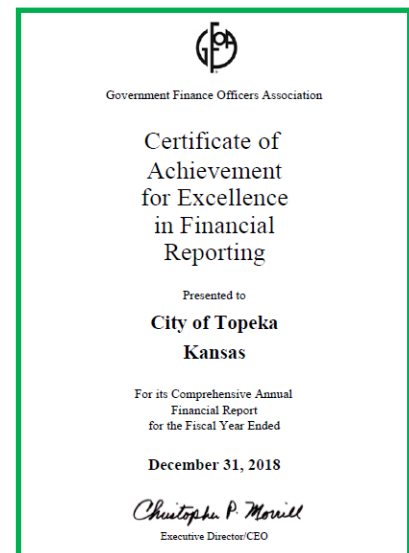
As part of an ongoing commitment to transparency and helping to ensure community access to information about its local government, we are pleased to present this Popular Annual Financial Report (PAFR), for the City of Topeka's fiscal year ended December 31, 2019. The PAFR is focused on providing useful information on the city's operations, services, and financial condition. Our goal is to provide this information in a helpful and understandable format.

Financial information referenced herein is sourced from the City's audited financial statements as published in the Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2019. The 2019 CAFR was audited by RSM US, LLP and has received an unmodified or "clean" audit opinion.

While the CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited, the PAFR is not audited, provides information only on primary government funds, and is presented on a non-GAAP basis. For a more detailed and complete record of the City's financial information, please refer to the CAFR.

Both documents are available through the City's website at

<https://www.topeka.org/finance/financial-reports/annual-reports/>



The City Of Topeka was the recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) by the Government Finance Officers Association of the United States and Canada for its PAFR for the fiscal year ending December 31, 2018. The award is a prestigious honor recognizing conformance with the highest standards for preparation of state and local government popular annual financial reports.

The City of Topeka

Topeka is the capital city of Kansas and is the seat of Shawnee County. Begun as a site to ferry wagons across the Kansas River for the Oregon Trail, the City of Topeka was incorporated on February 14, 1857. Topeka was the center of abolitionist and pro-slavery conflict that gave the territory the name Bleeding Kansas. Constitution Hall, located in Topeka, is where the Free State Capitol Constitution was drafted, and in 1861 Kansas was admitted to the Union as the 34th state and Topeka was designated the capital.

Quick Facts about Topeka

Population	125,904
Unemployment rate	3.4%
City Operating Budget	\$298.3 million
City Employees	1,198
GO Bond Rating	AA (S&P)
Revenue Bond Rating	Aa3 (Moody's)

Top 10 Employers

<i>Employer</i>	<i>No. of Employees</i>
State of Kansas	7,600
Stormont-Vail Health Care	4,200
Hill's Pet Nutrition	3,200
Unified School District #501	2,400
Goodyear Tire and Rubber Company	2,000
BNSF Railway Company	1,900
Blue Cross Blue Shield of Kansas	1,800
University of KS Health System—St. Francis	1,600
Colmery-O'Neil V.A. Medical Center	1,500
City Of Topeka	1,200



City Leadership

Since its founding, Topeka has operated under four forms of government. From 1857 until 1910, Topeka was governed by a Mayor/Council. The Commission form of government was adopted in 1910 and remained in effect until 1985, when the Strong Mayor-City Council-Chief Administrative Officer plan was adopted. In November of 2004, the citizens of Topeka approved the City to operate under the council-manager form of government.

The City is governed by a ten-member Governing Body, including a directly elected Mayor and a nine-member City Council, elected by district. A City Manager, appointed by the governing body, is responsible for the implementation of the Governing Body's policy and the day-to-day operations of the City.



Michelle De La Isla

Mayor

(785) 368-3895



Karen Hiller

Councilmember

District 1

(785) 232-2917



Sandra Clear

Deputy Mayor

District 2

(785) 861-0666



Sylvia Ortiz

Councilmember

District 3

(785) 357-0717



Tony Emerson

Councilmember

District 4

(785) 422-7888



Mike Padilla

Councilmember

District 5

(785) 304-4952



Brendan Jensen

Councilmember

District 6

(785) 422-0018



Aaron Mays

Councilmember

District 7

(785) 845-2911



Jeffery Coen

Councilmember

District 8

(785) 230-9362



Michael Lesser

Councilmember

District 9

(785) 249-1475



Brent Trout

City Manger

(785) 368-3725

Balance Sheet

The Balance Sheet, known as the Statement of Net Position in governmental financial statements, presents information on what the city owns (assets and deferred outflows) and owes (liabilities and deferred inflows), including governmental and business-type activities. The difference, known as net position, is an indicator of the financial condition of the city.

The below chart summarizes the city's financial condition as of December 31, 2019. For the year ending December 31, 2019 total assets and deferred outflows (what we own) exceeded total liabilities and deferred inflows (what we owe), resulting in an overall increase in total net position over 2018.

Balance Sheet - Primary Government			
(In thousands)			
	2019	2018	2017
Assets			
Current & Other Assets	\$ 347,404	\$ 348,395	\$ 301,345
Capital Assets	\$ 728,594	\$ 702,540	\$ 698,865
Total Assets	\$ 1,075,998	\$ 1,050,934	\$ 1,000,210
Deferred Outflows	\$ 23,798	\$ 28,237	\$ 8,162
Liabilities			
Long-Term Liabilities Outstanding	\$ 538,211	\$ 522,680	\$ 492,001
Other Liabilities	\$ 77,065	\$ 77,492	\$ 73,660
Total Liabilities	\$ 615,276	\$ 600,172	\$ 565,661
Deferred Inflows	\$ 54,660	\$ 54,021	\$ 52,650
Net Position			
Investment in Capital Assets	\$ 351,731	\$ 311,104	\$ 337,192
Restricted	\$ 60,404	\$ 55,193	\$ 57,463
Unrestricted	\$ 17,725	\$ 58,680	\$ 15,500
Total Net Position	\$ 429,860	\$ 424,977	\$ 410,155

Income Statement

The Income Statement, known as the Statement of Activities in governmental financial statements, presents information on how the city's net assets changed during the year as a result of the year's financial activity, including governmental and business-type activities.

The chart below summarizes the city's financial activity for the fiscal year ending December 31, 2019. In 2019, revenues exceeded expenditures by \$4.9 million, resulting in an increase in the total net position.

Income Statement - Primary Government				
(In thousands)				
	2019	2018	2017	
Revenues				
<i>Program Revenues:</i>				
Charges for Services	\$ 88,197	\$ 86,387	\$ 79,856	
Operating Grants and Contributions	\$ 10,507	\$ 10,308	\$ 8,190	
Capital Grants and Contributions	\$ 12,831	\$ 11,122	\$ 10,460	
<i>General Revenues:</i>				
Property taxes	\$ 44,791	\$ 42,036	\$ 41,784	
Sales taxes	\$ 55,251	\$ 55,648	\$ 64,678	
Franchise fees	\$ 13,992	\$ 14,400	\$ 13,973	
Motor fuel taxes	\$ 4,714	\$ 4,622	\$ 3,721	
Payment in lieu of taxes	\$ 7,480	\$ 7,471	\$ 7,265	
Other taxes	\$ 4,575	\$ 4,546	\$ 4,782	
Interest Earnings & Miscellaneous	\$ 11,844	\$ 8,456	\$ 4,965	
Total Revenues	\$ 254,181	\$ 244,995	\$ 239,672	
Expenses				
Governmental Activities	\$ 173,347	\$ 163,278	\$ 169,532	
Water, Water Pollution Control, Stormwater Utilities	\$ 72,919	\$ 65,503	\$ 62,835	
Public Parking	\$ 3,032	\$ 2,959	\$ 2,993	
Total Expenses	\$ 249,298	\$ 231,740	\$ 235,360	
Change in net position	\$ 4,883	\$ 13,255	\$ 4,312	
Net Position - January 1	\$ 424,977	\$ 411,722	\$ 405,842	
Net Position - December 31	\$ 429,860	\$ 424,977	\$ 410,155	

Revenues - Where the Money Comes From

Funding for the City of Topeka's governmental activities (i.e. services provided to residents) and business-type activities comes from a variety of sources. In 2019 the city's revenues totaled \$254,181,841. The majority of the city's revenues are derived from taxes. Sales and use tax of \$55.3 million and property tax of \$44.8 million, collectively made up 39% of city's revenues for 2019. The next largest revenue source is charges for services of \$88.2 million, or 35%, of the city's 2018 revenues. The city also receives revenue from grants, franchise fees, investment income and various other revenue streams. In total, 2019 revenue increased by \$9.2 million compared to 2018. The increase was driven by charges for services, grants, investment income, and property taxes, which offset a slight decline in sales tax and franchise fee revenue.

The following provides a brief description of the city's key revenue sources.

Charges for services - Represents charges to the public for services the city provides. Examples include water, sewer, license, permit, parking and inspection fees.

Sales and Use Tax - City's 1 cent citywide, 1/2 cent citywide and a portion of the 1/2 cent countywide sales tax.

Property Tax - Taxes collected from property owners on real estate and other equipment.

Franchise Fees - Percent of revenue from utility companies for the use of the City's right of way in order to deliver utility services.

Interest Earnings - Investment income derived from the investment of monies in securities authorized by state statute. Investment earnings are dependent on the market and cash available for investment.

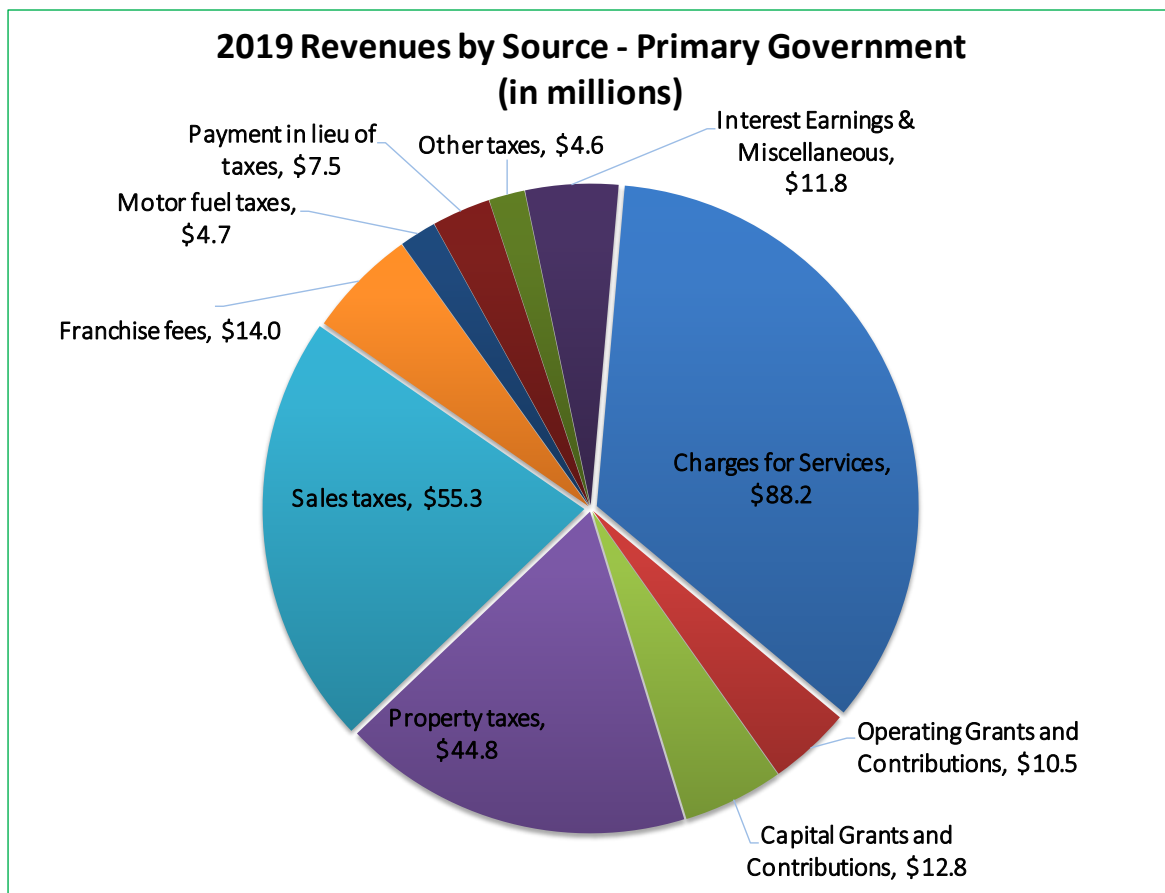
Capital Grants - Financial support received from other entities and organizations for the purpose of financing the purchase of capital asset for a specific program.

Operating Grants - Funding received from other entities and organizations for the purpose of financing the day-to-day costs of a specific program.

Payment in Lieu of Taxes - Compensation primarily for tax exempt properties in lieu taxes.

Revenues - Where the Money Comes From

Revenues - Primary Government			
	2019	2018	2017
Program Revenues			
Charges for Services	\$ 88,196,601	\$ 86,387,481	\$ 79,855,530
Operating Grants and Contributions	\$ 10,507,013	\$ 10,308,145	\$ 8,189,835
Capital Grants and Contributions	\$ 12,830,709	\$ 11,121,576	\$ 10,459,624
General Revenues			
Property taxes	\$ 44,791,299	\$ 42,035,684	\$ 41,783,520
Sales taxes	\$ 55,250,790	\$ 55,648,002	\$ 64,677,625
Franchise fees	\$ 13,992,231	\$ 14,400,099	\$ 13,973,191
Motor fuel taxes	\$ 4,713,596	\$ 4,621,676	\$ 3,721,221
Payment in lieu of taxes	\$ 7,480,292	\$ 7,471,168	\$ 7,264,903
Other taxes	\$ 4,575,005	\$ 4,545,677	\$ 4,782,288
Interest Earnings & Miscellaneous	\$ 11,843,805	\$ 8,455,690	\$ 4,964,740
Total Revenues	\$ 254,181,341	\$ 244,995,198	\$ 239,672,477



Expenses - Where the Money Goes

The city provides a full range of services, including public works, public safety (police, fire protection, and municipal court), water and sewer services, public parking, economic development, and a variety of other services. Public works, which is responsible for the construction and maintenance of streets and bridges, and public safety account for the majority of the city's governmental activity expenses. In 2019 these accounted for \$130.2 million, or 75%, of the city's governmental expenses. The city also operates water, water pollution control, and storm water utilities, which account for the large majority, 96%, of business-type activity expenses.

The following provides a brief description of the city's major expense categories.

Public Works - Includes development services, forestry, engineering, administration, construction and maintenance of streets.

Public Safety - Includes fire and police protection, and municipal court.

General Government - Includes services such as Mayor, City Council, Executive, Administration and Financial Services, City Attorney, and other expenses related to general government.

Public Housing - Includes services that are funded through operating grants such as Community Development Block Grants

Parks and Recreation - Expenses related to the operation of the City Zoo.

Interest and Fiscal Charges - Expenses incurred for outstanding debt obligation.

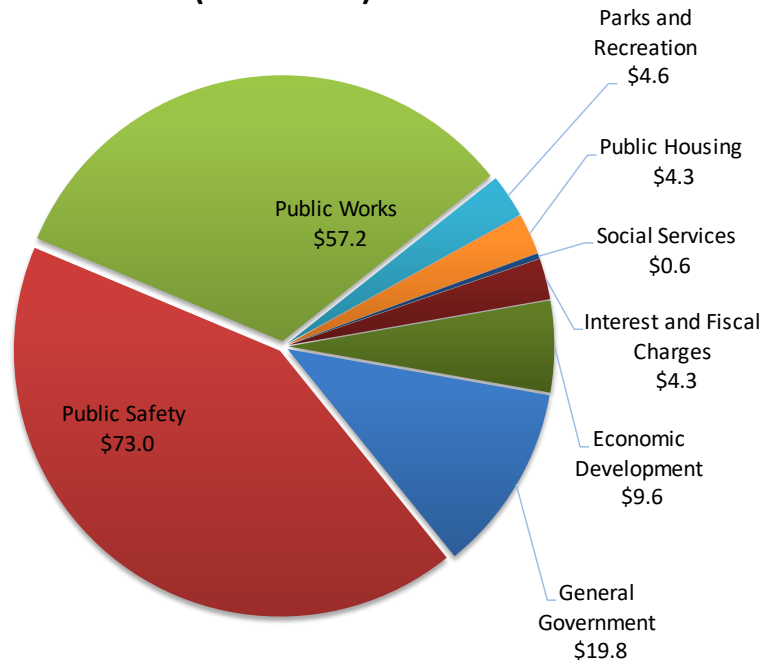
Water, Water Pollution Control, Stormwater Utilities - Expenses related to the operation and maintenance of water, water pollution control, and stormwater utilities.

Expenses - Where the Money Goes

Expenses - Primary Government

	2019	2018	2017
Governmental Activities			
General Government	\$ 19,803,990	\$ 13,988,771	\$ 14,386,282
Public Safety	\$ 73,015,825	\$ 66,505,207	\$ 68,081,184
Public Works	\$ 57,194,339	\$ 54,794,256	\$ 60,764,330
Miscellaneous	\$ -	\$ 3,395,631	\$ 4,445,027
Parks and Recreation	\$ 4,557,143	\$ 4,477,801	\$ 3,217,782
Public Housing	\$ 4,286,652	\$ 4,126,533	\$ 3,940,428
Social Services	\$ 562,534	\$ 542,965	\$ 538,902
Interest and Fiscal Charges	\$ 4,309,300	\$ 5,838,559	\$ 5,153,042
Economic Development	\$ 9,616,733	\$ 9,607,852	\$ 9,004,532
Total Governmental Activities	\$ 173,346,516	\$ 163,277,575	\$ 169,531,509
Business-type Activities			
Water, Water Pollution Control, Stormwater Utilities	\$ 72,919,171	\$ 65,503,021	\$ 62,835,383
Public Parking	\$ 3,032,450	\$ 2,959,169	\$ 2,993,100
Total Business-type Activities	\$ 75,951,621	\$ 68,462,190	\$ 65,828,483
Total Expenses	\$ 249,298,137	\$ 231,739,765	\$ 235,359,992

**2019 Governmental Activities Expenses
(in Millions)**



Capital Assets - What We Own

Delivering services to the citizens of Topeka requires more than just dollars. Many assets (i.e. capital assets) are also needed to keep the City running. In 2019, total capital assets were valued at \$728.6 million, with investments in building improvements and infrastructure (streets, alley, bridges, etc.) comprising the largest amount \$558.8 million, or 77%. Construction in progress, valued at \$139.1 million in 2019, represents the second largest portion, and is reflective of the city's ongoing investment in future infrastructure needs.

Capital Assets - Primary Government

	2019	2018	2017
Capital Assets, not being depreciated:			
Land	\$ 2,543,042	\$ 2,543,042	\$ 2,543,042
Intangible easements	\$ 16,293,034	\$ 14,760,850	\$ 13,555,791
Construction in progress	\$ 139,051,638	\$ 132,245,338	\$ 107,872,914
Total not being depreciated	\$ 157,887,714	\$ 149,549,230	\$ 123,971,747
Capital Assets, being depreciated:			
Building improvements and infrastructure	\$ 558,766,418	\$ 543,196,833	\$ 564,280,921
Furniture	\$ 52,732	\$ 71,607	\$ 92,879
Vehicles	\$ 9,926,023	\$ 8,222,218	\$ 8,945,968
Software	\$ -	\$ -	\$ -
Tools and equipment	\$ 1,960,898	\$ 1,499,712	\$ 1,573,865
Total being depreciated	\$ 570,706,071	\$ 552,990,370	\$ 574,893,633
Total Capital Assets	\$ 728,593,785	\$ 702,539,600	\$ 698,865,380



Long Term Obligations - What We Owe

As of December 31, 2019, the City's long-term obligations totaled \$538.2 million, comprised predominately of debt related to construction of infrastructure assets.

General Obligation Bonds - Municipal bonds issued to fund various public projects, and are backed by the full faith and credit of the city. As of December 31, 2019 the city's General Obligation bonds totaled \$158.3 million, with a bond rating of AA by Standard & Poor's.

Revenue bonds - Municipal bonds issues to fund income producing projects are secured by a specified revenue source, for example infrastructure projects related to water utilities. As of December 31, 2019 the city had \$215.4 million outstanding in Revenue bonds, with a bond rating of Aa3 by Moody's Investors Services.

Long-term Obligations - Primary Government

	2019	2018	2017
General obligation bonds	\$ 158,260,002	\$ 154,045,000	\$ 154,860,000
Tax increment and other bonds	\$ 8,110,000	\$ 9,415,000	\$ 10,690,000
Less deferred amounts:			
For issuance premium	\$ 7,037,667	\$ 7,549,010	\$ 7,795,049
For issuance discounts	\$ (444)	\$ (532)	\$ (620)
Revenue Bonds	\$ 215,420,000	\$ 199,720,000	\$ 159,950,000
Less deferred amounts:			
For issuance premium	\$ 6,217,857	\$ 5,273,177	\$ 4,200,237
For issuance discounts	\$ (96,137)	\$ (107,347)	\$ (114,923)
State revolving loan	\$ 28,697,635	\$ 34,176,326	\$ 40,790,177
Other liabilities	\$ -	\$ -	\$ 44,000
Capital leases	\$ 2,074,679	\$ 2,741,448	\$ 3,691,113
OPEB liability	\$ 6,370,570	\$ 6,356,673	\$ 6,639,047
Net Pension Liability	\$ 96,643,255	\$ 93,970,569	\$ 93,559,574
Retirement incentive	\$ -	\$ -	\$ -
Compensated absences	\$ 9,476,222	\$ 9,540,462	\$ 9,687,776
Park transfer obligations	\$ -	\$ -	\$ -
Claims and judgments	\$ -	\$ -	\$ 209,333
Long Term Liabilities	\$ 538,211,306	\$ 522,679,786	\$ 492,000,763

The information in the City of Topeka Popular Annual Financial Report is taken from the
City of Topeka Comprehensive Annual Financial Report (CAFR).

A copy of the CAFR is available online at <https://www.topeka.org/finance/financial-reports/annual-reports/>



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TopekaKansas

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