

Debt Management Information

Authority to Incur Debt

The City's authority to incur debt is covered by a number of general and special statutes. With certain exceptions, the City can incur indebtedness for sewer and street construction purposes by action of the governing body of the City without a vote of the residents of the City. The Kansas statutes in chapter 10, article 3, currently provide that the general obligation bonded indebtedness for Kansas cities—including Topeka—shall not exceed 30% of the assessed valuation of all tangible taxable property within such city as certified by the County Clerk on each November 1st. The exceptions to the statutory limitations on bonded indebtedness include bonds issued for the purpose of acquiring, enlarging, extending, or improving any storm or sanitary sewer or bonds issued by any city of the first class for the purpose of acquiring, enlarging, extending, or improving any municipal utility. Also, other Kansas statutes authorizing general obligation bonds for certain specific purposes exempt such bonds from the general statutory debt limit.

Debt Payment Record and Credit Rating

The City has always promptly met principal and interest payments on outstanding indebtedness when due. The City's credit ratings on debt have been in the top tier of Moody's Investors Services. These high marks can be attributed to the City's economic stability derived from being the state capital, a prompt payment record, improved financial performance, and a manageable debt position. Consequently, the notes and bonds of the City are afforded favorable market access due to the demand demonstrated by multiple bids for the City's high quality financial instruments. Well managed financial operations, sufficient financial reserves, and careful expenditure controls indicate the City administration's intent to continue the current favorable trend in this area. Moody's Investor Services has given the City of Topeka a rating of Aa3 for General Obligation Bonds and MIG 1 for temporary notes.

Debt Management

As of December 31, 2004 the City of Topeka will have accumulated a general obligation indebtedness of \$128.0 million. This level of debt requires principal and interest payments totaling \$15.0 million in 2005. Of the total general property tax levy imposed for 2005, 43.0 percent is to be used to retire general obligation debt. The 2004 percentage was much lower than usual, because virtually all of savings from financing of bonds in 2003 was uploaded to 2004 to reduce the property tax levy. In 2003, debt service absorbed 32.7 percent of the property tax revenue. The 10 point jump from 2003 can be largely attributed to the shift of \$1.6 million from the General Fund to the Bond and Interest Fund related to the refinancing of unfunded liability in the Kansas Police and Fire Retirement System using general obligation debt. The percentage would be 37.5 adjusting for this shift, still a significant increase.

Although net new debt issued had been in decline since the early 1990s, an issue arose during the 1998 budget discussions concerning *debt service*, the amount of principal and interest on existing debt issues due in any budget year. Specifically, the concern surrounded debt service financed with property taxes. Due to the structure of debt issued in the early 1990s, especially a large refunding issue in 1992, debt service requirements would have escalated through 2005. The City had the opportunity in 1999 to refinance a significant piece of its outstanding debt. In doing so, the City "leveled" the debt service peak anticipated to occur. While it was realized that property tax demands for debt service would still increase; it would do so much more gradually. The restructuring was completed without a downgrade in the City's bond rating. Refinancing of debt occurred again in 2001 and the continued low interest rates provided further opportunities for refinancing in 2003. One refinancing bond issue of \$6.2 million was done in February of 2003 and another of \$24.9 million occurred in July, for a total of \$31.1 million. In 2004, \$30.3 million of existing debt was refinanced.

The trade-off of the 1999 restructure was a significant reduction in the amount of debt that could be issued over the next decade for new capital projects. The debt service model projections pegged the new general obligation debt "budget" at about \$5.0 million per year. However, that ceiling was abandoned in 2003, which had close to \$17.0 million worth of general obligation bond projects. The tables on the next page are based on the approved general obligation bond financed capital improvements in the 2005-2009 capital improvements plan. The current five-year plan could require a cumulative mill levy increase of four to five mills by 2009, assuming all projects are completed and bonded. The significant jump in new debt in 2005 is tied to the financing of a new parking garage and the purchase of a new office building. While the parking garage debt service is to be paid from parking revenue, the \$6.7 million in bonds will be general obligation. The purchase of the building, which was not included in the capital improvement budget, will require another \$5.4 million. The City will have to weigh its capital improvement needs and desires against the ongoing property tax mill levy requirements of debt service and future interest rate trends.

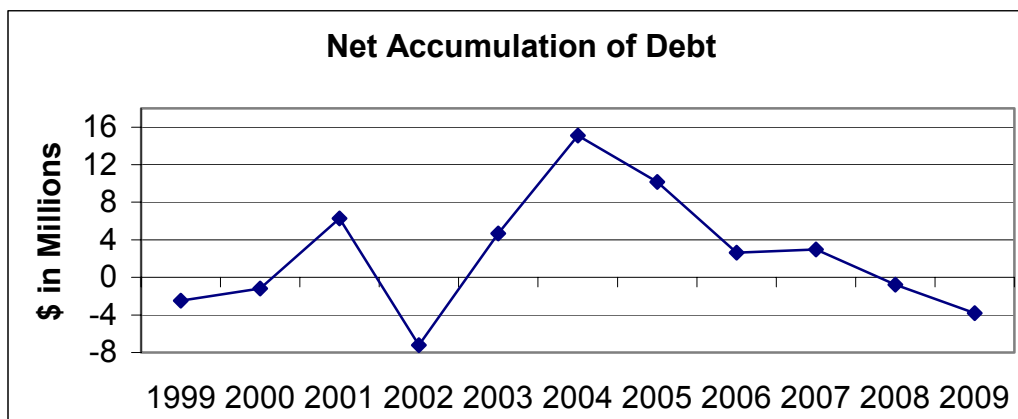
Debt Management Information

Summary of G.O. Bonds Outstanding

1992-2004 actual, 2005-2009 estimated

Year	Bonds Outstanding Jan 1	Issued		Retired	Bonds Outstanding Dec 31	Net Annual Accumulation
1992	102,840,000	64,265,000	1	55,125,000	111,980,000	9,140,000
1993	111,980,000	6,275,000		5,215,000	113,040,000	1,060,000
1994	113,040,000	7,045,000		6,715,000	113,370,000	330,000
1995	113,370,000	22,865,000	1	23,020,000	113,215,000	(155,000)
1996	113,215,000	17,245,000	1	16,675,000	113,785,000	570,000
1997	113,785,000	7,000,000		7,935,000	112,850,000	(935,000)
1998	112,850,000	13,855,000	1	13,885,000	112,820,000	(30,000)
1999	112,820,000	37,700,000	2	40,175,000	110,345,000	(2,475,000)
2000	110,345,000	6,850,000		8,040,000	109,155,000	(1,190,000)
2001	109,155,000	35,905,000	1/3	29,640,000	115,420,000	6,265,000
2002	115,420,000	-		7,205,000	108,215,000	(7,205,000)
2003	108,215,000	42,335,000	1	37,665,000	112,885,000	4,670,000
2004	112,885,000	59,385,000	1	44,290,000	127,980,000	15,095,000
2005	127,980,000	20,000,000	3	9,850,000	138,130,000	10,150,000
2006	138,130,000	12,500,000	3	9,865,493	140,764,507	2,634,507
2007	140,764,507	13,300,000		10,315,000	143,749,507	2,985,000
2008	143,749,507	10,000,000		10,759,292	142,990,215	(759,292)
2009	142,990,215	7,400,000		11,200,682	139,189,533	(3,800,682)

- notes: 1. includes **refunding** of existing debt to achieve future cost savings
 2. includes (a) **refunding** & (b) **reduction** of debt using Law Enforcement Center surplus
 3. includes debt backed by Parking and/or Stormwater Utilities revenue



Debt Management Information

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

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

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

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

Debt Management Information

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

Bond Series	Interest rates	Issue Date	Final maturity	Original Principal Amount	Principal Outstanding 01/01/2003	Issued	Retired	Refunded	Principal Outstanding 12/31/2003
General obligation bonds (A)									
Building Improvements									
1995B	1.00%-5.65%	08/01/95	08/15/11	\$ 5,996,000	\$ 5,746,000	\$ -	\$ 250,000	\$ 5,496,000	\$ -
1997A	1.15%-5.30%	06/15/97	08/15/17	623,700	510,000	-	-	510,000	-
1998A	1.09%-5.00%	07/01/98	08/15/18	1,590,500	1,350,500	-	80,000	1,270,500	-
1999A	1.10%-5.25%	06/01/99	08/15/19	10,155,700	10,155,700	-	500,000	-	9,655,700
2000A	1.70%-5.90%	05/15/00	08/15/20	403,000	362,700	-	20,150	-	342,550
2001A	1.05%-5.00%	03/01/01	08/15/21	6,240,000	6,240,000	-	-	-	6,240,000
2001B	1.00%-5.10%	08/01/01	08/01/21	7,595,000	7,200,000	-	400,000	-	6,800,000
2003A	.80%-4.125'	03/01/03	08/15/17	523,019	-	523,019	33,500	-	489,519
2003B	.375%-5.00'	08/14/03	08/15/18	7,090,315	-	7,090,315	-	-	7,090,315
2003C	1.70%-5.50%	11/24/03	08/15/23	4,331,205	-	4,331,205	-	-	4,331,205
				44,548,439	31,564,900	11,944,539	1,283,650	7,276,500	34,949,289
Drainage Improvements									
1998A	1.90%-4.20%	07/01/98	08/15/04	453,000	190,000	-	95,000	95,000	-
1999A	1.10%-5.25%	06/01/99	08/15/19	299,800	299,800	-	149,800	-	150,000
2001B	1.00%-5.10%	08/01/01	08/01/21	900,000	830,000	-	70,000	-	760,000
2003B	.375%-5.00'	08/14/03	08/15/18	43,114	-	43,114	-	-	43,114
				1,695,914	1,319,800	43,114	314,800	95,000	953,114
Sanitary and Storm Sewer									
1995B	1.00%-5.65%	08/01/95	08/15/11	2,794,000	1,774,000	-	340,000	1,434,000	-
1997A	1.15%-5.30%	06/15/97	08/15/17	175,750	152,000	-	-	152,000	-
1998A	1.90%-4.55%	07/01/98	08/15/09	240,800	180,800	-	24,000	156,800	-
1999A	1.10%-5.25%	06/01/99	08/15/19	670,000	670,000	-	166,000	-	504,000
2000A	1.70%-5.90%	05/15/00	08/15/20	35,300	28,240	-	3,530	-	24,710
2001B	1.00%-5.10%	08/01/01	08/01/21	850,000	790,000	-	60,000	-	730,000
2003A	.80%-4.125'	03/01/03	08/15/17	161,037	-	161,037	11,167	-	149,870
2003B	.375%-5.00'	08/14/03	08/15/18	1,502,500	-	1,502,500	-	-	1,502,500
2003C	1.70%-5.50%	11/24/03	08/15/23	68,895	-	68,895	-	-	68,895
				6,498,282	3,595,040	1,732,432	604,697	1,742,800	2,979,975
Street Improvements									
1995B	1.00%-5.65%	08/01/95	08/15/11	2,120,000	1,400,000	-	700,000	700,000	-
1997A	1.15%-5.30%	06/15/97	08/15/17	1,507,000	1,140,000	-	-	1,140,000	-
1998A	1.90%-4.55%	07/01/98	08/15/09	778,700	553,700	-	75,000	478,700	-
1999A	1.10%-5.25%	06/01/99	08/15/19	3,003,200	3,003,200	-	515,300	-	2,487,900
2000A	1.70%-5.90%	05/15/00	08/15/20	340,500	283,420	-	28,540	-	254,880
2001B	1.00%-5.10%	08/01/01	08/01/21	1,981,500	1,865,000	-	140,000	-	1,725,000
2003A	.80%-4.125'	03/01/03	08/15/17	1,167,529	-	1,167,529	106,083	-	1,061,446
2003B	.375%-5.00'	08/14/03	08/15/18	793,050	-	793,050	-	-	793,050
2003C	1.70%-5.50%	11/24/03	08/15/23	890,554	-	890,554	-	-	890,554
				12,582,033	8,245,320	2,851,133	1,564,923	2,318,700	7,212,830
Trafficway Improvements									
1995B	1.00%-5.65%	08/01/95	08/15/11	4,906,000	4,308,000	-	567,000	3,741,000	-
1997A	1.15%-5.30%	06/15/97	08/15/17	3,792,550	3,483,000	-	-	3,483,000	-
1998A	1.90%-5.00%	07/01/98	08/15/18	10,245,500	10,127,500	-	53,000	10,074,500	-
1999A	1.10%-5.25%	06/01/99	08/15/19	20,085,600	20,085,600	-	1,165,700	-	18,919,900
2000A	1.70%-5.90%	05/15/00	08/15/20	2,422,200	2,296,640	-	72,780	-	2,223,860
2001B	1.00%-5.10%	08/01/01	08/01/21	16,428,500	12,755,000	-	1,015,000	-	11,740,000
2003A	.80%-4.125'	03/01/03	08/15/17	3,598,403	-	3,598,403	134,000	-	3,464,403
2003B	.375%-5.00'	08/14/03	08/15/18	14,633,860	-	14,633,860	-	-	14,633,860
2003C	1.70%-5.50%	11/24/03	08/15/23	4,820,346	-	4,820,346	-	-	4,820,346
				80,932,959	53,055,740	23,052,609	3,007,480	17,298,500	55,802,369

Debt Management Information

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

Bond Series	Interest rates	Issue Date	Final maturity	Original Principal Amount	Principal Outstanding 01/01/2003	Issued	Retired	Refunded	Principal Outstanding 12/31/2003
Park Improvements									
1995B	1.00%-5.65%	08/01/95	08/15/11	480,000	437,000	-	43,000	394,000	-
1997A	1.15%-5.30%	06/15/97	08/15/17	901,000	740,000	-	-	740,000	-
1998A	1.90%-5.00%	07/01/98	08/15/17	546,500	462,500	-	28,000	434,500	-
1999A	1.10%-5.25%	06/01/99	08/15/19	3,469,100	3,469,100	-	270,100	-	3,199,000
2000A	1.70%-5.90%	05/15/00	08/15/20	3,649,000	3,489,000	-	100,000	-	3,389,000
2001B	1.00%-5.10%	08/01/01	08/01/21	1,910,000	1,820,000	-	90,000	-	1,730,000
2003A	.80%-4.125%	03/01/03	08/15/17	755,012	-	755,012	50,250	-	704,762
2003B	.375%-5.00%	08/14/03	08/15/18	842,161	-	842,161	-	-	842,161
2003C	1.70%-5.50%	11/24/03	08/15/23	1,114,000	-	1,114,000	-	-	1,114,000
				<u>13,666,773</u>	<u>10,417,600</u>	<u>2,711,173</u>	<u>581,350</u>	<u>1,568,500</u>	<u>10,978,923</u>
Waterworks Improvement									
1999A	1.10%-5.25%	06/01/99	08/15/19	16,600	16,600	-	8,100	-	8,500
				<u>16,600</u>	<u>16,600</u>	<u>-</u>	<u>8,100</u>	<u>-</u>	<u>8,500</u>
Total all general obligation bonds (A)				\$ 159,941,000	\$ 108,215,000	\$ 42,335,000	\$ 7,365,000	\$ 30,300,000	\$ 112,885,000
Revenue Bonds (B):									
1998A	1.80%-4.70%	06/01/98	08/01/12	11,315,000	8,820,000	-	790,000	-	8,030,000
1998B	1.80%-5.10%	06/01/98	08/01/28	31,440,000	31,440,000	-	-	-	31,440,000
2001A	1.30%-6.00%	12/01/01	08/01/19	25,365,000	24,930,000	-	440,000	-	24,490,000
Total all revenue bonds				\$ 68,120,000	\$ 65,190,000	\$ -	\$ 1,230,000	\$ -	\$ 63,960,000
Total all bonded indebtedness				\$ 228,061,000	\$ 173,405,000	\$ 42,335,000	\$ 8,595,000	\$ 30,300,000	\$ 176,845,000

Notes:

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

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

Debt Management Information

**Debt Service Charges to Final Maturity
For General Obligation Bonds
December 31, 2003**

Budget Year	Funds to be provided by							Total debt service			
	Sewer service charges	Stormwater service charges	Golf Course admission charges	Shawnee County	Special Assessment	General Property Tax	Funds available (A)	Total	Principal	Interest	Total
2003	105,416	150,974	27,368	59,749	1,390,377	8,992,830	1,756,004	12,482,718	7,305,000	5,177,718	12,482,718
2004	102,616	147,485	26,938	59,749	1,275,844	10,519,753	-	12,132,385	7,270,000	4,862,385	12,132,385
2005	99,816	182,468	17,253	59,749	1,170,815	10,286,079	-	11,816,180	7,270,000	4,546,180	11,816,180
2006	101,929	190,157	-	59,749	1,106,413	9,885,623	-	11,343,871	7,125,000	4,218,871	11,343,871
2007	98,741	198,643	-	-	861,177	9,911,200	-	11,069,761	7,175,000	3,894,761	11,069,761
2008	95,460	190,293	-	-	734,408	9,645,569	-	10,665,730	7,105,000	3,560,730	10,665,730
2009	97,385	193,664	-	-	523,810	9,626,726	-	10,441,585	7,210,000	3,231,585	10,441,585
2010	94,025	184,570	-	-	453,774	9,482,061	-	10,214,430	7,325,000	2,889,430	10,214,430
2011	85,585	197,444	-	-	448,896	9,232,180	-	9,964,105	7,430,000	2,534,105	9,964,105
2012	82,285	188,092	-	-	377,714	9,114,553	-	9,762,644	7,595,000	2,167,644	9,762,644
2013	88,910	84,000	-	-	100,009	9,281,999	-	9,554,918	7,755,000	1,799,918	9,554,918
2014	-	-	-	-	94,965	8,274,158	-	8,369,123	6,950,000	1,419,123	8,369,123
2015	-	-	-	-	89,920	4,829,783	-	4,919,703	3,850,000	1,069,703	4,919,703
2016	-	-	-	-	73,943	4,322,920	-	4,396,863	3,520,000	876,863	4,396,863
2017	-	-	-	-	69,681	3,645,942	-	3,715,623	3,020,000	695,623	3,715,623
2018	-	-	-	-	55,908	3,076,827	-	3,132,735	2,595,000	537,735	3,132,735
2019	-	-	-	-	-	2,818,333	-	2,818,333	2,050,000	768,333	2,818,333
2020	-	-	-	-	-	1,638,355	-	1,638,355	1,345,000	293,355	1,638,355
2021	-	-	-	-	-	1,055,560	-	1,055,560	835,000	220,560	1,055,560
2022	-	-	-	-	-	448,230	-	448,230	270,000	178,230	448,230
2023	-	-	-	-	-	449,460	-	449,460	285,000	164,460	449,460
2024	-	-	-	-	-	449,925	-	449,925	300,000	149,925	449,925
2025	-	-	-	-	-	449,625	-	449,625	315,000	134,625	449,625
2026	-	-	-	-	-	453,560	-	453,560	335,000	118,560	453,560
2027	-	-	-	-	-	456,475	-	456,475	355,000	101,475	456,475
2028	-	-	-	-	-	458,281	-	458,281	375,000	83,281	458,281
2029	-	-	-	-	-	459,063	-	459,063	395,000	64,063	459,063
2030	-	-	-	-	-	458,819	-	458,819	415,000	43,819	458,819
2031	-	-	-	-	-	462,550	-	462,550	440,000	22,550	462,550
	<u>\$ 1,052,168</u>	<u>\$ 1,907,790</u>	<u>\$ 71,559</u>	<u>\$ 238,996</u>	<u>\$ 8,827,654</u>	<u>\$ 140,186,439</u>	<u>\$ 1,756,004</u>	<u>\$ 154,040,610</u>	<u>\$ 108,215,000</u>	<u>\$ 45,825,610</u>	<u>\$ 154,040,610</u>

Notes: (A) Fund balance of Debt Service Fund at December 31, 2002.

Debt Management Information
