

Research Update:

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

October 15, 2026

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to [Bel Aire](#), Kansas' proposed approximately \$6.4 million series 2026A general obligation (GO) bonds.
- S&P Global Ratings also assigned its 'SP-1+' short-term rating to the city's proposed \$6.5 million series 2026B GO temporary notes.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the city's existing debt issued for the city by the [Bel Aire Public Building Commission](#).
- S&P Global Ratings also affirmed its 'SP-1+' short-term rating on the city's existing temporary notes.
- The outlook on the long-term rating is stable.

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Rationale

Security

The GO bonds are secured by the city's full-faith-and-credit pledge and agreement to levy ad valorem property taxes, without limitation as to rate or amount. Officials intend to pay debt service with special assessments, but the rating is based on the unlimited ad valorem tax pledge. The city's existing lease revenue bonds are secured by annual rental payments, payable by the city to the Bel Aire Public Building Commission under the lease, but not subject to annual renewal by the city. We view this as an unconditional obligation of the city, and we subsequently rate the commission's debt on par with the city's general creditworthiness. Bel Aire's short-term debt rating also reflects our view of the city's general creditworthiness and low market-risk profile, including the authority to issue take-out debt and the availability of pertinent disclosure information. State law requires the authorization of long-term take-out GO debt before the issuance of temporary notes. The notes are a GO of the city, secured by its full-faith-credit-and-resources pledge, additionally payable from special assessments.

Proceeds of the 2026A bonds will be used for paving, storm water drainage, sanitary sewer, and water distribution system improvements and to pay off the city's 2023B notes. The 2026B notes will be used to finance paving, sanitary sewer, storm water drainage, and water distribution system improvement projects.

Credit highlights

The rating reflects our view of Bel Aire's rapidly growing economy, broadly stable financial performance and reserves, and elevated debt metrics.

Bel Aire is a suburb of Wichita located in Sedgwick County. It is primarily a bedroom community and is one of the fastest-growing communities in the area, given ongoing expansion of the Wichita metropolitan statistical area. Assessed value has increased significantly due to new developments within the city's boundaries. The rapid growth, in turn, has contributed to a large debt burden with high annual costs to sustain and support the growth. The city's debt service carrying charge has traditionally been very high, averaging about 99.2% of total governmental funds revenues over the past three audited fiscal years, reflecting its repayment of short-term debt with long-term GO takeout bonds. Carrying charges are extremely elevated, in part due to the city's reliance on bond anticipation notes (BANs). Given the city's additional near-term issuance plans, we do not expect the debt burden will significantly improve during the outlook horizon. Somewhat offsetting our view of the high direct debt burden is the city's low exposure to budgetary pressure from pension and other postemployment benefits (OPEB) liabilities, as annual contributions represent a small portion of total expenditures, and the city does not offer OPEB.

Operating results for the general fund have been near break-even for the last four years; the deficit in 2023 was the result of an increase in transfers out for one-time purposes and in 2025 the deficit was largely driven by the ongoing Woodlawn reconstruction and drainage project. Officials noted that there could be some small deficits in fiscal years 2026 and 2027, although available general fund reserves should remain at the city's formal target included in its comprehensive policies to maintain 30% of revenues. Additionally, the city typically budgets for a small deficit but produces a small surplus. For example, the 2024 budget included a deficit but the result was a \$214,000 surplus.

Key credit considerations include the city's:

- Growth that has historically been driven by new residential construction, with over 1,000 platted lots and a relatively affordable average home value of \$250,000 to \$300,000. Officials highlighted the ongoing K254 interchange project study, which has potential to spur further growth in Bel Aire and could include a mix of industrial, retail, hotel, residential, and office space development.
- Healthy reserves, supported by a 30% general fund target, which would total about \$2.8 million based on 2025 revenues, and current actual reserves of \$3.6 million, or 39%, as of fiscal 2025. The city is projecting deficits of about \$200,000 for fiscal 2026 and \$300,000 for fiscal 2027, which could reduce reserves to closer to \$3.1 million.
- Generally conservative budgeting practices and planning, and detailed financial policies. The city maintains a 10-year financial plan and has already incorporated a 4% cap on property tax collection growth that has been proposed by the state legislature. Budget-to-actual reporting is provided to the city council monthly. The city also has policies for debt management and investments, as well as a formal reserve policy. Cyber risk practices are standard.
- Elevated debt burden compared with similarly rated peers, though our view of current fixed costs for total debt and liabilities is somewhat tempered by a retiree benefit liability that we do not view as pressuring the credit. Required contributions are currently manageable within the operating budget, and the city meets annually required contributions, which are actuarially determined.

- Although physical risks are relevant to the local government sector, we consider Bel Aire’s exposure to natural hazards, including flooding, drought, and extreme heat, generally in line with national peers and therefore not a material factor in our credit analysis. While there is potential risk for tornadoes in Kansas, Bel Aire has not faced any recent impacts.
- 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 expectation that Bel Aire will maintain stable reserves despite some expected deficits, but that its high debt burden will remain a rating constraint during the two-year outlook horizon.

Downside scenario

We could lower the rating if the city's operating performance and flexibility were to deteriorate substantially, potentially due to growth-related pressures or further increases in its already elevated fixed costs.

Upside scenario

Assuming all other credit factors remain equal, we could raise the rating if the debt burden moderates substantially and economic indicators, nominal reserve levels, and financial practices and policies improve to levels commensurate with those of higher-rated peers.

Bel Aire, Kansas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.62
Economy	2.0
Financial performance	3
Reserves and liquidity	1
Management	2.35
Debt and liabilities	4.75

Bel Aire, Kansas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	92	93
County PCPI as % of U.S.	--	--	87	87
Market value (\$000s)	900,713	787,400	712,238	605,656
Market value per capita (\$)	87,558	76,543	83,891	72,300
Top 10 taxpayers as % of taxable value	10.7	10.1	9.7	9.8
County unemployment rate (%)	4.2	4.1	3.9	3.1
Local median household EBI as % of U.S.	--	126	120	127
Local per capita EBI as % of U.S.	--	106	98	107
Local population	--	10,287	8,490	8,377
Financial performance				

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Bel Aire, Kansas--key credit metrics

Operating fund revenue (\$000s)	--	9,372	8,867	7,837
Operating fund expenditures (\$000s)	--	6,393	5,870	4,486
Net transfers and other adjustments (\$000s)	--	(3,199)	(2,783)	(4,043)
Operating result (\$000s)	--	(220)	214	(692)
Operating result as % of revenue	--	(2.3)	2.4	(8.8)
Operating result three-year average %	--	(2.9)	(1.1)	(0.5)

Reserves and liquidity

Available reserves as % of operating revenue	--	39.0	43.3	45.9
Available reserves (\$000s)	--	3,651	3,842	3,599

Debt and liabilities

Debt service cost as % of revenue	--	86.6	117.3	86.5
Net direct debt per capita (\$)	9,791	8,542	9,599	8,981
Net direct debt (\$000s)	100,723	87,868	81,498	75,231
Direct debt 10-year amortization (%)	62	75	78	81
Pension and OPEB cost as % of revenue	--	2.5	2.9	1.9
NPLs per capita (\$)	--	358	366	295
Combined NPLs (\$000s)	--	3,686	3,107	2,470

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\$6,355,000 Bel Aire, Kansas, General Obligation Bonds, Series 2026A, dated: Date of Delivery, due: November 1, 2047

Long Term Rating AA-/Stable

US\$6,500,000 City of Bel Aire, Kansas, General Obligation Temporary Notes, Series 2026B, dated: Date of Delivery, due: November 1, 2029

Short Term Rating SP-1+

New Rating

Local Government

Bel Aire, KS Unlimited Tax General Obligation and Special Assessments BAN SP-1+

Ratings Affirmed

Local Government

Bel Aire, KS General Obligation Equivalent AA-/Stable

Bel Aire, KS Unlimited Tax General Obligation AA-/Stable

Bel Aire, KS Unlimited Tax General Obligation BAN SP-1+

Bel Aire, KS Unlimited Tax General Obligation and Special Assessments 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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