Research Update:

Augusta, KS Series 2026-2 GO Temporary Notes Assigned 'AA-' Rating

November 4, 2026

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to the City of Augusta, Kansas' $1.15 million series 2026-2 general obligation (GO) temporary notes.
- The outlook is stable.

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Rationale

Security

The temporary notes shall be general obligations of the Issuer payable as to both principal and interest from the proceeds of future long-term bonds to permanently finance the Improvements and, if not so paid, from ad valorem taxes that may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city. Augusta's full faith and credit, including revenue from ad valorem taxes that may be levied without legal limitation as to rate or amount on all taxable tangible property, real and personal, within the city limits, secures the existing GO bonds outstanding.

The series 2026-2 notes will fund street, storm water, sanitary sewer, water line, and electric improvements within the City.

Credit highlights

The rating reflects our view of Augusta's economy with lower-than-average incomes, though its location benefits from the city's proximity to Wichita and U.S. Route 400, and stable finances and liquidity on a cash basis.

The city's tax base has grown due to new construction and appreciation of existing properties, and this growth is expected to continue but at a slower pace. Two new subdivisions are under development, totaling 58 units total, which will support future tax base expansion. Finances have remained stable, with close-to-breakeven results recently. The city ended 2025 with a general fund surplus due to higher-than-budgeted revenue growth. In addition, Augusta carries additional available funds in its capital improvement fund and equipment reserve funds, boosting total

available reserves and nongeneral available reserves to approximately $2.254 million. Officials project a roughly $200,000 general fund deficit for fiscal 2026 based on early estimates, which are inherently more conservative than estimates later in the year. Despite expected negative results for fiscal 2026, with other available nongeneral reserves, we anticipate available reserves will remain healthy. Although officials indicate that they could draw on the fund balance in fiscal 2027 for staffing needs, we believe that given the city's historical budgeting practices and results, Augusta's operations will remain relatively stable through our outlook horizon.

We consider Augusta's debt and costs manageable, in part due to maturing debt in recent years and the expectation that the city's electric utility will cover annual debt service for this current issuance. In addition to converting this note into permanent financing, Augusta has another anticipated $1.5 million in future debt for street projects. Given the limited anticipated par amount, we do not anticipate any major changes to the city's debt profile within the outlook horizon.

The rating further reflects our view of the following:

- Augusta's economy is growing, supported by the city's proximity to Wichita, offset by lower local incomes compared with both the U.S. and the county.
- Stable financial operating performance supports Augusta's general fund cash balance at 15.82% of operating revenues. The city is projecting a year-end general fund cash balance of 13.47% of total general fund revenues in 2026. Its formal fund balance policy is to maintain 15% of expenditures.
- Policies and practices bolster Augusta's stable performance. These include two-to-three years of historical trend analysis and consultations with outside sources for revenue forecasts, a five-year capital improvement plan that identifies funding sources within the budget, and a formalized debt policy. The city follows state guidelines for investments but has no formalized policy. We view its cyber risk mitigation measures as consistent with our view of the city's credit fundamentals.
- We consider debt and costs manageable with limited near-term new money plans. Approximately 50% of the city's current debt is expected to mature within the next 10 years.
- Pension and other postemployment benefit liabilities are flexible and not an immediate credit risk. Augusta participates in the Kansas Public Employees' Retirement System, a state-administered, cost-sharing, multiple-employer, defined-benefit pension plan. The city pays all of its required contributions.
- Although physical risks are relevant for the local government sector, we consider Augusta's exposure to natural hazards low compared with that of national peers and therefore not a material factor in our credit analysis.
- For more information on our institutional framework assessment for Kansas municipalities, see "Institutional Framework Assessment: Kansas Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our view that the city will maintain stable financial performance and manage its debt burden, given limited additional issuance plans in our outlook horizon.

Downside scenario

Should Augusta experience material deficits, leading it to draw down on its available cash balance, we could consider lowering the rating.

Upside scenario

All other factors remaining consistent, we could consider raising the rating if the city's economy diversifies materially and expands to levels comparable with those of higher-rated peers.

Augusta, Kansas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.36
Economy	4.5
Financial performance	1
Reserves and liquidity	2
Management	2.30
Debt and liabilities	2.00

Augusta, Kansas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	62	--	62	61
County PCPI % of U.S.	81	--	81	82
Market value ($000s)	617,845	592,231	558,591	506,193
Market value per capita ($)	65,422	62,710	59,501	54,040
Top 10 taxpayers % of taxable value	9.4	9.4	9.5	10.4
County unemployment rate (%)	3.8	3.8	3.6	2.9
Local median household EBI % of U.S.	77	77	71	78
Local per capita EBI % of U.S.	71	71	67	72
Local population	9,444	9,444	9,388	9,367
Financial performance				
Operating fund revenues ($000s)	--	7,652	7,250	6,688
Operating fund expenditures ($000s)	--	5,228	4,967	4,474
Net transfers and other adjustments ($000s)	--	(2,386)	(2,261)	(2,266)
Operating result ($000s)	--	38	22	(52)
Operating result % of revenues	--	0.5	0.3	(0.8)
Operating result three-year average %	--	--	(0.6)	0.1
Reserves and liquidity				
Available reserves % of operating revenues	--	17.6	18.0	19.2
Available reserves ($000s)	--	1,344	1,306	1,284
Debt and liabilities				
Debt service cost % of revenues	--	1.3	1.9	2.7
Net direct debt per capita ($)	2,865	2,027	1,376	1,591
Net direct debt ($000s)	27,056	19,142	12,921	14,907
Direct debt 10-year amortization (%)	54	52	71	--

Augusta, Kansas--key credit metrics

	Most recent	2025	2024	2023
Pension and OPEB cost % of revenues	--	4.0	5.0	5.0
NPLs per capita ($)	--	812	860	865
Combined NPLs ($000s)	--	7,664	8,070	8,102

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$1,150,000 City of Augusta, Kansas, General Obligation Temporary Notes, Series 2026-2, dated: Date of Delivery, due: September 1, 2030	
Long Term Rating	AA-/Stable

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