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Research Update:

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

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Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Kechi, Kansas' $1.17 million series B, 2026 general obligation (GO) temporary improvement notes.

Rationale

Security

The series B 2026 notes are GOs of the issuer payable as to both principal and interest from special assessments levied on property benefitting from the financed improvements, from GO bonds issued to finance the improvements, or from lawfully available funds of the city, and if not so paid, from ad valorem property taxes, which may be levied without legal limitation as to rate or amount on all taxable 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 pay for city infrastructure projects, including water, sewer, and gas projects.

Currently the long-term GO rating is ‘AA-‘ with a Stable outlook. For further information on the city’s general credit characteristics, please see our report, June 30, 2026, on RatingsDirect.

Credit highlights

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 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. 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.

Kechi, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.21
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	2.30
Debt and liabilities	3.75

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 ($000s)	250,318	211,794	186,791	172,884
Market value per capita ($)	110,858	93,797	87,163	68,632
Top 10 taxpayers % of taxable value	10.2	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
Reserves and liquidity				
Available reserves % of operating revenues	--	35.2	61.2	72.2

Kechi, Kansas--key credit metrics

	Most recent	2024	2023	2022
Available reserves ($000s)	--	854	1,296	1,330
Debt and liabilities				
Debt service cost % of revenues	--	17.3	24.9	22.7
Net direct debt per capita ($)	4,624	3,485	3,533	2,994
Net direct debt ($000s)	10,440	7,870	7,572	7,543
Direct debt 10-year amortization (%)	73	75	69	--
Pension and OPEB cost % of revenues	--	4.0	3.0	3.0
NPLs per capita ($)	--	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$1.170 mil GO temp imp nts ser 2026B dtd 9/10/2026 due 9/1/2029	
Short Term Rating	SP-1+