

Research Update:

Augusta, KS Series 2025 GO Bonds Assigned 'AA-' Rating; Outlook Is Stable

September 24, 2025

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to [Augusta](#), Kan.'s approximately \$7.885 million series 2025 general obligation (GO) bonds.
- At the same time, we affirmed our 'AA-' long-term rating on the city's existing general obligation bonds.
- The outlook is stable.

Rationale

Security

The city's full faith and credit, including revenue from ad valorem taxes that may be levied without legal limitation as to rate or amount on all taxable tangible property, real and personal, within the city limits, secures the 2025 GO bonds and GO bonds outstanding.

Bond proceeds will fund the construction of new and replacement facilities and water metering infrastructure.

Credit highlights

The rating reflects our view of Augusta's limited but growing economy, offset by its proximity to Wichita and U.S. Route 400, and its stable finances and liquidity on a cash basis.

The city's tax base has grown due to new construction and appreciation of existing properties. Growth is expected to continue through the near future but at a slower pace. A Comfort Inn & Suites, estimated at about \$3.5 million in taxable value, has a property tax exemption that will expire soon, and will be added to the tax rolls in the next year. Additionally, construction of a Club Car Wash facility was just completed, further supporting assessed value. Sales tax, the city's primary revenue source, continues to increase year over year, given continued retail and business activity in Augusta's downtown combined with changes to online sales tax collections. According to management, sales tax in fiscal 2025 is currently trending 7% higher than in fiscal 2024, and

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growth in the 3% range is expected to continue through the near future. On the residential side, management reports population has generally remained stable, and a subdivision of about 15 homes is underway with another subdivision of 20-30 units on the way.

Finances have remained stable, with close-to-breakeven results recently. The city ended 2024 with a general fund surplus due to higher-than-budgeted revenue growth. In addition, the city carries additional available funds in its capital improvement fund and equipment reserve funds, boosting total available reserves and nongeneral available reserve to approximately \$2.064 million. Revenues are trending high for fiscal 2025 at approximately 82.35% as of the end of August 2025, and expenditures are currently on target. However, the city is projecting ending fiscal 2025 with an approximate \$1.28 million cash balance in the general fund, a slight decrease in carryover compared to 2024. It is our opinion that given the city's historical budgeting practices and results, its operations will remain stable through our outlook horizon.

We consider the city's debt and costs manageable, supported by the defeasance of its 2015-A bonds in 2022 and maturing debt. Future debt issuances are planned with multiple temporary notes for street projects over the next 10 years. In addition, further issuances are under consideration to address facility construction and infrastructure costs, but there are no definitive plans yet. In 2026, the city plans to issue privately placed debt for an electric grid project.

The rating further reflects our view of the following:

- The city's economy is growing, supported by its proximity to Wichita, offset by its lower local incomes compared with both the U.S. and the county.
- Stable financial operating performance supports its general fund cash balance at 18% of operating expenditures. The city is projecting a year-end general fund cash balance of 14.92% of total general fund expenditures in 2025. We note the city's formal fund balance policy is to maintain 15% of expenditures.
- Policies and practices bolster Augusta's stable performance. These include two to three years of historical trend analysis and consultations with outside sources for revenue forecasts, a five-year capital improvement plan that identifies funding sources within the budget, and a formalized debt policy. The city follows state guidelines for investments but has no formalized policy. We note the city is taking measures to mitigate its cyber risk.
- We consider debt and costs manageable, with future debt planned to be issued in the near future. Approximately 55% of the city's current debt is expected to mature within the next 10 years.
- Pension and other postemployment benefit liabilities are flexible in our view and not an immediate credit risk. Augusta participates in the Kansas Public Employees' Retirement System, a state-administered, cost-sharing, multiple-employer defined-benefit pension plan. The city pays all of its required contributions.
- For more information on our institutional framework assessment for Kansas municipalities, see "[Institutional Framework Assessment: Kansas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view Augusta's environmental exposure to drought and severe weather as elevated compared to the U.S. However, the city notes that its water utility has plenty of capacity and is working to upgrade and maintain its plant. In 2023, the city overhauled its electric utility rates and improved its cash position after the 2021 winter storm known as Winter Storm Uri. We view the city's social and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our view that the city will maintain stable financial performance and manage its debt burden despite future issuances through our outlook horizon.

Downside scenario

Should the city experience material deficits due either to structural imbalance or an unmanageable debt burden, leading it to draw down on its available cash balance, we could consider lowering the rating.

Upside scenario

All other factors remaining consistent, we could consider raising the rating if the city's economy diversifies materially and grows to levels comparable with those of higher-rated peers.

Augusta, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.51
Economy	4.5
Financial performance	2
Reserves and liquidity	2
Management	2.30
Debt and liabilities	1.75

Augusta, Kansas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	59	--	59	55
County PCPI % of U.S.	83	--	83	82
Market value (\$000s)	592,231	558,588	506,194	473,281
Market value per capita (\$)	63,084	59,500	54,040	52,285
Top 10 taxpayers % of taxable value	9.1	9.5	10.4	10.4
County unemployment rate (%)	3.9	3.7	2.9	2.8
Local median household EBI % of U.S.	71	71	78	73
Local per capita EBI % of U.S.	67	67	72	71
Local population	9,388	9,388	9,367	9,052
Financial performance				
Operating fund revenues (\$000s)	--	7,250	6,688	6,342
Operating fund expenditures (\$000s)	--	4,967	4,474	4,287
Net transfers and other adjustments (\$000s)	--	(2,261)	(2,266)	(2,145)
Operating result (\$000s)	--	22	(52)	(90)
Operating result % of revenues	--	0.3	(0.8)	(1.4)
Operating result three-year average %	--	(0.6)	0.1	0.4
Reserves and liquidity				
Available reserves % of operating revenues	--	18.0	19.2	21.1

Augusta, Kansas--key credit metrics

	Most recent	2024	2023	2022
Available reserves (\$000s)	--	1,306	1,284	1,336
Debt and liabilities				
Debt service cost % of revenues	--	1.9	2.7	29.8
Net direct debt per capita (\$)	2,222	1,376	1,591	1,857
Net direct debt (\$000s)	20,861	12,921	14,907	16,808
Direct debt 10-year amortization (%)	55	71	--	--
Pension and OPEB cost % of revenues	--	5.0	5.0	3.0
NPLs per capita (\$)	--	860	865	833
Combined NPLs (\$000s)	--	8,070	8,102	7,541

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.

Ratings List

New Issue Ratings

US\$7.885 mil GO bnds ser 2025 due 09/01/2050

Long Term Rating AA-/Stable

Ratings Affirmed

Local Government

Augusta, KS Unlimited Tax General Obligation AA-/Stable

Augusta, KS Unlimited Tax General Obligation and Special Assessments AA-/Stable

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.

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