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Summary:

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

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Credit Profile

US\$44.805 mil mun temp nts (BANs) ser 2023-I due 04/01/2024		
<i>Short Term Rating</i>	SP-1+	New
US\$42.285 mil GO imp bnds ser 2023-A due 08/01/2043		
<i>Long Term Rating</i>	AA/Stable	New
US\$6.51 mil mun temp nts (BANs) ser 2023-II due 04/01/2024		
<i>Short Term Rating</i>	SP-1+	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 Cnty / Kansas City Unif Govt GO		
<i>Long Term Rating</i>	AA/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 \$42.3 million series 2023-A general obligation (GO) improvement bonds and assigned its 'SP-1+' short-term rating to the UG's proposed \$44.8 million series 2023-I and \$6.5 million series 2023-II 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 view of the 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 2023-A GO bonds will provide permanent financing to several completed capital projects, while the temporary notes will fund the planning, design, and construction of various capital improvements.

Lease rental payments paid by the UG to the Public Building Commission (PBC) secure the UG's GO-equivalent debt.

The UG's obligation of rentals payable under the lease for its entire term are specifically exempt from portions of the provisions of Kansas' cash basis and budget laws, and are not subject to annual appropriation, early cancellation, or termination. Based on application of our criteria "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" (published Nov. 20, 2019), we rate the PBC bonds 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, which demonstrated a history of conservative budgeting practices, leading to actual results outperforming budgeted assumptions. Recent operating surpluses, including a sizable surplus in fiscal 2021, have increased the city's available reserves to levels well above the city's policy requirement of at least 17% of general fund expenditures. However, following a 2-mill reduction in the UG's property tax levy, in fiscal 2023, the UG's financial forecast shows a general fund budget gap going forward. We do not view this as an immediate credit pressure, as the UG's very strong available reserves provide, in our view, flexibility and time to solve the budget gap, and we generally expect the UG will outperform its budgetary assumptions given its strong track record. However, if this budget gap persists, with reserves falling below the UG's policy level and are not replenished within a reasonable timeframe, there could be downward pressure on the rating.

Although we consider the UG's economy to be weak relative to that of peers because of its lower-than-average wealth and income indicators, there has been steady growth and expansion of the tax base in recent years, which is likely to continue as a variety of economic development projects and redevelopment initiatives are underway. While we expect the U.S. economy will fall into recession within the next year (see, "Economic Outlook U.S. Q1 2023: Tipping Toward Recession," published Nov. 28, 2022, on RatingsDirect), we expect the UG's assessed value (AV) will continue to grow over the outlook period given the UG's ongoing development and the lagging nature of AV.

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. We understand 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. The UG's 2019-C GO bonds are privately placed, but we do not view this obligation as a contingent liquidity risk.

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 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 environmental risk 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. We view the UG's social and governance risks as neutral considerations in our credit rating analysis. The district was the victim of a cyber attack in early 2022, but we do not expect the incident will have a material effect on the UG's finances and we note that the UG implemented policies and practices aimed at mitigating exposure to cyber-security risks.

Outlook

The stable outlook reflects our view that the UG will continue to maintain very strong available reserves, while taking steps to address its projected general fund budget gap. We, therefore, do not expect to change the rating during the two-year outlook period.

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		
		2021	2020	2019
Weak economy				
Projected per capita EBI % of U.S.	56.5			
Market value per capita (\$)	70,176			
Population		166,165	166,272	166,871
County unemployment rate(%)		4.7		
Market value (\$000)	11,660,869	9,894,663		
Ten largest taxpayers % of taxable value	11.2			

Wyandotte County/Kansas City Unified Government, Kan.--Key Credit Metrics (cont.)

	Most recent	Historical information		
		2021	2020	2019
Adequate budgetary performance				
Operating fund result % of expenditures		8.4	0.5	1.1
Total governmental fund result % of expenditures		5.2	(4.6)	(1.2)
Very strong budgetary flexibility				
Available reserves % of operating expenditures		28.9	22.7	20.2
Total available reserves (\$000)		64,775	45,558	42,262
Very strong liquidity				
Total government cash % of governmental fund expenditures		66.3	57.4	68.1
Total government cash % of governmental fund debt service		490.7	301.3	331.0
Very strong management				
Financial Management Assessment		Strong		
Very weak debt and long-term liabilities				
Debt service % of governmental fund expenditures		13.5	19.0	20.6
Net direct debt % of governmental fund revenue	234.8			
Overall net debt % of market value	10.7			
Direct debt 10-year amortization (%)	58.7			
Required pension contribution % of governmental fund expenditures		8.5		
OPEB actual contribution % of governmental fund expenditures		0.4		
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
- 2022 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of February 9, 2023)

Wyandotte Cnty / Kansas City Unif Govt GO
Long Term Rating

AA/Stable

Affirmed

Ratings Detail (As Of February 9, 2023) (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		
<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 (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 (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts		
<i>Short Term Rating</i>	SP-1+	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts (BANs) ser 2023-II due 04/01/2024		
<i>Short Term Rating</i>	SP-1+	Affirmed
Wyandotte County Kansas City Unified Government mun temp nts (BANs) ser 2023-I due 04/01/2024		
<i>Short Term Rating</i>	SP-1+	Affirmed

Ratings Detail (As Of February 9, 2023) (cont.)

Wyandotte County Kansas City Unified Government GO imp bnds		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Wyandotte County/Kansas City Unified Government GO (BAM)		
<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)		
<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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