

Research Update:

Topeka, KS GO Bonds And GO Refunding And Improvement Bonds Assigned 'AA' Rating, Outlook Is Stable

August 5, 2025

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to the city of [Topeka](#), Kan.'s anticipated \$26.9 million series 2025-A general obligation (GO) bonds and \$9.7 million series 2025-B GO refunding and improvement bonds.
- We also assigned our 'SP-1+' short-term rating to the city's approximately \$9.1 million series 2025-A temporary notes.
- At the same time, S&P Global Ratings affirmed its 'AA' long-term rating on the city's outstanding GO debt.
- Lastly, we affirmed our 'SP-1+' short-term rating on the city's outstanding GO temporary notes.
- The outlook, where applicable, is stable.
- The long-term rating also reflects the application of our "Methodology For Rating U.S. Governments," Sept. 9, 2024.

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Rationale

Security

Topeka's full-faith-and-credit pledge, including an unlimited ad valorem property tax pledge, secures the GO bonds. For certain GO debt, Topeka pledges special assessment taxes levied against real property in the city that benefited from certain improvements. The city also pledges incremental property tax revenue derived in certain tax increment financing districts, as well as state sales tax revenue and tax revenue generated within the Heartland Park motorsports redevelopment district. While Topeka intends to pay debt service from these other revenue sources, we rate the bonds to the city's GO pledge because we lack sufficient information to assess the other pledges.

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The short-term rating reflects our view of the city's long-term rating and low market-risk profile, including the authority to issue take-out debt, coupled with the availability of pertinent disclosure information. State law requires the authorization of GO debt before the issuance of temporary notes. Temporary notes are a GO of the city, secured by a pledge of its full faith credit and resources.

Officials intend to use proceeds of the:

- Series 2025-A GO bonds to finance general municipal improvements throughout the city;
- Series 2025-B GO bonds to repay its series 2024B temporary notes and defease a portion of the city's 2021A bonds; and
- Series 2025-A temporary notes to provide interim financings for various municipal improvements.

Credit highlights

Topeka's credit quality is supported by its status as the capital of Kansas, which provides a stabilizing anchor through steady government employment, infrastructure investments, taxable activity, and ancillary job creation. The city also serves as a regional hub for northeast Kansas, with multiple hospitals and higher education institutions fostering human capital for its growing labor force. Topeka maintains its healthy financial profile, characterized by sizable operating reserves, ample liquidity, diversified revenue streams, and prudent budgetary practices. The city's disciplined financial management, including its longstanding financial policies and multiyear budget and capital planning, has buoyed its credit quality.

While Topeka faces projected budgetary gaps driven by rising operating costs outpacing revenue growth, management has responded with proactive cost controls and strategic use of prior-year surpluses. In fiscal 2025, the city appropriated approximately \$10.6 million in fund balance to bridge its budgetary gap while preserving its existing programs and community services, but mid-year results indicate that actual draws may be lower due to various cost-containment measures. Importantly, Topeka retains meaningful budgetary flexibility, including the ability to raise its sales tax rate or enact additional expenditure reductions, if necessary. Although unlikely in the near term, credit pressure could materialize beyond the outlook horizon if the city is unable to sustainably align its expenditures with revenues, leading to reserve levels trailing those of its similarly rated peers.

Credit fundamentals further supporting the city's general creditworthiness include the following:

- Serves as a regional economic hub with a stable, government-backed economic base, though county per capita income and output levels trail both national and peer medians. However, its state capital status helps offset its weaker incomes by providing economic stability and employment insulation.
- The city has implemented effective financial management practices and policies, resulting in the establishment of fiscal buffers to address potential internal and external risks throughout its annual budget cycle. Notable aspects are institutionalized budgeting practice, including multiyear financial forecasting, conservative revenue and expenditure assumptions grounded in historical analysis, and frequent reporting of financial performance and investments to its governing body. The city maintains a formal reserve policy equal to 15% of general fund revenues, with a replenishment mechanism. Its annual capital planning is integrating into a rolling 10-year capital improvement plan that aligns funding sources with identified needs. Comprehensive policies spanning debt, investments, and reserves support its operating

environment, while ongoing efforts to mitigate its cyber risk further underscore its proactive risk management posture.

- Topeka is entering a period of budgetary pressure from a position of fiscal strength, supported by accumulated reserves and disciplined financial practices. While the city is strategically using its fund balance to maintain core services, its sizable fiscal buffers should allow Topeka to bridge its outyear gaps while it recalibrates its budget to align ongoing revenues with its rising costs. Topeka also benefits from an electorate-approved sales-tax levy that sunsets in 2029, supporting infrastructure-related projects, and indirectly alleviating potential budgetary pressure on the general fund.
- Low debt burden relative to its population with moderate debt service costs given strong support from its enterprise funds and diverse funding sources. The city adheres to its debt management policy and align new issuances in line with its multiyear capital improvement plan. Long-term retirement liabilities are manageable, reflecting relatively low fixed costs and participation in an adequately funded cost-sharing multiple-employer plan.
- For more information on our institutional framework assessment for Kansas municipalities, see "[Institutional Framework Assessment: Kansas Local Governments](#)," Sept. 9, 2024. We acknowledge the city's timely annual audits based on generally accepted accounting principles (GAAP) and improvement in the institutional framework score, reflecting increased financial transparency relative to other Kansas local governments.

Environmental, social, and governance

Communities across Kansas are susceptible to episodic tornado and flood events, which can create adverse conditions that could affect the city's finances and the broader economy. While these risks appear to be indirect, we think they could influence spending flexibility and create a greater need to maintain sufficient reserves to help reduce disaster-related costs. We view social and governance factors neutral.

Outlook

The stable outlook reflects our expectation that Topeka will maintain its commitment to financial discipline and effectively deploy its available budgetary tools to manage its near-term fiscal pressures without material deterioration to its financial profile.

Downside scenario

We could lower the rating if Topeka were to experience material financial deterioration, such as rising structural imbalance or otherwise without implementing timely corrective measures resulting in a material drawdown in available reserves that weakens the city's comparative position relative to its similarly rated peers.

Upside scenario

All else equal, we could raise the rating if key economic metrics improved to levels more aligned with its higher-rated peers and if the city materially strengthens its structural budgetary position, resulting in sustainably higher reserves through various economic cycles.

Topeka, Kansas--credit summary

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Topeka, Kansas--credit summary

Individual credit profile (ICP)	2.10
Economy	3.0
Financial performance	3
Reserves and liquidity	1
Management	1.00
Debt and liabilities	2.50

Topeka, Kansas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	93	--	93	93
County PCPI % of U.S.	84	--	84	83
Market value (\$000s)	1,652,369	1,652,369	9,890,938	9,190,400
Market value per capita (\$)	13,062	13,062	78,189	73,361
Top 10 taxpayers % of taxable value	11.1	11.1	11.3	12.8
County unemployment rate (%)	4.0	3.8	3.1	2.9
Local median household EBI % of U.S.	81	--	81	78
Local per capita EBI % of U.S.	84	--	84	83
Local population	126,501	--	126,501	125,276
Financial performance				
Operating fund revenues (\$000s)	--	114,636	116,616	105,551
Operating fund expenditures (\$000s)	--	113,606	104,876	97,362
Net transfers and other adjustments (\$000s)	--	(2,374)	92	(7,340)
Operating result (\$000s)	--	(1,344)	11,832	849
Operating result % of revenues	--	(1.2)	10.1	0.8
Operating result three-year average %	--	3.3	5.2	3.1
Reserves and liquidity				
Available reserves % of operating revenues	--	33.0	33.6	25.9
Available reserves (\$000s)	--	37,845	39,187	27,290
Debt and liabilities				
Debt service cost % of revenues	--	9.3	9.7	9.9
Net direct debt per capita (\$)	--	1,141	1,193	1,262
Net direct debt (\$000s)	--	144,399	150,965	158,142
Direct debt 10-year amortization (%)	--	84	84	--
Pension and OPEB cost % of revenues	--	6.0	6.0	7.0
NPLs per capita (\$)	--	1,019	1,038	1,025
Combined NPLs (\$000s)	--	128,870	131,318	128,428

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

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Ratings List

New Issue Ratings

US\$26.905 mil GO bnds ser 2025-A dtd 09/09/2025 due 08/15/2045

Long Term Rating	AA/Stable
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US\$9.145 mil GO temp renewal and imp nts ser 2025-A dtd 09/09/2025 due 10/01/2026

Short Term Rating	SP-1+
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US\$9.68 mil taxable GO rfdg and imp bnds ser 2025-B dtd 09/09/2025 due 08/15/2045

Long Term Rating	AA/Stable
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Ratings Affirmed

Local Government

Topeka, KS Unlimited Tax General Obligation	AA/Stable
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Topeka, KS Unlimited Tax General Obligation BAN	SP-1+
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Topeka, KS Unlimited Tax General Obligation and College Hill Redev Dist Tax Increment Revenues	AA/Stable
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Topeka, KS Unlimited Tax General Obligation and Special Assessments	AA/Stable
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Topeka, KS Unlimited Tax General Obligation, State Shared Sales Tax, and Heartland Park Redev Dist Sales Tax Increment Revenues	AA/Stable
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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