

RatingsDirect®

Summary:

**Wyandotte County/Kansas City
Unified Government, Kansas;
Appropriations; General Obligation;
General Obligation Equivalent
Security; Note**

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Credit Profile

US\$55.26 mil mun temp nts ser 2024-I due 04/01/2025		
<i>Short Term Rating</i>	SP-1+	New
US\$37.475 mil GO imp bnds ser 2024-A due 08/01/2044		
<i>Long Term Rating</i>	AA/Stable	New
US\$6.565 mil GO imp bnds ser 2024B due 08/01/2034		
<i>Long Term Rating</i>	AA/Stable	New
Wyandotte Cnty / Kansas City Unif Govt taxable spl oblig annual approp rfdg bnds ser 2020D due 12/01/2031		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts ser 2024-I due 04/01/2025		
<i>Short Term Rating</i>	SP-1+	Affirmed
Wyandotte County/Kansas City Unified Government GO (BAM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA' long-term rating to Wyandotte County/Kansas City Unified Government (UG), Kan.'s proposed \$37.5million series 2024-A general obligation (GO) improvement bonds and \$6.6 million series 2024-B GO improvement bonds and assigned its 'SP-1+' short-term rating to the UG's proposed \$55.3 million series 2024-I municipal temporary notes.
- At the same time, S&P Global Ratings affirmed its 'AA' long-term and underlying ratings on the UG's GO and GO-equivalent debt, affirmed its 'AA-' long-term rating on the UG's appropriation debt, and affirmed its 'SP-1+' short-term rating on the UG's temporary notes outstanding.
- The outlook, where applicable, is stable.

Security

The UG's full faith and credit pledge, including an unlimited ad valorem property tax pledge, secures the GO debt. The short-term rating on the temporary notes reflects our long-term rating and the UG's low market risk profile, including the authority to issue takeout debt, as well as the availability of pertinent disclosure information. The temporary notes are a general obligation of the UG, secured by its full faith credit and resources pledge. The series 2024-A and series 2024-B GO bonds will provide permanent financing to several completed capital projects, while the temporary notes will fund various street, bridge, utility, public parking, and other public projects.

We rate the UG's Public Building Commission GO-equivalent debt to be on par with the UG's general creditworthiness given the lack of appropriation risk and no other extraordinary risks associated with the lease structure. The UG's special obligation annual appropriation bonds are rated one notch below the GO rating, reflecting our view of annual appropriation risk pursuant to our ratings-linked criteria.

Credit overview

The rating reflects the strength of the UG's management team, with a demonstrated history of conservative budgeting practices, leading to general fund surpluses in eight of the past 10 audited fiscal years. Although cash basis reports for fiscal 2023 show a \$1.2 million general fund deficit, we expect audited figures will show balanced results, on a modified accrual basis of accounting. Similarly, while the UG adopted a fiscal 2024 general fund budget with a \$2.9 million deficit (1.1% of expenditures), given the UG's track record of outperforming its budget, we expect the UG will exhibit strong budgetary performance over the two-year outlook period.

The UG's operating performance has benefitted from steady tax base expansion, with assessed values (AV) nearly doubling over the past decade, including a 16% increase in fiscal 2024 (excluding assessments of special motor vehicles). With a variety of residential and commercial projects underway, we expect the UG's property tax base will continue to show strong growth over the outlook period. Although the UG's wealth and income metrics continue to be below both those of similarly rated and higher-rated peers, our view of the UG's economy has improved to what we consider adequate because of continued improvement in its market value per capita metrics.

In our view, while not an immediate credit pressure, we believe the UG's very weak debt profile and large pension and other postemployment benefits (OPEB) liability will remain limiting credit factors for the foreseeable future. Officials plan to issue \$16 million-\$18 million in GO debt annually to address capital needs. As a result, we expect the debt profile will remain very weak for the next few years, but it will not materially worsen, given the UG's above-average amortization rate. Less than 1% of the UG direct debt is privately placed and we do not view these obligations as contingent liquidity risks.

The rating also reflects our view of the UG's:

- Participation in the broad-and-diverse Kansas City metropolitan statistical area (MSA), with a diverse mix of economic development and redevelopment. However, property wealth and income metrics remain below average relative to those of peers;
- Very strong financial management policies and practices, highlighted by regular budget and investment monitoring, investment and debt management policies, long-term financial and capital planning, and a general fund balance policy to maintain at least 17% of general fund expenditures in available reserves. The institutional framework score is strong;
- History of better-than-budgeted operating results, supporting very strong available reserves and liquidity; and
- Very weak debt burden with an above-average amortization rate and modest additional debt plans. Pension and OPEB contributions are not an immediate credit pressure, but we do view the UG's large pension and OPEB liability as a credit weakness.

Environmental, social, and governance

We view the UG's physical risks as slightly elevated due to the risk of inland flooding because of its proximity to the Kansas and Missouri rivers. However, the UG has an emergency management plan in place, outlining specific tasks and protocols should an event occur, as well as very strong reserves to minimize any one-time service disruptions or budgetary effects. In addition, the U.S. Army Corps of Engineers has an ongoing \$529 million project to improve the levee and floodwalls in the Kansas City MSA. All of which help mitigate the elevated inland flooding risk, in our view. The UG's social and governance factors as neutral considerations in our credit rating analysis.

Outlook

The stable outlook reflects our view that the UG will continue to maintain very strong available reserves and strong budgetary performance, supported by revenue growth from ongoing economic development.

Downside scenario

We could lower the rating if persistent operating deficits lead to the UG's reserves falling below its policy level and are not replenished within a reasonable timeframe.

Upside scenario

We could raise the rating if the UG's economic indicators improve to levels that we consider comparable with those of higher-rated peers, along with improvement in the UG's debt and pension profile, while the UG maintains very strong reserves.

Wyandotte County/Kansas City Unified Government, Kan.--key credit metrics				
	Most recent	Historical information		
		2022	2021	2020
Adequate economy				
Projected per capita EBI % of U.S.	51.1			
Market value per capita (\$)	83,287			
Population		167,291	166,165	166,272
County unemployment rate(%)		3.5		
Market value (\$000)	13,933,131	10,584,313		
Ten largest taxpayers % of taxable value	10.4			
Strong budgetary performance				
Operating fund result % of expenditures		0.1	8.4	0.5
Total governmental fund result % of expenditures		1.3	5.2	-4.6
Very strong budgetary flexibility				
Available reserves % of operating expenditures		28.9	28.9	22.7
Total available reserves (\$000)		67,148	64,775	45,558
Very strong liquidity				
Total government cash % of governmental fund expenditures		55.7	66.3	57.4
Total government cash % of governmental fund debt service		374.3	490.7	301.3

Wyandotte County/Kansas City Unified Government, Kan.--key credit metrics (cont.)

	Most recent	Historical information		
		2022	2021	2020
Very strong management				
Financial Management Assessment	Strong			
Very weak debt and long-term liabilities				
Debt service % of governmental fund expenditures		14.9	13.5	19.0
Net direct debt % of governmental fund revenue	230.3			
Overall net debt % of market value	8.3			
Direct debt 10-year amortization (%)	55.9			
Required pension contribution % of governmental fund expenditures		8.3		
OPEB actual contribution % of governmental fund expenditures		0.3		
Strong institutional framework				

Data points and ratios may reflect analytical adjustments. EBI--Effective buying income. OPEB--Other postemployment benefits.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- 2023 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of February 22, 2024)

Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO <i>Long Term Rating</i>	AA/Stable	Affirmed

Ratings Detail (As Of February 22, 2024) (cont.)		
Wyandotte Cnty / Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (ASSURED GTY)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (BAM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (BAM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (BAM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (BAM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty/Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty/Kansas City Unif Govt GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts (BANs)		
<i>Short Term Rating</i>	SP-1+	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts (BANs)		
<i>Short Term Rating</i>	SP-1+	Affirmed
Wyandotte County Kansas City Unified Government GO imp bnds		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte County Kansas City Unified Government GO (AGM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte County Kansas City Unified Government Public Building Commission, Kansas		
Wyandotte County Kansas City Unified Government, Kansas		
Wyandotte Cnty / Kansas City Unif Govt Pub Bldg Comm GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt Pub Bldg Comm GO (AGM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt Pub Bldg Comm GO (AGM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty / Kansas City Unif Govt Pub Bldg Comm GO (AGM)		

Ratings Detail (As Of February 22, 2024) (cont.)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte Cnty/Kansas City Pub Bldg Comm GOEQUIV		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty/Kansas City Pub Bldg Comm (Wyandotte Cnty / Kansas City Unif Govt) GOEQUIV		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Wyandotte Cnty/Kansas City Pub Bldg Comm (Wyandotte Cnty / Kansas City Unif Govt) GOEQUIV		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Many issues are enhanced by bond insurance.

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