

Research Update:

# Emporia, KS Series 2026 GO Bonds Assigned 'AA-' Rating

March 6, 2026

## Overview

- S&P Global Ratings assigned its 'AA-' rating to the City of [Emporia](#), Kan.'s estimated \$13.4 million series 2026 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the city's existing GO debt.
- The outlook is stable.

## Rationale

### Security

An unlimited ad valorem tax, levied on all taxable property within the city, secures the GO bonds.

The series 2026 bond proceeds will fund fire station rehabilitation and various road, water, sewer, and drainage improvements. The city will also use a portion of proceeds to purchase a new street sweeper and a fire truck.

### Credit highlights

The rating reflects Emporia's fairly stable economy that has experienced some taxpayer and employment losses recently but has rebounded due to growth stemming from its favorable location and ongoing economic developments. The rating also reflects our view of management's forward-looking practices that include conservative budgeting practices and long-term financial and capital planning. These practices and formal financial policies have allowed the city to maintain stable operating performance and strong reserves that we anticipate the city will maintain over the outlook horizon. Emporia's debt profile is deteriorating somewhat with this issuance but remains manageable.

Emporia benefits from its location between the cities of Topeka and Wichita. The local economy is based on manufacturing and processing companies that include pet food production and baked goods, but significant contributors also include education and health care. Although a limited housing stock constrained the city somewhat in the past, the tax base has experienced

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steady growth in recent years and several housing developments are in the pipeline. Emporia lost one of its major employers, Tyson, last year, after the company lost its contracts with a fast food chain and a major discount retailer. As a result, about 800 employees lost their jobs and unemployment went up to about 6%, according to management, but a significant portion of the jobs have been absorbed in other areas of the market, and unemployment dropped to about 4%. The city also recently discovered that an auto manufacturing supplier, Hopkins, will close, with about 200 jobs affected, but believes there are other economic developments under way that should help offset the recent losses. The city's location along the Interstate 35 (I-35) interchange makes it an attractive spot for various commercial developments given that about 14,000 vehicles traverse Emporia each day during daily commute.

Officials practice conservative budgeting, which supports operating surpluses that have supported healthy general fund reserves, including the most recently audited fiscal 2024. Unaudited fiscal 2025 results show a draw of about \$1 million, which is mostly due to capital expenditures, with a portion attributed to salary increases. The fiscal 2026 budget shows a deficit of over \$3 million, but this is mostly due to the state budgeting requirements. Officials expect to end the year balanced. We note that the enterprise funds, notably the water fund, have not performed well recently and the water fund in particular had a negative net unrestricted position and no cash as of fiscal year-end 2024. This is partially due to capital projects in the water fund totaling over \$3 million in fiscal 2024. The water fund didn't have sufficient cash to cover those costs so a little over \$2 million in cash was borrowed from the general fund, as reflected in the fiscal year-end 2024 receivables in the general fund. Those costs were reimbursed with the proceeds from a state revolving loan in fiscal 2025 and the general fund was repaid. We also note that city has taken steps to improve enterprise finances by increasing user rates by 10% in both fiscal 2025 and 2026 and reports that no support will be needed or provided to the enterprise funds from the general fund.

Emporia may issue an additional \$28 million or so in new debt within the outlook horizon, but the details have not been established yet. The additional debt could include about \$25 million for a recreation center backed by the city's GO pledge but to be repaid with a sales tax that would have to be approved by voters.

Credit fundamentals supporting the 'AA-' GO rating include the following credit factors:

- Economic metrics are below those of peers in the U.S. but align with the county. We expect the local economy to remain stable despite recent business losses given its advantageous location along I-35.
- Reserves and liquidity are solid, with conservative budgeting and no plans to draw down reserves materially.
- Management is conservative and proactive and maintains five-year rolling long-term financial and capital plans and formal debt management and reserve policies. Detailed financial and investment reports are provided monthly to the city council. The city is taking steps to guard itself against cyberattacks.
- We expect the debt profile to remain manageable, even with potential additional debt plans, and there are no immediate pension or other postemployment benefits pressures.
- We view the institutional framework for Emporia as stronger than the average of other Kansas cities, due to the city's history of producing robust, generally accepted accountancy principles-basis financial reports. 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 have assessed the city's environmental, social and governance factors and view them as neutral in our credit analysis.

## Outlook

The stable outlook reflects our opinion that the city will sustain at least balanced performance, maintain reserves in line with its informal 25% target, and maintain a manageable debt profile.

### Downside scenario

We could lower the rating if Emporia's financial performance were to deteriorate significantly, leading to material and sustained draws on reserves without a plan to replenish them, or if its debt profile weakens materially.

### Upside scenario

All other factors remaining equal, we could raise the rating if economic metrics were to improve to levels commensurate with those of higher-rated peers.

### Emporia, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.68
Economy	5.5
Financial performance	3
Reserves and liquidity	1
Management	1.65
Debt and liabilities	2.25

### Emporia, Kansas--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	70	--	70	71
County PCPI % of U.S.	68	--	68	71
Market value (\$000s)	1,437,961	1,302,751	1,170,702	1,101,000
Market value per capita (\$)	60,274	54,607	49,183	44,836
Top 10 taxpayers % of taxable value	14.1	14.3	15.3	--
County unemployment rate (%)	4.4	3.3	2.6	2.5
Local median household EBI % of U.S.	77	77	74	70
Local per capita EBI % of U.S.	75	75	72	70
Local population	23,857	23,857	23,803	24,556
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	27,074	26,008	24,541
Operating fund expenditures (\$000s)	--	22,981	21,313	18,095
Net transfers and other adjustments (\$000s)	--	(3,701)	(4,021)	(4,301)

**Emporia, Kansas--key credit metrics**

	Most recent	2024	2023	2022
Operating result (\$000s)	--	392	674	2,145
Operating result % of revenues	--	1.4	2.6	8.7
Operating result three-year average %	--	4.3	4.4	(5.0)
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	37.0	37.0	36.4
Available reserves (\$000s)	--	10,011	9,618	8,940
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	4.8	6.2	5.7
Net direct debt per capita (\$)	2,040	1,108	1,200	885
Net direct debt (\$000s)	48,675	26,422	28,569	21,739
Direct debt 10-year amortization (%)	57	27	25	--
Pension and OPEB cost % of revenues	--	7.0	5.0	6.0
NPLs per capita (\$)	--	1,015	970	830
Combined NPLs (\$000s)	--	24,214	23,084	20,376

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\$13.415 mil GO bnds ser 2026 due 9/1/2046

Long Term Rating AA-/Stable

**Ratings Affirmed**

**Local Government**

Emporia, KS Unlimited Tax General Obligation 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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