COUNTY OF KENOSHA

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Kenosha County's bond rating remains at AA+ as rating agencies offer positive feedback, stable outlook

KENOSHA – A pair of rating agencies recently reaffirmed Kenosha County's AA+ bond rating, expressing their praise of the county's fiscal management and expressing a favorable forecast for the future.

This comes as the county's overall long-term obligations have declined sharply over the last 15 years and general obligation debt remains essentially equal to its level in 2004, in spite of a recent wave of significant infrastructure improvement projects undertaken in response to the area's booming economy.

"The rating agencies – Fitch and Standard and Poors – are reaffirming something we've long known," County Executive Jim Kreuser said today. "Kenosha County is in excellent fiscal health."

In its Aug. 15 report to the county administration, S&P Global analysts wrote: "Buoyed by large-scale commercial development, the county has posted strong economic growth recently and we expect the local economy to remain strong during the next few years. Moreover, the county's stable financial performance and continued maintenance of healthy reserves in keeping with its reserve policy demonstrates the county's commitment to sound financial governance."

Fitch Ratings expressed similar sentiments in an Aug. 13 report.

"The county's operating performance has been exceptionally strong during the present expansion," the report stated. "Ample financial resilience derives from broad revenue-raising flexibility, solid control over employee salary and benefit costs and substantial fund balances. The county has steadily augmented its general fund reserve and cash position during the economic recovery since 2009."

The rating agencies noted that 82 percent of the county's present debt load is scheduled to be retired within 10 years. This was viewed as a positive credit factor for the county.

Fitch and S&P both issued AA+ ratings with stable outlooks for the county's latest round of borrowing: $16.62 million in general obligation, 10-year promissory notes and a 20-year issue of $8.9 million in general obligation bonds.

The $16.62 million issuance is to fund various capital projects budgeted for, including road and highway improvements, information technology updates and economic development grants. The $8.9 million package includes the county's cost share of the upcoming expansion of Highway S between Highway 31 and Interstate 94 and other major highway infrastructure improvements.

Both issuances are more than 80 percent below the county's maximum authorized borrowing amount. The County Board approved them tonight.

Kreuser said that while he is pleased with the continuance of the county's AA+ rating, it remains a goal of his administration to eventually reach the top-flight AAA rating.

"We will continue building on our track record of sound fiscal management and strategic planning," Kreuser said.

Kreuser noted that the county's current total long-term obligations of $145.96 million is down nearly 40 percent from where it sat in 2004, at $238.64 million. The current general obligation debt of $102.77 million is nearly the same as 15 years ago, when it was $102.48 million.

"We've managed to keep our general obligations flat at the same time that we've built up our infrastructure to keep up with our region's booming economy," Kreuser said. "During this time, we've also made up for years of deferred maintenance, protecting our historic assets like the Courthouse and the Administration Building and improving other facilities to accommodate the vital services that county government provides."

The total long-term obligation total does not include funds budgeted for the recent renovation and expansion of Brookside Care Center, which will be repaid not through the tax levy, but rather by revenues generated by the facility. It also does not include the City of Kenosha's share of the debt load for the remodel and buildout of the Public Safety Building.

Accounting for the greatest share of the reduction in total long-term obligations since 2004 were policy changes that have significantly reduced the county's liability for retiree health insurance benefits. These changes have seen the county's total other post-employment benefits (OPEB) health liabilities drop from $132.7 million in 2008 to $39.4 million in 2018, a 70.4 percent reduction.

"Working together, making sacrifices when needed, we have and will continue to take steps to strengthen our county's fiscal health," Kreuser said. "I appreciate the work of our staff and the County Board in making this objective a reality."

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