

Kane County's Bond Rating

A municipal bond is essentially a loan. Proceeds from a bond sale normally fund capital projects. The County utilizes a competitive bid process to determine which lender is offering the lowest borrowing rate. There are several types of municipal bonds that have been issued by the County. The type of municipal bond to be issued is often determined by the revenue source used to fund the principal and interest payments for the bond. General Obligation Bonds are the most secure because they are backed by a tax levy. Hence they have the lowest interest rates. Debt Certificates and General Obligation (Alternate Revenue Source) Bonds depend on operating revenues being assigned to debt service, such as sales tax or income tax. Special Assessment Bonds are those that depend on income received from property tax assessments within the region being served by the improvement being financed by the bond. Examples of Special Assessment improvements would be things like installation of water and sewer lines or construction of roads in a new development. Nationally recognized independent agencies issue bond ratings which are made available to potential investors prior to the bond sale. These ratings are based on the agencies' judgment of credit quality. Higher bond ratings mean the County will have a lower rate of interest than if the County credit rating was lower. On May 21, 2014 Standard & Poor's reaffirmed the County's "AA+" general obligation bond rating. This is the highest rating in the "AA" category. Kane County places a high level of importance on maintaining its strong bond rating and financial position as we work towards continuing to improve our county in this challenging economic climate. For fiscal year 2013, Kane County's debt limit was at a very low 0.1% of the total net debt applicable to the limit.

Excerpts from Standard & Poor's Ratings Direct – May 21, 2014

"Standard & Poor's Rating Services affirmed its AA+ long-term rating and underlying rating (SPUR) on Kane County, ILL.'s previously issued general obligation (GO) debt, based on the application of its local GO criteria released Sept. 12, 2013."

The AA+ long-term rating reflect the County's:

- **Strong** local economy
- **Strong** budgetary flexibility
- **Stable** reserves
- **Excess** revenues over expenditures for the past 3 audited years
- **Strong** liquidity
- **Strong** budgetary performance
- **Very strong** management conditions
- **Strong** financial practices
- **Strong** credit

"The stable outlook reflects our expectation that Kane County's operations will remain steady given the county's history of what we consider strong management policies that have helped it maintain a strong budgetary performance and consistently maintain a very strong budgetary flexibility and liquidity profile."

SCHEDULE OF KANE COUNTY'S LONG-TERM DEBT

Description / Debt Instrument	General Obligation Bonds (Alternate Revenue Source) Motor Fuel Tax Bonds	General Obligation Bonds (Alternate Revenue Source)	Debt Certificates	General Obligation Bonds (Alternate Revenue Source Regional Transit Authority "RTA" Sales Tax)	General Obligation Bonds (Alternate Revenue Source)	General Obligation Bonds (Limited Tax Bonds)	General Obligation Bonds (Alternate Revenue Source)
Date of Issuance	October 2001 (Series 2004)	September 1995 (Series 2002)	December 2005 (Series 2005) & June 2006 (Series 2006)	October 2009 (Series 2009A & Series 2009B)	December 2010	December 2011 (Series 2011)	March 2013 (Series 2013)
Amount of Original Issuance	\$41,895,000	\$10,650,000	\$9,995,000 (Series 2005) & \$24,995,000 (Series 2006)	\$40,000,000	\$7,670,000	\$1,960,000	\$27,225,000
Refunded Date, if applicable	March 2004	October 2002, March 2013	March 2013	N/A	N/A	N/A	N/A
Call Date & Term	not callable	12/1/2012 at par	12/15/2013 at par & 12/15/2014 at par	not callable	12/15/2020 at par	not callable	Partially callable 12/15/2021 at par
Amortization Period	20 years	20 years	20 years	5 years	10 years/20 years	2 years	12 years
Final Payment Calendar Year	2021	Original: 2016 Refund: 2013	Original: 2025 Refund: 2014	2014	2030	2013	2024
Purpose of Issuance	fund various Transportation projects throughout the County	fund the acquisition and construction of the Juvenile Justice Center	fund the construction of the Adult Justice facility	fund various Transportation projects throughout the County	fund the Recovery Bond Loan Program for other entities' water and other capital projects (not Kane County)	fund costs of improvements to County properties	refund Series 2002 Bonds and Series 2005 & 2006 Debt Certificates
Source of Annual Debt Payments	Motor Fuel Tax revenue or Property Tax (Property Tax is abated every year)	Income Tax revenue or Property Tax (Property Tax is abated every year)	General Corporate revenue budgeted through the annual budget process	RTA Sales Tax revenue or Property Tax (Property Tax is abated every year)	Reimbursements from other entities, Riverboat revenue, or Property Tax revenue (Property Tax is abated every year)	Property Tax Revenue	State Income Tax revenue or Property Tax (Property Tax is abated every year)
*2014 Debt Service Amount (Principal and Interest)	\$3,435,488	\$0	\$1,465,716	\$8,352,713	\$769,508	\$992,388	\$1,840,850
*2015 + Debt Service Amount (Principal and Interest)	\$23,942,206	\$0	\$1,026,356	\$8,360,730	\$6,610,020	\$0	\$30,969,650
*Total Remaining Debt Service Amount (Principal and Interest)	\$27,377,694	\$0	\$2,492,072	\$16,713,443	\$7,379,528	\$992,388	\$32,810,500

* Treasury Rebate is deducted from the Series 2009A, 2009B & 2010 General Obligation Bonds (Alternate Revenue Source).