



City of Topeka, KS

## Popular Annual

## Financial Report

Fiscal Year Ending December 31, 2020





## 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, 2020. 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 Annual Comprehensive Financial Report (ACFR) for fiscal year ended December 31, 2020. The 2020 ACFR was audited by RSM US, LLP and has received an unmodified or "clean" audit opinion.

While the ACFR 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 ACFR.

Both documents are available through the City's website at

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



Government Finance Officers Association

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**City of Topeka  
Kansas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended  
December 31, 2019

*Christopher P. Merrill*  
Executive Director/CEO

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, 2019. 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 . . . . .	125,310
Unemployment rate . . . . .	5.9%
City Operating Budget . . . . .	\$302.2 million
City Employees . . . . .	1,194
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 . . . . .	3,611
Evergy/Westar . . . . .	2,400
Unified School District #501 . . . . .	2,341
Midwest Health . . . . .	2,000
BNSF Railway Company . . . . .	1,931
Goodyear Tire and Rubber Co. . . . .	1,600
Blue Cross/Blue Shield of Kansas . . . . .	1,569
Collective Brands . . . . .	1,500
University of KS Health - St. Francis Campus . . . . .	1,320



## 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



Christina Valdivia-Alcalá  
**Councilmember**  
District 2  
(785) 233-7110



Sylvia Ortiz  
**Councilmember**  
District 3  
(785) 357-0717



Tony Emerson  
**Councilmember**  
District 4  
(785) 422-7888



Michael Padilla  
**Councilmember**  
District 5  
(785) 304-4952



Hannah Naeger  
**Councilmember**  
District 6  
(785) 368-3710



Neil Dobler  
**Councilmember**  
District 7  
(785) 274-9085



Spencer Duncan  
**Councilmember**  
District 8  
(785) 207-8985



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, 2020. For the year ending December 31, 2020 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 2019.

<b>Balance Sheet - Primary Government</b>			
<b>(In thousands)</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>			
Current & Other Assets	\$ 374,202	\$ 347,404	\$ 348,395
Capital Assets	\$ 758,564	\$ 728,594	\$ 702,540
<b>Total Assets</b>	<b>\$ 1,132,766</b>	<b>\$ 1,075,998</b>	<b>\$ 1,050,934</b>
<b>Deferred Outflows</b>	<b>\$ 37,340</b>	<b>\$ 23,798</b>	<b>\$ 7,479</b>
<b>Liabilities</b>			
Long-Term Liabilities Outstanding	\$ 605,160	\$ 538,211	\$ 522,680
Other Liabilities	\$ 65,108	\$ 77,065	\$ 77,492
<b>Total Liabilities</b>	<b>\$ 670,267</b>	<b>\$ 615,276</b>	<b>\$ 600,172</b>
<b>Deferred Inflows</b>	<b>\$ 55,235</b>	<b>\$ 54,660</b>	<b>\$ 54,021</b>
<b>Net Position</b>			
Investment in Capital Assets	\$ 339,838	\$ 351,732	\$ 311,104
Restricted	\$ 67,655	\$ 60,404	\$ 55,193
Unrestricted	\$ 37,109	\$ 17,725	\$ 58,680
<b>Total Net Position</b>	<b>\$ 444,603</b>	<b>\$ 429,860</b>	<b>\$ 424,977</b>

## 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, 2020. In 2020, revenues exceeded expenditures by \$14.4 million, resulting in an increase in the total net position.

Income Statement - Primary Government				
(In thousands)				
	2020	2019	2018	
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for Services	\$ 92,088	\$ 88,197	\$ 86,387	
Operating Grants and Contributions	\$ 20,895	\$ 10,507	\$ 10,308	
Capital Grants and Contributions	\$ 14,013	\$ 12,831	\$ 11,122	
<i>General Revenues:</i>				
Property taxes	\$ 44,646	\$ 44,791	\$ 42,036	
Sales taxes	\$ 58,049	\$ 55,251	\$ 55,648	
Franchise fees	\$ 13,239	\$ 13,992	\$ 14,400	
Motor fuel taxes	\$ 4,685	\$ 4,714	\$ 4,622	
Payment in lieu of taxes	\$ 7,867	\$ 7,480	\$ 7,471	
Other taxes	\$ 3,239	\$ 4,575	\$ 4,546	
Interest Earnings & Miscellaneous	\$ 4,552	\$ 11,844	\$ 8,456	
<b>Total Revenues</b>	<b>\$ 263,275</b>	<b>\$ 254,181</b>	<b>\$ 244,995</b>	
<b>Expenses</b>				
Governmental Activities	\$ 173,632	\$ 173,347	\$ 163,278	
Water, Water Pollution Control, Stormwater Utilities	\$ 72,816	\$ 72,919	\$ 65,503	
Public Parking	\$ 2,469	\$ 3,032	\$ 2,959	
<b>Total Expenses</b>	<b>\$ 248,917</b>	<b>\$ 249,298</b>	<b>\$ 231,740</b>	
<b>Change in net position</b>	<b>\$ 14,358</b>	<b>\$ 4,883</b>	<b>\$ 13,255</b>	
<b>Net Position - January 1</b>	<b>\$ 430,245</b>	<b>\$ 424,977</b>	<b>\$ 411,722</b>	
<b>Net Position - December 31</b>	<b>\$ 444,603</b>	<b>\$ 429,860</b>	<b>\$ 424,977</b>	

## 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 2020 the city's revenues totaled \$263,275,232. The majority of the city's revenues are derived from taxes. Sales and use tax of \$58.0 million and property tax of \$44.6 million, collectively made up 39% of city's revenues for 2020. The next largest revenue source is charges for services of \$92.1 million, or 35%, of the city's 2020 revenues. The city also receives revenue from grants, franchise fees, investment income and various other revenue streams. In total, 2020 revenue increased by \$9.1 million compared to 2019. The increase was primarily driven by the receipt of \$8.9 million in assistance received from the Coronavirus Aid Relief, and Economic Security act, also known as the CARES Act from the federal government.

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 a 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.

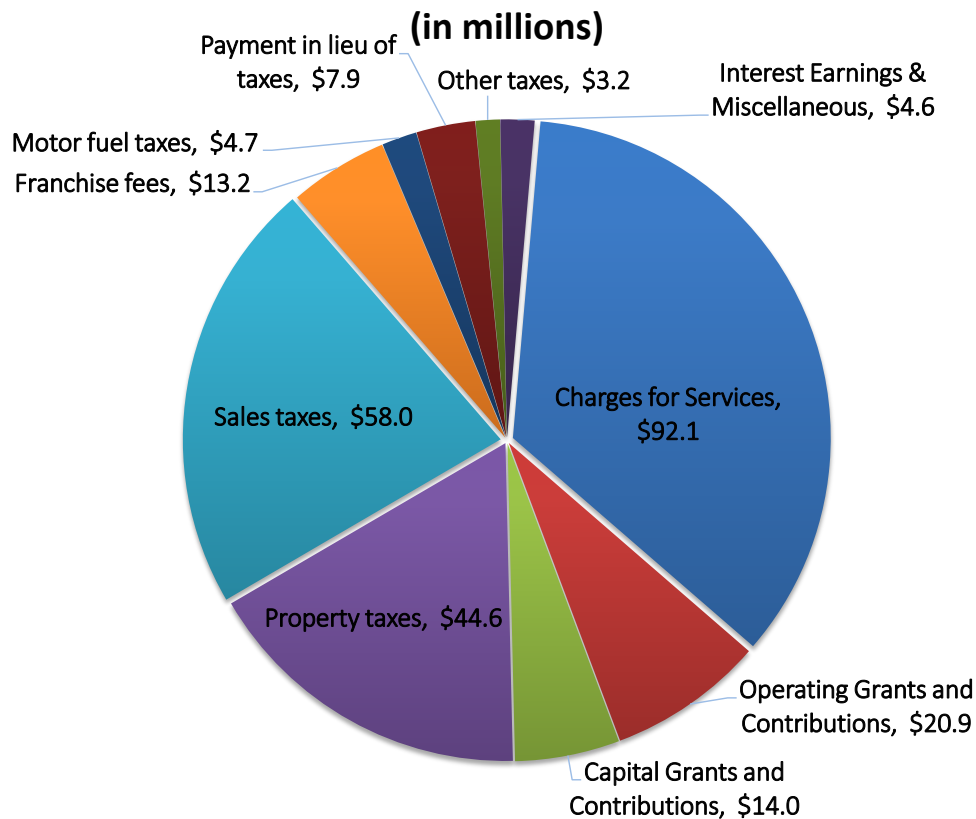
**Payment in Lieu of Taxes** - Compensation primarily for tax exempt properties in lieu taxes.

## Revenues - Where the Money Comes From

### Revenues - Primary Government

	2020	2019	2018
<b>Program Revenues</b>			
Charges for Services	\$ 92,087,961	\$ 88,196,601	\$ 86,387,481
Operating Grants and Contributions	\$ 20,895,403	\$ 10,507,013	\$ 10,308,145
Capital Grants and Contributions	\$ 14,013,272	\$ 12,830,709	\$ 11,121,576
<b>General Revenues</b>			
Property taxes	\$ 44,646,000	\$ 44,791,299	\$ 42,035,684
Sales taxes	\$ 58,049,375	\$ 55,250,790	\$ 55,648,002
Franchise fees	\$ 13,239,426	\$ 13,992,231	\$ 14,400,099
Motor fuel taxes	\$ 4,685,315	\$ 4,713,596	\$ 4,621,676
Payment in lieu of taxes	\$ 7,866,785	\$ 7,480,292	\$ 7,471,168
Other taxes	\$ 3,239,201	\$ 4,575,005	\$ 4,545,677
Interest Earnings & Miscellaneous	\$ 4,552,494	\$ 11,843,805	\$ 8,455,690
<b>Total Revenues</b>	<b>\$ 263,275,232</b>	<b>\$ 254,181,341</b>	<b>\$ 244,995,198</b>

### 2020 Revenues by Source - Primary Government





## 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 2020 these accounted for \$126.2 million, or 73%, of the city's governmental expenses. The city also operates water, water pollution control, and storm water utilities, which account for the large majority, 97%, 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.

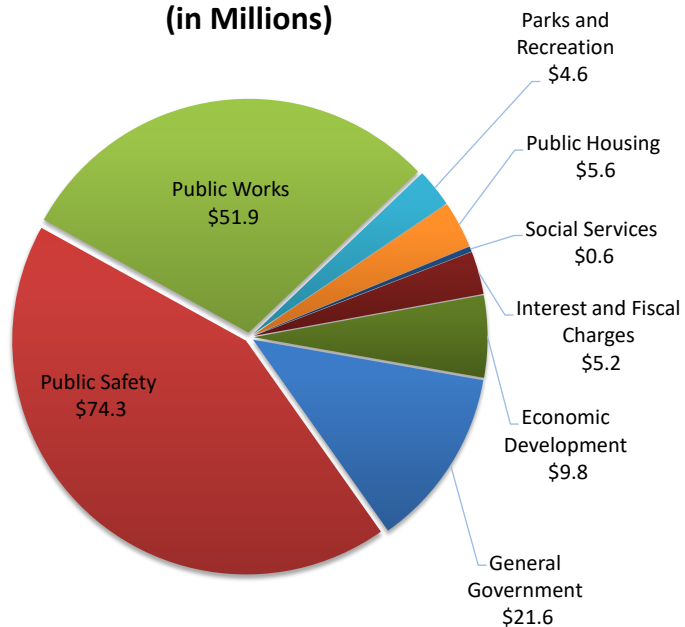
**Water, Water Pollution Control, Stormwater Utilities** - Expenses related to the operation and maintenance of water, water pollution control, and stormwater utilities.

## Expenses - Where the Money Goes

### Expenses - Primary Government

	2020	2019	2018
<b>Governmental Activities</b>			
General Government	\$ 21,587,144	\$ 19,803,990	\$ 13,988,771
Public Safety	\$ 74,336,261	\$ 73,015,825	\$ 66,505,207
Public Works	\$ 51,875,759	\$ 57,194,339	\$ 54,794,256
Miscellaneous	\$ -	\$ -	\$ 3,395,631
Parks and Recreation	\$ 4,585,049	\$ 4,557,143	\$ 4,477,801
Public Housing	\$ 5,638,619	\$ 4,286,652	\$ 4,126,533
Social Services	\$ 627,882	\$ 562,534	\$ 542,965
Interest and Fiscal Charges	\$ 5,154,666	\$ 4,309,300	\$ 5,838,559
Economic Development	\$ 9,826,739	\$ 9,616,733	\$ 9,607,852
<b>Total Governmental Activities</b>	<b>\$ 173,632,119</b>	<b>\$ 173,346,516</b>	<b>\$ 163,277,575</b>
<b>Business-type Activities</b>			
Water, Water Pollution Control, Stormwater Utilities	\$ 72,815,843	\$ 72,919,171	\$ 65,503,021
Public Parking	\$ 2,469,134	\$ 3,032,450	\$ 2,959,169
<b>Total Business-type Activities</b>	<b>\$ 75,284,977</b>	<b>\$ 75,951,621</b>	<b>\$ 68,462,190</b>
<b>Total Expenses</b>	<b>\$ 248,917,096</b>	<b>\$ 249,298,137</b>	<b>\$ 231,739,765</b>

**2020 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 2020, total capital assets were valued at \$758.6 million, with investments in building improvements and infrastructure (streets, alley, bridges, etc.) comprising the largest amount \$590.8 million, or 78%. Construction in progress, valued at \$133.6 million in 2020, represents the second largest portion, and is reflective of the city's ongoing investment in future infrastructure needs.

Capital Assets - Primary Government			
	2020	2019	2018
<b>Capital Assets, not being depreciated:</b>			
Land	\$ 2,543,042	\$ 2,543,042	\$ 2,543,042
Intangible easements	\$ 19,979,336	\$ 16,293,034	\$ 14,760,850
Construction in progress	\$ 133,562,460	\$ 139,051,638	\$ 132,245,338
<b>Total not being depreciated</b>	<b>\$ 156,084,838</b>	<b>\$ 157,887,714</b>	<b>\$ 149,549,230</b>
<b>Capital Assets, being depreciated:</b>			
Building improvements and infrastructure	\$ 590,814,214	\$ 558,766,418	\$ 543,196,833
Furniture	\$ 35,037	\$ 52,732	\$ 71,607
Vehicles	\$ 9,735,196	\$ 9,926,023	\$ 8,222,218
Software	\$ -	\$ -	\$ -
Tools and equipment	\$ 1,894,800	\$ 1,960,898	\$ 1,499,712
<b>Total being depreciated</b>	<b>\$ 602,479,247</b>	<b>\$ 570,706,071</b>	<b>\$ 552,990,370</b>
<b>Total Capital Assets</b>	<b>\$ 758,564,085</b>	<b>\$ 728,593,785</b>	<b>\$ 702,539,600</b>



## Long Term Obligations - What We Owe

As of December 31, 2020, the City's long-term obligations totaled \$605.2 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, 2020 the city's General Obligation bonds totaled \$150.6 million, with a bond rating of AA by Standard & Poor's.

Revenue bonds - Municipal bonds issued to fund income producing projects are secured by a specified revenue source, for example infrastructure projects related to water utilities. As of December 31, 2020 the city had \$271.9 million outstanding in Revenue bonds, with a bond rating of Aa3 by Moody's Investors Services.

### Long-term Obligations - Primary Government

	2020	2019	2018
General obligation bonds	\$ 150,578,300	\$ 158,260,002	\$ 154,045,000
Tax increment and other bonds	\$ 6,770,000	\$ 8,110,000	\$ 9,415,000
Less deferred amounts:			
For issuance premium	\$ 7,050,107	\$ 7,037,667	\$ 7,549,010
For issuance discounts	\$ (356)	\$ (444)	\$ (532)
Revenue Bonds	\$ 271,930,000	\$ 215,420,000	\$ 199,720,000
Less deferred amounts:			
For issuance premium	\$ 10,148,008	\$ 6,217,857	\$ 5,273,177
For issuance discounts	\$ -	\$ (96,137)	\$ (107,347)
State revolving loan	\$ 23,474,854	\$ 28,697,635	\$ 34,176,326
Other liabilities	\$ -	\$ -	\$ -
Capital leases	\$ 1,396,635	\$ 2,074,679	\$ 2,741,448
OPEB liability	\$ 6,586,367	\$ 6,370,570	\$ 6,356,673
Net Pension Liability	\$ 117,212,981	\$ 96,643,255	\$ 93,970,569
Retirement incentive	\$ -	\$ -	\$ -
Compensated absences	\$ 10,012,662	\$ 9,476,222	\$ 9,540,462
Park transfer obligations	\$ -	\$ -	\$ -
Claims and judgments	\$ -	\$ -	\$ -
<b>Long Term Liabilities</b>	<b>\$ 605,159,558</b>	<b>\$ 538,211,306</b>	<b>\$ 522,679,786</b>

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

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