Research Update:

Jackson County, MO Bond Rating Outlook Revised To Negative; 2026 Special Obligation Debt Rated 'AA-'

November 13, 2026

Overview

- S&P Global Ratings revised the outlook to negative from stable and affirmed its 'AA-' long-term rating on Jackson County, Missouri's series 2023A special obligation debt.
- At the same time, S&P Global Ratings assigned its 'AA-' long-term rating to Jackson County's anticipated approximately $150 million series 2026A special obligation debt.
- The outlook is negative.
- The outlook revision reflects our view of the county's sizable operating deficits in fiscal years 2025 and 2026, which has led to rapid erosion of available reserves, a trend that is expected to persist in fiscal 2027 according to preliminary budget projections. Furthermore, the negative outlook reflects the uncertainty that the rating could be pressured should actual operating results underperform current projections for fiscal years 2026 and 2027.

Primary Contact

Ying Huang
San Francisco
1-415-371-5008
ying.huang
@spglobal.com

Secondary Contact

Scott Nees
Chicago
+ 1 (312) 233 7064
scott.nees
@spglobal.com

Rationale

Security

Annually appropriated and legally available funds of Jackson County's health fund secure the series 2026A special obligation bonds. Annually appropriated and legally available funds of the county's general fund secure the outstanding series 2023A special obligation bonds. Given appropriation risk, we rate the special obligation bonds one notch lower than our view of general creditworthiness, which is based on the application of "Methodology For Rating U.S. Governments," Sept. 9, 2024, on RatingsDirect. We consider the obligor's involvement as strong and see no unusual political or administrative risks involved with series 2023A and 2026A bonds. We view the intended payment source as moderate for the series 2026A bonds given it's from a narrow and reliable revenue stream dedicated to the health fund, and we view the intended payment source as strong for the series 2023A bonds.

Credit highlights

The rating reflects our view of the county's broad and diverse economy with stable tax base growth, which partially offset its materially weakened but still sufficient available reserves projected for fiscal years 2026 and 2027. While the tax base remains resilient, property tax revenues may moderate in the near term due to planned tax credit program and voluntary property tax reduction. Tempering these strengths are the county's weaker per capita personal incomes, a recent trend of sizable operating deficits, higher cost of debt when compared with peers and a lack of formal long-term planning.

The county's reserve position was boosted to robust levels during fiscal years 2022-2024, primarily as a result of higher-than-budgeted sales tax collections and receipt of $136.6 million in American Rescue Plan Act (ARPA) funds. However, the exhaustion of ARPA funds, coupled with rising expenses (primarily in public safety), led to a $33.6 million general fund deficit (or negative 21% of revenues) in fiscal 2025. This budgetary pressure is expected to intensify in fiscal year 2026 with a projected $86.3 million deficit (negative 54% of budgeted revenues), exceeding the initial budget of $70.9 million. Despite the sizable deficit, a significant portion of it was due to $7 million of voluntary property tax reduction, $26 million of one-time nonprofit grant funding, and roughly $25 million of non-recurring costs relating to capital projects, a legal settlement, and marijuana sales tax refund. The preliminary fiscal 2027 budget (subject to legislature approval) indicates another $19.8 million (or negative 12.5% of budgeted revenues) general fund reserve drawdown. While we consider the projected general fund reserves of $40 million (or 25% of budgeted revenues) at fiscal year-end 2027 still sufficient for the current rating--supported by a resilient and growing economy--we believe the reserve level is below-average compared to similarly rated peers and provides limited flexibility against further operational volatility.

The series 2026 bonds are secured by the annually appropriated, legally available funds of the health fund, which is a component of the total governmental funds. While the health fund reported significant surpluses in fiscal years 2024 and 2025, management projects substantial deficits in fiscal 2026 ($12.6 million) and fiscal 2027 ($13.9 million) based on the adopted and preliminary budgets (2027 budget still subject to legislature approval), respectively. The weakened budgeted results are primarily driven by the depletion of ARPA funds, $8.7 million of one-time non-profit partnership grant in fiscal 2026, increased debt service for series 2026 bonds, and a one-time transfer of $6.8 million in opioid settlement monies to the county's newly established opioid fund in fiscal 2027. Consequently, we estimate the health fund reserves will decline to approximately $11 million at fiscal year-end 2027.

The health fund's primary revenue source is a dedicated property tax levy, capped at $0.38 per $100 of assessed value. For fiscal 2026, the levy is budgeted at $0.14 per $100, reflecting state statutory requirements to reduce total county property tax levy by 70% of sales tax revenues. To address the projected increase in debt service to roughly $10 million starting in fiscal 2027 (from $4.7 million in fiscal 2026), management intends to levy a rate sufficient to cover debt service and support health fund operations beginning in fiscal 2028. However, this may necessitate additional property tax levy rollbacks in the general fund. In our view, the interplay between the general and health funds could pressure the general fund's already constrained operations. Given the projected further depletion of general fund reserves in fiscal 2027, we believe it's crucial for the county to implement structural cost containment measures to balance its operations across both general and health funds and sustain its reserve levels adequate to support the current rating.

The rating reflects the view of the county's:

- Stable tax base that benefits from the broad and diverse Kansas City metropolitan area, as the county makes up a large portion of central downtown Kansas City, offset by effective buying

incomes that are below national average. Jackson County is a regional center for employment and entertainment and is the second-largest county in the state by population. Recent tax base growth has been driven by real estate appreciation during reassessment years, with employment growth primarily occurring in small-to-midsize businesses.

- Materially weakened but still sufficient budgetary flexibility for the current rating.
- Weakening financial management practices, reflecting the recent trend of sizable operating deficits and lack of a detailed corrective action plan to return to breakeven. The county's financial management policies and practices are characterized by use of three to five years of historical information and consultation with outside sources when developing the budget and monthly budget-to-actual and investment holdings reporting to the board. The county maintains formal investment policy and debt policy, and a formal reserve policy that complies with statutory requirements of maintaining an unreserved fund balance equal to or greater than 3% of anticipated revenue as well as maintaining 5% of cash flow reserve across all funds, with an additional contingency driven target of 90 days of operating expenditures. However, it lacks formalized long-term financial planning.
- Still manageable debt with the proposed issuance and well-funded pension and other postemployment benefits (OPEB) liabilities, with contributions made in excess of actuarially determined contributions in recent years.
- We view the county's use of accrual accounting as a transparency strength compared with most Missouri counties. For more information on our institutional framework assessment for Missouri counties, see "Institutional Framework Assessment: Missouri Local Governments," Sept. 10, 2024.
- Although physical risks are relevant for the local government sector, we consider the county's exposure to natural hazards, including acute storms and flooding risks, low compared with national peers and in a nominal sense, and, therefore, it is not a material factor in our credit analysis. The county maintains various insurance policies to mitigate risks associated with natural disasters.
- The county was subject to a cyber attack in April 2024. In response, the county implemented an incident response plan, updated backup and recovery protocols, and improved its security training program.

Outlook

The negative outlook reflects our view that there is a one-in-three chance the rating could be lowered during the one-year outlook period.

Downside scenario

We could lower the rating if actual operating results in either general or health funds fall short of current projections for fiscal years 2026 or 2027, or if the county fails to adopt sufficient structural budget-balancing measures in fiscal 2028, leading to further reduction in general fund or health fund reserves.

Upside scenario

We could revise the outlook to stable if the county sustains its available reserves at least at the projected levels in fiscal years 2026 and 2027 and restores structurally balanced budget for fiscal 2028.

Jackson County, Missouri--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.66
Economy	2.5
Financial performance	4
Reserves and liquidity	1
Management	3.05
Debt and liabilities	2.75

Jackson County, Missouri--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	106	--	106	106
County PCPI % of U.S.	83	--	83	83
Market value ($000s)	79,180,255	76,344,924	77,268,572	60,704,624
Market value per capita ($)	107,946	104,080	105,896	84,138
Top 10 taxpayers % of taxable value	5.8	5.6	--	7.2
County unemployment rate (%)	3.5	4.2	3.9	3.4
Local median household EBI % of U.S.	85	85	92	87
Local per capita EBI % of U.S.	87	87	93	89
Local population	733,520	733,520	729,663	721,491
Financial performance				
Operating fund revenues ($000s)	--	158,770	173,180	165,186
Operating fund expenditures ($000s)	--	172,796	131,598	151,905
Net transfers and other adjustments ($000s)	--	(19,586)	(182)	(15,279)
Operating result ($000s)	--	(33,612)	41,400	(1,998)
Operating result % of revenues	--	(21.2)	23.9	(1.2)
Operating result three-year average %	--	0.5	16.7	11.1
Reserves and liquidity				
Available reserves % of operating revenues	--	91.9	103.5	83.5
Available reserves ($000s)	--	145,836	179,249	137,862
Debt and liabilities				
Debt service cost % of revenues	--	16.3	13.5	13.8
Net direct debt per capita ($)	874	685	736	787
Net direct debt ($000s)	640,964	502,613	537,132	567,904
Direct debt 10-year amortization (%)	41	49	51	52
Pension and OPEB cost % of revenues	--	4.0	3.0	3.0
NPLs per capita ($)	--	59	58	70
Combined NPLs ($000s)	--	43,161	42,617	50,663

Jackson County, Missouri--key credit metrics

	Most recent	2025	2024	2023

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$150.000 mil special oblig bnds ser 2026A due 12/01/2056		
Long Term Rating	AA-/Negative	
New Rating		
Local Government		
Jackson County, MO Appropriation Service Contract	AA-/Negative	
Outlook Action		
	To	**From**
Local Government		
Jackson Cnty, MO Appropriation	AA-/Negative	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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.