

Research Update:

Andover, KS Series A 2026 GO Bonds Rated 'AA-'; Outlook Stable

June 11, 2026

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to the City of **Andover**, Kansas' proposed \$5.08 million series A 2026 general obligation (GO) bonds.
- The outlook is stable.

Rationale

Security

The series A 2026 GO bonds are direct obligations of the city, secured and payable from special assessments levied on properties benefitting from projects financed by the bonds, and the city's unlimited full-faith-and-credit pledge, payable from ad valorem taxes. We rate the bonds to the GO pledge because we do not have sufficient information to rate the special-assessment pledge.

We understand that series A 2026 bond proceeds will finance the costs of new infrastructure including water, sewer, paving, and storm water drainage improvements .

Credit highlights

The rating reflects our view of Andover's expanding residential taxing base, with direct access to the Wichita metropolitan statistical area (MSA), consistently positive operating performance, supported by conservative budgeting practices, positive demographic trends, and consistent revenue growth. In our view, the city has elevated net direct debt and low per capita gross county product (GCP) metrics compared to peers. Andover is a Wichita suburb that benefits from access to this large and diverse metropolitan statistical area (MSA). Due to expansion of the Wichita MSA, Andover has experienced consistent property tax base growth from ongoing economic development, both residential and commercial. Economic expansion has spurred strong revenue growth for the city, with property and sales tax revenue representing 67% of general fund revenue, followed by licenses and permits at 27%, and fines and forfeitures at 5%. Fiscal 2024 saw surplus results that the city attributed to higher-than-budgeted interest and building permits revenues, combined with higher administrative fees collected on several special assessment projects throughout the fiscal year. Given ongoing residential development and commercial expansions, combined with management's conservative approach to budgeting, we expect Andover will maintain balanced operations and sizable reserve levels. As of fiscal 2023,

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the city reports financials on a modified cash basis and expects to do so for the foreseeable future to promote collaboration with its state peers--most of which report on a cash basis--and to manage increasing costs associated with Governmental Accounting Standards Board-compliant financial reporting. However, we view cash basis accounting as less comparable with that of national peers.

Andover typically adopts deficit budgets; however, it also typically outperforms projections, leading to near-breakeven results. Unaudited results for fiscal 2025 show a general fund deficit of \$1.3 million. This deficit is driven by the renewal of two insurance policies. The city saw a shift in renewal dates from April to January that necessitated earlier payments to maintain compliance with Kansas cash-basis statutory requirements. For fiscal 2026, the city has adopted a \$1.3 million deficit. Although the city plans to spend down \$16 million in restricted funds for a wastewater treatment facility expansion, we do not expect this planned draw to influence our view of the city's reserves and liquidity, as these reserves are not included in our calculation of available fund balance. Management remains committed to its formal reserve policy of maintaining 25% of general fund operating expenditures. Therefore, we expect finances will likely remain stable during the next few fiscal years.

Credit fundamentals supporting the 'AA-' rating include our view of Andover's:

- Proximity to Wichita, which is driving consistent economic expansion, particularly residential development. While GCP per capita metrics remain below average, we note that local incomes are strong relative to the county and national levels;
- Historically balanced budgetary performance, with relatively large surplus results recently due to the availability of American Rescue Plan Act funds and receipt of grant funding. The city transitioned to modified cash-basis financial reporting in fiscal 2023. Although most Kansas municipalities report financials on a cash basis, we view this accounting standard as less transparent than generally accepted accounting principles and not comparable with that of its higher-rated peers, due to timing differences regarding recognition of revenues and expenditures;
- Budgeting practices based on historical data and current economic trends, with budget-to-actual reports reviewed by the council monthly. Revenue and expenditure assumptions also incorporate the city's rolling five-year capital improvement plan, though Andover does not use long-term financial projections. A formal policy requires the city to maintain minimum reserve levels for the general fund and sewer utility fund at 25% of expenditures, which it is meeting. A formal policy that mirrors state guidelines governs the city's investments, and Andover has a basic debt management policy that limits GO debt issuance to 60% of the previous year's assessed value. We consider Andover's cyber risk mitigation measures consistent with our view of the city's credit fundamentals; and
- Net direct debt per capita increases substantially with the current issuance, though population continues to grow, indicating this metric could moderate in the next two-to-three years, though we do not expect substantial moderation of debt metrics, given the city's plans to issue additional debt in this time frame. We do not view pension and other postemployment benefits contributions as a near-term source of budgetary pressure, as contributions in the past two years have exceeded our minimum funding progress metric, and the city has a low per-capita net pension liability.
- For more information on our institutional framework assessment for Kansas local governments, see "[Institutional Framework Assessment: Kansas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

Although Andover is exposed to severe weather events, including tornadoes and flooding, we do not view its exposure as outsized compared with that of its peers. Furthermore, the city maintains property insurance, and has historically received settlements and, in some cases, reimbursements from the Federal Emergency Management Agency for damages sustained in prior years. We view Andover's social and governance factors as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that ongoing economic expansion will support maintenance of balanced operating performance and healthy cash reserve levels, although we expect the debt burden will remain elevated for the foreseeable future given the city's capital needs and additional debt issuance plans, which we view as a credit limitation.

Downside scenario

We could lower the rating if Andover's financial performance deteriorates on a sustained basis, resulting in maintenance of reserves below the formal policy level, and management is unable to articulate a credible plan to restore reserve levels. We could also lower the rating if additional debt issuance outpaces tax base growth, pressuring operations.

Upside scenario

All other credit factors remaining equal, we could raise the rating if the city's ongoing economic expansion contributes to sustained improvement in per capita GCP metrics, along with a moderation of the debt burden.

Andover, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.56
Economy	3.5
Financial performance	2
Reserves and liquidity	2
Management	2.05
Debt and liabilities	3.25

Andover, Kansas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	62	62	61	59
County PCPI % of U.S.	82	82	83	81
Market value (\$000s)	2,105,486	1,808,292	1,534,795	1,328,946
Market value per capita (\$)	134,846	115,812	100,111	92,752
Top 10 taxpayers % of taxable value	7.5	6.8	8.2	--
County unemployment rate (%)	3.5	3.6	2.9	2.7
Local median household EBI % of U.S.	128	128	128	124

Andover, Kansas--key credit metrics

	Most recent	2024	2023	2022
Local per capita EBI % of U.S.	95	95	99	99
Local population	15,614	15,614	15,331	14,328
Financial performance				
Operating fund revenues (\$000s)	--	12,499	12,628	7,927
Operating fund expenditures (\$000s)	--	8,986	7,667	7,626
Net transfers and other adjustments (\$000s)	--	(3,039)	(3,429)	180
Operating result (\$000s)	--	474	1,532	481
Operating result % of revenues	--	3.8	12.1	6.1
Operating result three-year average %	--	7.3	6.1	2.0
Reserves and liquidity				
Available reserves % of operating revenues	--	34.0	29.9	30.3
Available reserves (\$000s)	--	4,254	3,781	2,403
Debt and liabilities				
Debt service cost % of revenues	--	6.2	11.8	22.9
Net direct debt per capita (\$)	8,653	5,682	4,273	4,590
Net direct debt (\$000s)	135,105	88,717	65,516	65,762
Direct debt 10-year amortization (%)	65	69	62	--
Pension and OPEB cost % of revenues	--	1.0	2.0	3.0
NPLs per capita (\$)	--	452	475	355
Combined NPLs (\$000s)	--	7,050	7,281	5,090

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\$5,080,000 City of Andover, Kansas, General Obligation Bonds, Series 2026, dated: July 22, 2026, due: October 1, 2046

Long Term Rating AA-/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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