

## Research Update:

# Kechi, KS Series 2025 General Obligation Temporary Improvement Notes Rated 'SP-1+'

November 3, 2025

## Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to [Kechi, Kan.](#)'s \$1.2 million series 2025 general obligation (GO) temporary improvement notes.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the city's GO debt outstanding and affirmed its 'SP-1+' short-term rating on the city's notes outstanding.
- The outlook, where applicable, is stable.

## Rationale

### Security

The series 2025 notes and GO bonds outstanding are secured by the city's full-faith-and-credit pledge and are payable from all lawfully available funds, and, if not so paid, from ad valorem property taxes, which might be levied without limitation as to rate or amount on all taxable tangible property within the city.

The 'SP-1+' short-term rating reflects our view of:

- Our investment grade long-term GO rating; and
- The city's low market risk profile, indicating strong legal authority to take out the notes with bonds before maturity, adequate market access, and strong information availability.

Proceeds from the notes will be used for infrastructure projects for future commercial and housing additions.

### Credit highlights

The long-term rating reflects our view of the city's high incomes, positive financial performance, and healthy cash reserves further supported by its additional non-general fund available reserves

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(capital improvement fund and equipment reserve fund). However, its smaller tax base and debt burden constrain the rating.

Approximately 10 miles from Wichita, Kan., the city's assessed valuation (AV) has been trending positively, with 6%-7% budgeted for the near term, year-over-year. While population and housing trends have been flat, recently Kechi annexed an additional 80 acres, which is slated to primarily be for residential development. Once development is underway in the next few years, management expects to see population growth trends turn positive. As population and residential developments grow, we expect these trends will support further AV growth and economic stability for the city.

The city's finances have trended positively in recent years, with a small deficit in 2023. However, we note the deficit was primarily related to transfers to its street highway fund and capital improvement fund, rather than operational imbalance. Therefore, alongside the city's historically positive operating results, we expect the positive operating trend will continue going forward. For fiscal 2024, the city estimates an unaudited year-end surplus of approximately \$548,000, of which the excess was moved into the capital fund. Fiscal 2025, has utilized similar budgetary assumptions to 2024, albeit smaller transfers out of the general fund, given less projects. While two months remain within the fiscal year, management is estimating a small surplus. Given the city's historical performance and healthy general and non-general fund reserves, we expect Kechi will maintain stable operations through the near term.

We view Kechi's net direct debt burden and current costs as elevated but expect they will remain manageable through the near term, given continued revenue growth and the city's history of positive financial performances. Management has no plans for future authorizations, and approximately 71% of the city's debt is expected to mature over the next 10 years.

The rating further reflects our view of the city's:

- Proximity to Wichita, promoting growth, alongside Kechi's local income metrics, which compare favorably with those of peers.
- Positive operating performances with surpluses in the general fund transferred to other funds, building up non-general available reserves.
- Policies and practices that support the city's finances, including five years of historical trend analysis for revenue and expenditure assumptions with monthly budget-to-actual reports provided to the council, a capital improvement plan including five years but that primarily focuses three years out, and an informal reserve target of 30% of operating expenditures for all funds. In addition, we note the city is taking measures to mitigate its cyber risk.
- Elevated debt burden and current costs but no immediate plans for additional debt. We view its pension and other postemployment benefits (OPEB) liabilities as flexible and not an immediate credit risk. The city participates in the Kansas Public Employees' Retirement System.
- 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 the city's environmental, social, and governance factors as neutral in our analysis. However, we note that given its location, the city is exposed to potential severe weather, which could affect its tax base and financial performance. Management states that it maintains an

emergency management planner and works closely with county emergency management to mitigate any potential risks.

## Outlook

The stable outlook reflects our view that the city will maintain its positive operations and healthy fund balance, providing budgetary flexibility in lieu of any unforeseen expenditures.

### Downside scenario

We could consider lowering the rating if the city experiences sustained deterioration in operations, leading to a material drawdown in its reserves, falling below their reserve target.

### Upside scenario

We could consider raising the rating if debt moderates alongside material growth in the city's tax base to levels that are comparable with those of higher-rated peers, alongside further formalization and creation of financial policies and practices.

### Kechi, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.33
Economy	2.0
Financial performance	1
Reserves and liquidity	2
Management	2.65
Debt and liabilities	4.00

### Kechi, Kansas--key credit metrics

	Most recent	2023	2022	2021
<b>Economy</b>				
Real GCP per capita % of U.S.	93	93	94	92
County PCPI % of U.S.	87	87	88	89
Market value (\$000s)	209,506	186,791	172,884	162,009
Market value per capita (\$)	92,784	87,163	68,632	65,538
Top 10 taxpayers % of taxable value	10.1	9.1	9.3	--
County unemployment rate (%)	4.2	3.1	3.1	4.6
Local median household EBI % of U.S.	127	130	132	--
Local per capita EBI % of U.S.	101	103	98	--
Local population	2,258	2,143	2,519	2,472
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	2,119	1,841	1,686
Operating fund expenditures (\$000s)	--	1,611	1,234	1,235
Net transfers and other adjustments (\$000s)	--	(542)	(450)	(243)
Operating result (\$000s)	--	(34)	157	208
Operating result % of revenues	--	(1.6)	8.5	12.3

## Kechi, Kansas--key credit metrics

	Most recent	2023	2022	2021
Operating result three-year average %	--	6.4	11.3	10.0
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	61.2	72.2	69.6
Available reserves (\$000s)	--	1,296	1,330	1,174
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	24.9	22.7	21.5
Net direct debt per capita (\$)	4,017	3,533	2,994	3,626
Net direct debt (\$000s)	9,070	7,572	7,543	8,963
Direct debt 10-year amortization (%)	71	69	--	--
Pension and OPEB cost % of revenues	--	3.0	3.0	3.0
NPLs per capita (\$)	--	392	421	192
Combined NPLs (\$000s)	--	841	1,061	475

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\$1.2 mil GO temp imp nts ser A (2025) dtd 12/04/2025 due 09/01/2028

Short Term Rating SP-1+

#### New Rating

#### Local Government

Kechi, KS Unlimited Tax General Obligation SP-1+

#### Ratings Affirmed

#### Local Government

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

Kechi, KS Unlimited Tax General Obligation and Special Assessments BAN SP-1+

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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