



Finance Report to Executive Committee

November 7, 2018



Update on Toll Bridge Revenue Bonds Issue

Standard & Poor's reaffirmed Kane County's "AA+/Stable" bond rating for the Toll Bridge Revenue Bonds.

Key credit considerations supporting the 'AA+' rating include:

- Sales taxes have demonstrated low volatility historically, with no history of significant volatility at the local level;
- RTA sales tax revenues provide very strong coverage of maximum annual debt service (MADS), and an additional bonds test (ABT) requires the county to maintain very strong coverage of MADS;
- Very strong economic fundamentals, as the county is part of the broad and diverse Chicago-Naperville-Elgin metropolitan statistical area (MSA), has a growing population in excess of a half million people, and has incomes that are above the national level; and
- The county's strong general creditworthiness.

Reasons for Strong Creditworthiness

The county's general creditworthiness is underpinned by:

- ❖ **strong management;**
- ❖ **a stable, predictable operating budget** that has been in **surplus**, more or less, since after the Great Recession;
- ❖ **a very healthy general fund balance** (approximately 75% of expenditures as of fiscal year-end 2017;
- ❖ **a similarly strong cash position;** and
- ❖ **a favorable debt profile** that has been strengthened by a recent history of debt restraint and paying down most of its direct debt burden over approximately the past 10 years.



Comments from S&P's Report

- ❑ “The county has no plans for significant drawdowns in the foreseeable future, and we expect its stable operating environment and strong management to continue to support a very strong financial position in the coming years.”
- ❑ “The county's debt profile has been improving over the past several years as it has paid down its direct debt.”

Timeline of Final Actions Related to Toll Bridge Revenue Bond Issue

- November 6, 2018
 - ❑ “AA+/Stable” bond rating made public by S&P
 - ❑ Preliminary Offering Statement (POS) released by Citi
- November 6 – 13, 2018
 - ❑ Marketing of Toll Bridge Revenue Bonds by Citi
- November 14, 2018
 - ❑ Pricing and Order Taking of Toll Bridge Revenue Bonds by Citi
- December 4, 2018
 - ❑ Tentative closing date

2019 Budget Update

Review of Budget Timeline

- December 7, 2017 COW – “Mandated Service Study” presentation
- March 27, 2018 COW – “Fund Balances & Cash Reserves” presentation
- March 28, 2018 Finance Committee – Approved preliminary budget calendar and solicitation of 5-year revenue estimates from elected officials & department heads
- April 27, 2018 Finance Committee – Approved benefit rates and general budgeting guidelines; “5-Year Revenue Estimates” presentation
- June 14, 2018 – Budget Presentation Schedule was determined and presenters were notified.

Review of Budget Timeline (cont.)

- June 26, 2018 COW – 1st Group of Budget Presentations
(1/3 of budget available in line item detail)
- June 27, 2018 Finance Committee – Guidelines for balancing budget presented and refined.
- July 24, 2018 COW – 2nd Group of Budget Presentations
(2/3 budget available in line item detail)
- August 28, 2018 COW – 3rd Group of Budget Presentations (entire budget available in line item detail)
- September 12, 2018 Special Finance Committee – Discussion of proposals to balance budget & of potential funding resources

Review of Budget Timeline (cont.)

- September 26, 2018 Finance Committee – Proposal to Balance Budget accepted
- October 3, 2018 Executive Committee – Updated Proposal to Balance Budget presented
- October 9, 2018 County Board – Draft Budget approved for public display
- October 31, 2018 Finance Committee – Appropriations Ordinance & Tax Levies presented
- November 6, 2018 Executive Committee – Appropriations Ordinance & Tax Levies presented
- November 13, 2018 County Board – Adopts Draft Budget & authorizes Tax Levies

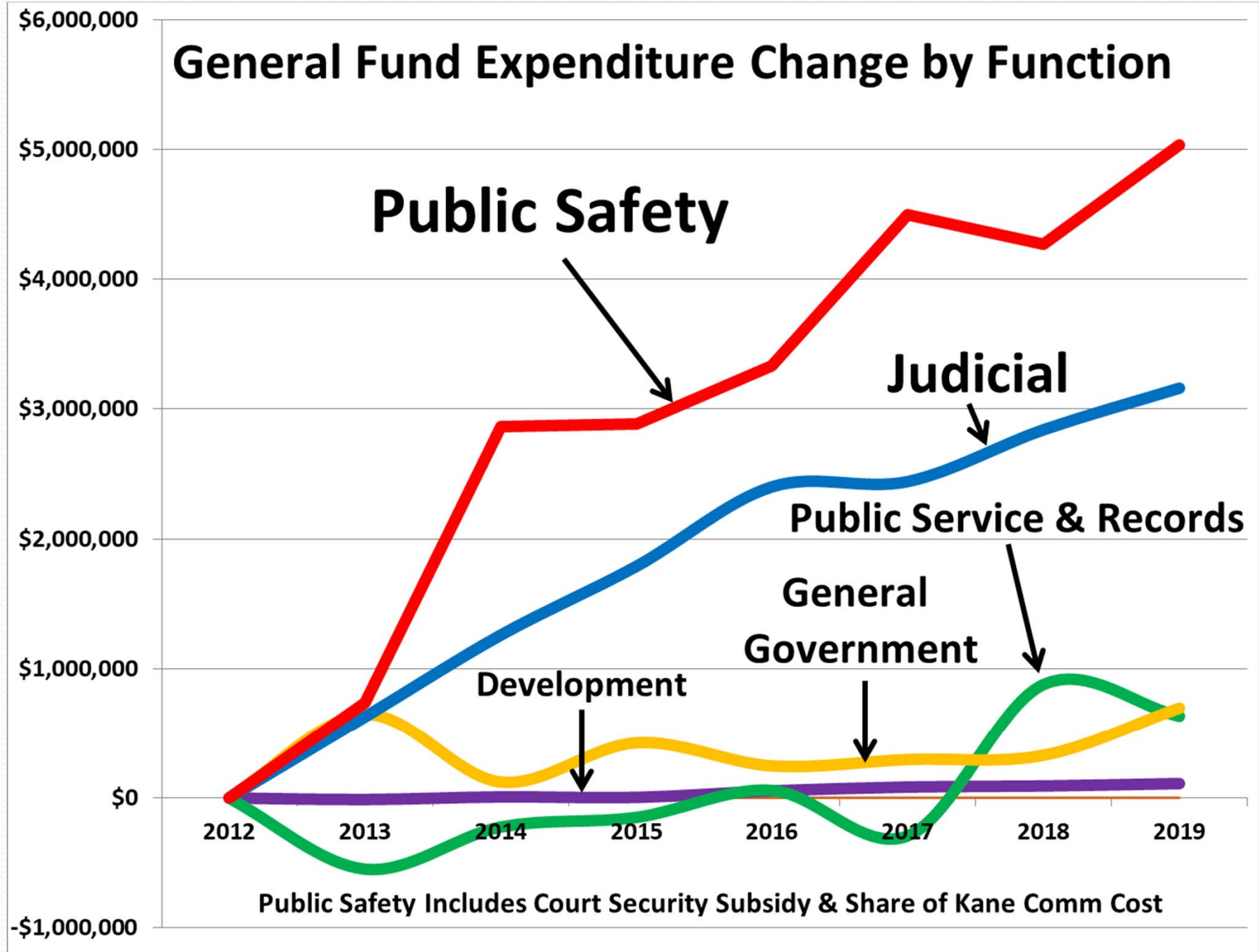
Property Tax Levies

2019 Property Tax Levy Calculation						
Fund	Fund Name	2018 Property Tax Levy	Budgeted Increase from 2018 to 2019 to Capture New Construction & Rebalance Funds	2019 Property Tax Base Levy	Additional Non Budgeted Increase from 2018 to 2019 to Ensure Full Capture of New Construction	2019 Property Tax Levy Request
001	General Fund	34,043,481	770,478	34,813,959	130,000	34,943,959
010	Insurance Liability	3,054,677	740,773	3,795,450		3,795,450
110	Illinois Municipal Retirement	6,415,937	(896,389)	5,519,548		5,519,548
111	FICA/Social Security	3,776,027	(44,862)	3,731,165		3,731,165
300	County Highway	5,010,909		5,010,909		5,010,909
301	County Bridge	312,695		312,695		312,695
303	County Highway Matching	65,125		65,125		65,125
350	County Health	1,972,455		1,972,455		1,972,455
380	Veterans' Commission	305,400		305,400		305,400
	Total Property Tax Levies	54,956,706	570,000	55,526,706	130,000	55,656,706
	Change Over Prior Year	1.1%		1.0%		1.3%
520	Mill Creek Special Service Area	679,500		679,500		679,500
5300	Sunvale SBA SW 37	488		488		488
5301	Middle Creek SBA SW38	1,950		1,950		1,950
5302	Shirewood Farm SSA SW39	2,349		2,349		2,349
5303	Ogden Gardens SBA SW40	2,540		2,540		2,540
5304	Wildwood West SBA SW41	9,752		9,752		9,752
5306	Cheval DeSelle Venetian SBA SW43	5,009		5,009		5,009
5308	Plank Road Estates SBA SW45	3,350		3,350		3,350
5310	Exposition View SBA SW47	4,105		4,105		4,105
5311	Pasadena Drive SBA SW48	2,881		2,881		2,881
5312	Tamara Dittman SBA SW50	1,215		1,215		1,215
	Total SSA & SBA Property Tax Levies	713,139	-	713,139	-	713,139
752	Crane Road Estates	84,054		81,676		81,676

Graphical Depictions of Change in General Fund Expense from 2012 to 2019 by Function

- 2012 to 2017 Actual Expense
- 2018 Amended Budget
- 2019 Draft Budget

General Fund Expenditure Change by Function



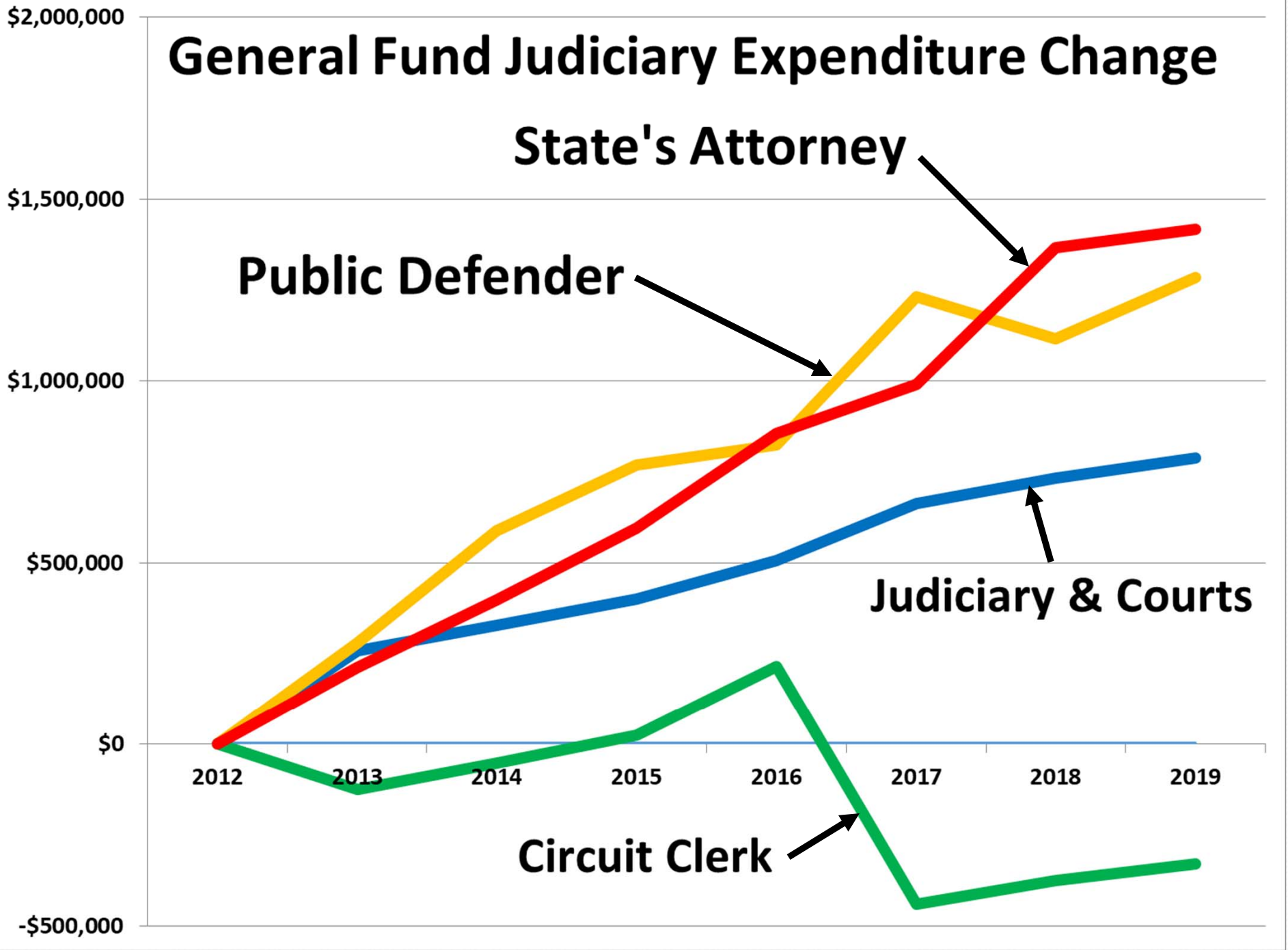
General Fund Judiciary Expenditure Change

State's Attorney

Public Defender

Judiciary & Courts

Circuit Clerk



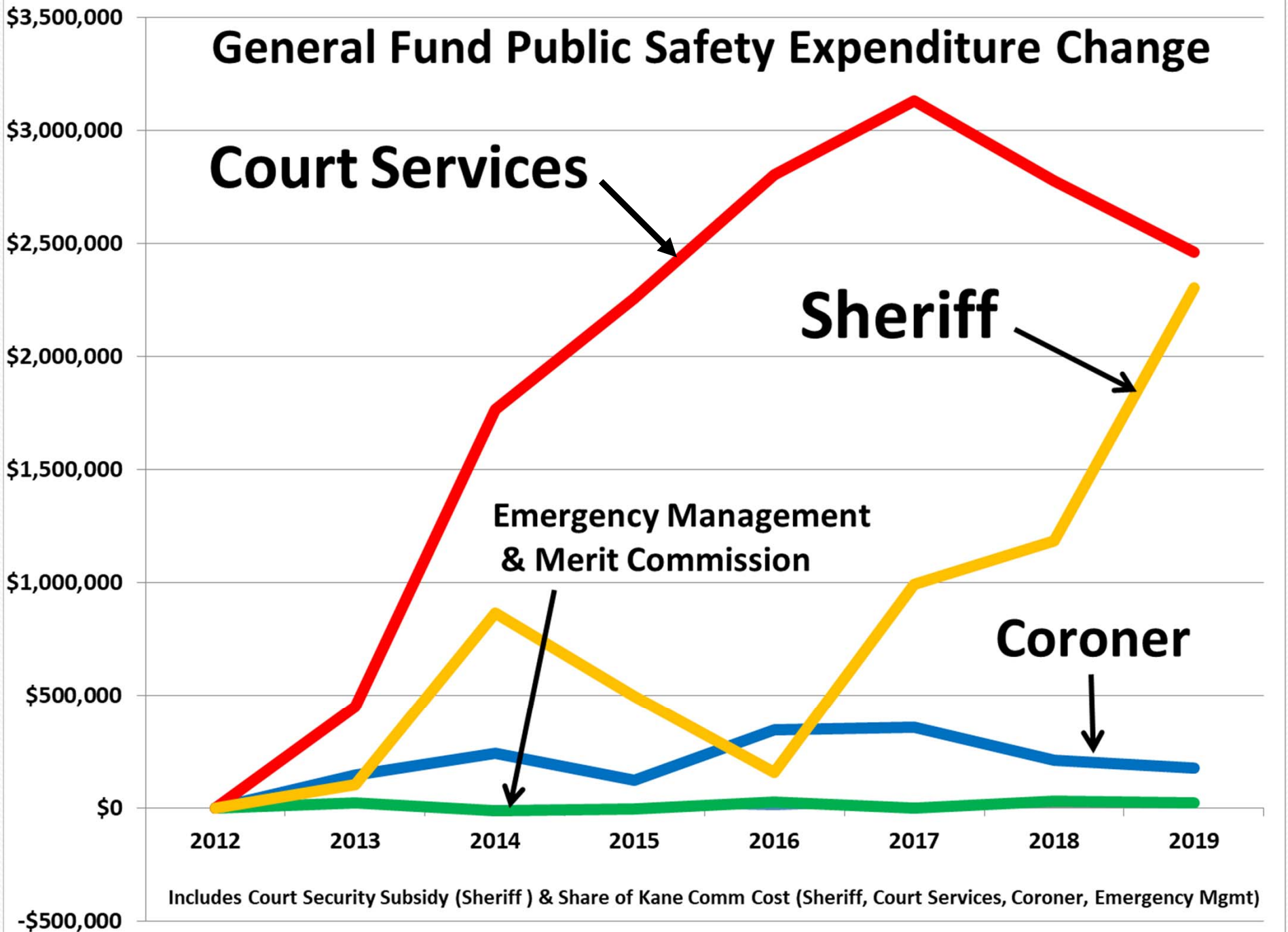
General Fund Public Safety Expenditure Change

Court Services

Sheriff

**Emergency Management
& Merit Commission**

Coroner



Change in Sheriff's GF Revenue & Expense

(Assuming \$343,167 FY18 budget adjustment for Medical Services contract.)

2018 Adjusted Budget 2019 Draft Budget

2014 Actual

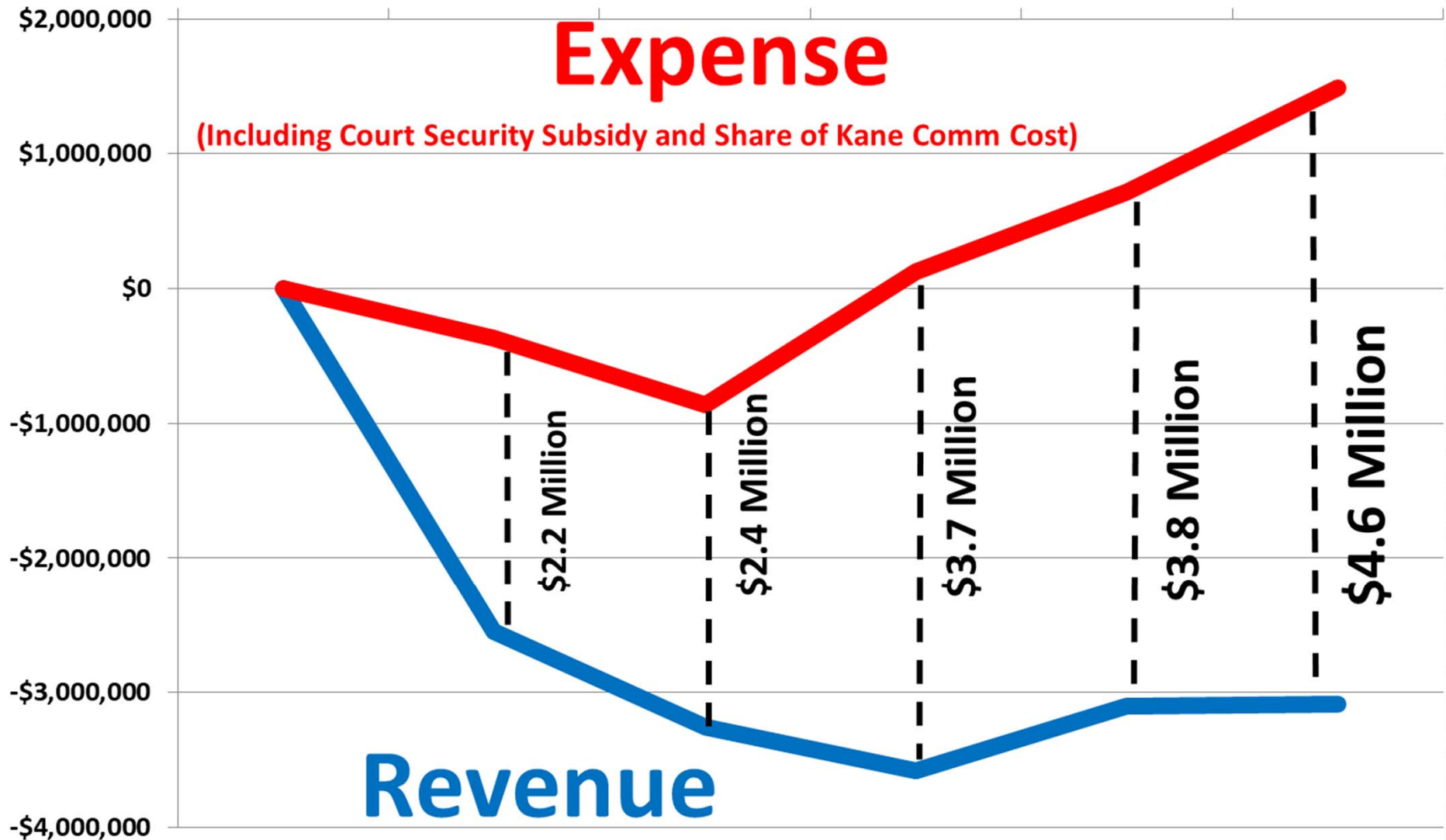
2015 Actual

2016 Actual

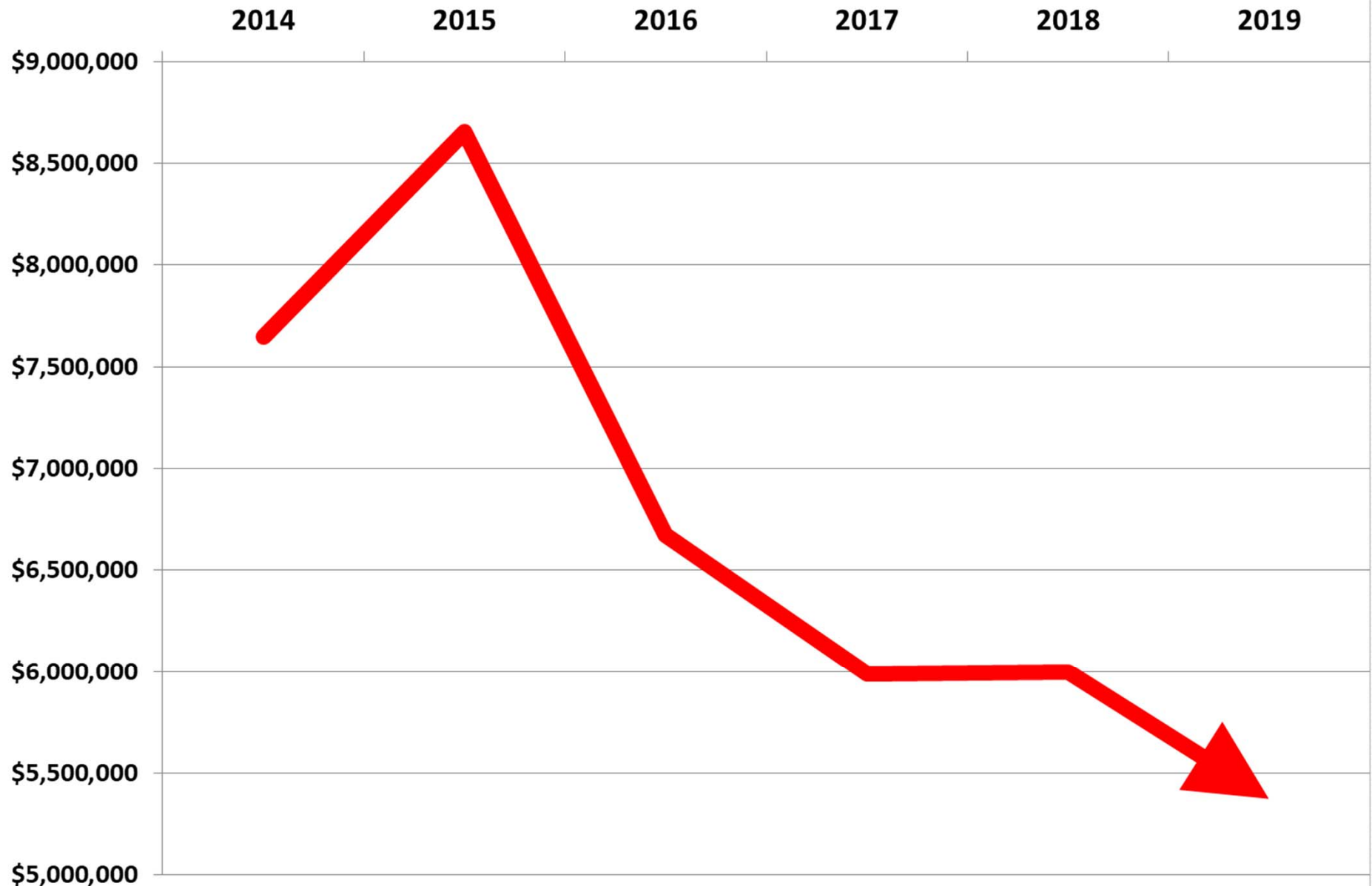
2017 Actual

Budget

Budget



Change in Grant & Reimbursement Revenue



Outstanding Budget Issue

Sustainable funding (e.g. revenue increases and/or expense reductions) for wage increases is needed.