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NEWS

SEDGWICK COUNTY, KANSAS – COMMUNICATIONS AND COMMUNITY INITIATIVES

FOR IMMEDIATE RELEASE

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SEDGWICK COUNTY MAINTAINS AAA RATINGS

(Sedgwick County, Kan.) – Sedgwick County's AAA bond rating and stable financial outlook has been reaffirmed by all three nationally recognized statistical rating organizations: Fitch Ratings, Moody's Investors' Service and Standard and Poor's Rating Services. The county's credit rating is the best possible as a result of sound financial planning and the policy decisions of county elected officials. Despite the state's recent downgrade, the county has worked hard to maintain the highest rating, saving local tax payer dollars.

Fitch Ratings cites the following drivers as contributors to the rating:

- Manufacturing-driven economy – The county's economy is largely driven by manufacturing, which Fitch expects to continue to be susceptible to economic cycles. The county's unemployment rate is above the state but below the national average and has declined despite some recent pressures in the aerospace sector, a key employment sector.
- Strong financial position – Fitch expects the county's overall financial profile to remain solid despite recent and projected planned draws on reserves.
- Prudent management – The county's financial position benefits from conservative budgeting, prudent financial policies, multi-year forecasting, and seasoned management.

- Pay-go spending provides flexibility – The county prudently dedicates half of its sales tax receipts to pay-go capital, which Fitch believes provides expenditure and debt flexibility.
- Moderate fixed-cost base – While the county's overall debt ratios are fairly high, its pension and other post-employment benefits costs and overall carrying costs are moderate.
- Strong lease provisions – The AAA rating on the PBC lease revenue bonds reflects the sound contractual provisions, including the unconditional obligation of the county to make payments (from property taxes if necessary), and no appropriation, abatement or termination risk.

Moody's outlook suggests the following strengths and challenges:

Strengths

- Well-managed financial operations, characterized by ample reserves and conservative budgeting practices
- Demonstrated willingness to implement budgetary adjustments in order to restore balanced operations
- County's role as a regional economic center with a sizable tax base
- Strong structural provisions of the transaction which support timely payment of bonds

Challenges

- Moderate dependence on economically sensitive sales tax revenues
- Concentration in aircraft manufacturing industry in regional economy

Standard and Poor's AAA rating reflects what is viewed as the county's:

- Adequate economy, based on projected per capita effective buying income and market value per capita – It, however, benefits from participation in the broad and diverse Wichita metropolitan statistical area (MSA)
- Very strong budgetary flexibility with a fiscal 2013 audited available fund balance of 42.4 percent of general fund expenditures
- Strong budgetary performance
- Very strong liquidity with strong access to external liquidity

- Very strong management, supported by “strong” financial management policies under our Financial Management Assessment (FMA) methodology
- Very strong debt and contingent liabilities

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