Kingman County Commission

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Kingman County's bond rating improves to 'AA-'

Standard & Poor's Ratings Services has raised the bond rating for Kingman County, which is good news for local taxpayers.

The county went from a bond rating of "A" to a rating of "AA-." The new rating came after completion of a periodic surveillance review of the Public Building Commission, Outstanding Refunding Revenue Bonds (Kingman County), Series 2012. County officials received word of the upgrade in mid-December.

"This is a result of proper planning and budgeting," said the Kingman County Commission. "We do owe a thank you to all the office staff, county clerk and treasurer's office for their work on a daily basis and on their responses to the S&P inquiry."

Greg Vahrenberg, managing director of Piper Jaffray & Company, the county's financial advisor, said few counties in Kansas achieve this rating.

"This is a significant upgrade and very few issuers of bonds achieve a bond rating in the 'AA' category," he said.

Only four other Kansas counties (Douglas, Riley, Reno and Leavenworth) have achieved this rating level, Vahrenberg said. Twenty-four counties have an "A" rating, while two counties (Johnson and Sedgwick) have received an "AAA" rating.

So what does this mean for Kingman County? A higher rating is a reflection of the county's solid financial condition and creditworthiness. In its rationale for the rating, Standard & Poor's noted the county's outlook is stable.

"In our opinion, the county's budgetary flexibility remains very strong with reserves above 30 percent of expenditures for the past several years and no plans to significantly spend them down," the rationale noted. "The stable outlook reflects our view of the county's continued consistent financial performance and underlying economy supported by adequate management."

Vahrenberg said the higher rating translates into money in the county's pocket through lower interest rates on bond issues. The higher rating means lower risk to bond investors, who in turn will accept a lower interest rate on bonds sold.

"On a $10 million bond issue repaid over 20 years, the 'AA-' bond rating would save taxpayers of the county nearly $500,000 of interest expense," he explained. "This is a significant savings to the taxpayers and a substantial amount of money that would stay in the community rather than being paid out to bond investors."

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