

Research Update:

Kechi, KS Series 2026A GO Temporary Improvement Notes Assigned 'SP-1+' Rating

June 30, 2026

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to **Kechi**, Kansas' \$980,000 series 2026A 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 2026 notes, existing 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 to construct utility infrastructure in the city's industrial park.

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

The city is located approximately 10 miles from Wichita, Kansas, and its assessed valuation (AV) has been trending positively, with 5% growth assumed for budget purposes through the near

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term. While population and housing trends have been flat, Kechi recently annexed an additional 80 acres, which are slated primarily for residential development. Management reports it is currently platting but expects the developments to be completed within the next 12 to 18 months. A strip mall recently completed infrastructure installation and will be a mix of commercial and residential as well. Additional commercial development includes a Casey's General Store, which the city anticipates will move into its top property taxpayers. Lastly, the city's industrial park has multiple projects underway with AMP Crane expected to come online in the next one to two months, SEAL Lab in six months, and Thermo Connect, which has yet to break ground. As population and economic developments grow, we expect these trends will support further AV growth and economic stability for the city.

Fiscal 2024 ended in a general fund deficit that was attributed to transfers to other funds we consider available outside of the general fund. Combined available reserves (general fund, capital improvement fund, and equipment reserve fund) increased approximately \$482,000. For fiscal 2025, management reported an estimated year-end general fund balance of \$1.8 million (pending adjustments), a fully expended equipment reserve fund, and approximately \$1.13 million in the capital improvement fund. Fiscal 2026 is reported to be on track for a modest 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 performance. Management has no plans for future authorizations.

The rating further reflects our view of the following:

- Kechi's proximity to Wichita promotes growth, and local income metrics compare favorably with those of peers.
- Operating performance is positive, with surpluses in the general fund transferred to other funds, building up non-general available reserves.
- Policies and practices 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. We believe the issuer's cyber risk posture helps mitigate exposure to risk consistent with our overall view of its management and governance.
- The city's debt burden and current costs are elevated compared to state peers, but management has no immediate plans for additional debt. We view its pension and other postemployment benefits 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, given its location, the city is exposed to potential severe weather, including tornadoes. Management states that it maintains an emergency management planner and works closely with county emergency management to mitigate 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 unforeseen expenditures.

Downside scenario

We could consider lowering the rating if the city experiences sustained deterioration in operations that causes it to draw down reserves to levels that are below the reserve target and no longer in line with peers.

Upside scenario

We could consider raising the rating if the city's tax base grows materially to levels that are comparable with those of higher-rated peers, and if management further formalizes and creates financial policies and practices.

Kechi, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.16
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	2.3
Debt and liabilities	3.50

Kechi, Kansas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	91	91	93	92
County PCPI % of U.S.	87	87	87	87
Market value (\$000s)	222,788	211,794	186,791	172,884
Market value per capita (\$)	98,666	93,797	87,163	68,632
Top 10 taxpayers % of taxable value	13.0	10.1	9.1	--
County unemployment rate (%)	3.8	3.9	3.1	3.1
Local median household EBI % of U.S.	127	127	130	132
Local per capita EBI % of U.S.	101	101	103	98
Local population	2,258	2,258	2,143	2,519
Financial performance				
Operating fund revenues (\$000s)	--	2,423	2,119	1,841
Operating fund expenditures (\$000s)	--	1,645	1,611	1,234
Net transfers and other adjustments (\$000s)	--	(1,220)	(542)	(450)
Operating result (\$000s)	--	(442)	(34)	157
Operating result % of revenues	--	(18.2)	(1.6)	8.5
Operating result three-year average %	--	(3.8)	6.4	11.3

Kechi, Kansas--key credit metrics

	Most recent	2024	2023	2022
Reserves and liquidity				
Available reserves % of operating revenues	--	35.2	61.2	72.2
Available reserves (\$000s)	--	854	1,296	1,330
Debt and liabilities				
Debt service cost % of revenues	--	17.3	24.9	22.7
Net direct debt per capita (\$)	4,110	3,485	3,533	2,994
Net direct debt (\$000s)	9,280	7,870	7,572	7,543
Direct debt 10-year amortization (%)	73	75	69	--
Pension and OPEB cost % of revenues	--	4.0	3.0	3.0
NPLs per capita (\$)	--	334	392	421
Combined NPLs (\$000s)	--	754	841	1,061

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\$980,000 City of Kechi, Kansas, General Obligation Temporary Improvement Notes, Series A,2026, dated: August 6, 2026, due: September 1, 2027

Short Term Rating SP-1+

Ratings Affirmed

Local Government

Kechi, KS Unlimited Tax General Obligation SP-1+

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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