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## One Illinois Special District Debt Rating Raised; Seven Ratings Affirmed; General Obligation

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### Table Of Contents

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Rationale

Outlook

The Eight Districts

Related Criteria And Research

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Credit Profile		
Sycamore Pk Dist GO	A(SPUR)/Stable	Upgraded
<i>Unenhanced Rating</i>		

## Rationale

Standard & Poor's Ratings Services raised its rating on the general obligation (GO) debt of one Illinois special district, and affirmed its ratings on that of seven other Illinois special districts (see table). The raised rating reflects our view of the continued improvement in the district's available reserves. The outlook on all ratings is stable.

The ratings reflect our view of the potential effects of local, state, and national economies. Management's response, or lack thereof, to financial or economic pressure is particularly important to our analysis. In our view, each of these issuers has been able to consistently meet the financial metrics associated with its rating category. All of these issuers maintain at least strong overall available reserves, and their management teams project maintenance of reserves at levels we feel are commensurate with the ratings. None of these issuers have indicated a level of future debt plans that we believe would pressure the ratings.

The financial management assessment (FMA) scores range from "standard" to "strong" for each issuer. An FMA score of "standard" indicates that the finance department maintains adequate policies in some, but not all, key areas. An FMA score of "good" indicates that practices exist in most areas, though not all may be formalized or regularly monitored by governance officials. An FMA score of "strong" indicates that practices are strong, well embedded, and likely sustainable.

In our view, special-purpose districts have considerable flexibility with expenditures. On the contrary, the single-purpose nature of each district can also leave operating revenue quite vulnerable with fluctuations in demand for programs and services. Conservation districts retain extreme flexibility in that their sole purpose is to preserve, restore, and manage natural areas and open spaces and are funded almost entirely through property taxes. Park districts are slightly less flexible in that they rely on operational revenue from programming, which is susceptible to changes in demand. However, while park districts are partially supported by revenue from these economically sensitive programs, they are also supported by property tax revenue, which provides a more stable source of funding. Airport districts are susceptible to competitive offerings for services and facilities; however, they typically have complete autonomy over the fees and charges associated with those services and can set those fees at their own discretion to meet operational needs.

## Outlook

The stable outlook on each rating reflects our anticipation that the district's credit quality, including financial,

economic, and debt profile characteristics, will remain relatively unchanged during the two-year outlook horizon. As a result, we do not expect to change the ratings during the outlook period.

## The Eight Districts

Obligor Name	New Rating/Outlook	Old Rating/Outlook	Analyst Name	The Obligor
Cary Park District	AA/Stable	AA/Stable	Kathryn Clayton	<p>Cary Park District serves an estimated population of 26,000 in McHenry County and is located about 45 miles northwest of downtown Chicago. The area serves as a bedroom community for the city and has train access to the northern Chicago employment base. As such, resident income levels in the park district are, in our opinion, very strong, with median household income at 154% of the national level. Between 2009 and 2012, market value declined by an average annual rate of 9.2% to \$1.7 billion, or \$65,753 per capita, which we consider strong. The park district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or Consumer Price Index (CPI) plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. The district has maintained a very strong level of reserves over the years, which are further bolstered by other available reserves outside the general and recreation funds. At fiscal year-end, April 30, 2012, the park district posted a \$144,000 deficit to the general fund and used about \$547,000 from the capital projects fund, which is also considered as available fund balance. The use of reserves lowered the total available fund balance between the two funds to \$1.6 million, or 41% of operating expenditures, which we consider very strong. However, for fiscal 2013, although unaudited, the district expects to restore the combined reserve to \$2.3 million due in part to deferred capital spending. The fund balance is expected to equate to about 75% of the operating budget, although management's formal reserve policy calls for a reserve equal to just three months of operating expenditures. For fiscal 2014, management has budgeted for a slight overall deficit due to capital spending but expects to generate a general fund operating surplus of about \$145,000. The district's FMA score is "good". The park district's overall net debt burden is moderate, in our opinion, at 4.3% of market value and \$2,796 per capita. However, carrying charges are high, in our view, at 40.3% of total expenditures in fiscal 2012, due in part to the single-purpose nature of the district. The district made its full required pension contribution of \$123,000 in 2012, which equated to just 1.9% of total governmental funds expenditures in fiscal 2012.</p>

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Fox Valley Park District	AA+/Stable	AA+/Stable	Kathryn Clayton	<p>Fox Valley Park District serves an estimated population of 230,000 in Kane, Will, DuPage, and Kendall counties and is located primarily in Aurora. Income levels in the district are strong, in our opinion, with median household income at 113% of the national level. Between fiscal 2009 and 2012, district market value has declined by an average annual rate of 5.6% to \$12.53 billion, or \$54,496 per capita, which we consider adequate. The park district is subject to a property tax levy cap, which allows growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. At fiscal year-end, April 30, 2012, the district posted a \$3.3 million surplus in the combined operating funds (general fund and playground and recreation funds), bringing the available fund balance between the two funds to \$12.8 million, or 88% of operating expenditures, which we consider very strong. Management estimates a general fund surplus of \$383,000 for fiscal 2013. We understand that for fiscal 2014 the district is budgeting for a general fund deficit of \$292,000, as a result of not fully extending the allowable increase in the property tax levy to provide taxpayer relief. Even with the expected drawdown, officials state that they expect to remain in compliance with the fund balance goal of six months' of operating expenses at the end of fiscal 2014. The district's FMA score is "strong". The district's overall net debt burden is moderately high, in our opinion, at 6.5% of market value and \$3,522 per capita due primarily to overlapping debt of the district; the district's carrying charge is high, in our view, at 32%. The district's required pension contribution of \$650,373 and other postemployment benefit (OPEB) contribution of \$323,117 equated to 2.52% of total governmental funds expenditures in fiscal 2012.</p>
Frankfort Square Park District	A/Stable	A/Stable	Kathryn Clayton	<p>Frankfort Square Park District is located just 35 miles south of downtown Chicago and serves an estimated population of 18,000 in Will County. Given the district's easy access to the deep and diverse Chicago metropolitan area for employment, residents' income levels are very strong, in our opinion, with median household income at 156% of the national level. Between 2009 and collection year 2013, market value has declined by an average annual rate of 3.7% to \$1.60 billion, or \$88,856 per capita, which we consider very strong. The park district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. In our opinion, while the park district has maintained adequate reserves on a modified cash basis of accounting, the dollar value of reserves is thin. At fiscal year-end, April 30, 2012, the park district showed a use of reserves of \$484,024 across the combined general and recreation funds, bringing the total available cash balance between the two funds to \$217,751, or 6% of reserves, which we consider adequate, on a modified cash basis of accounting. Management indicates that it expects a surplus across the two operating funds for fiscal 2013, and expects to post an ending combined cash balance of about \$255,000. The district's FMA score is "standard". The park district's overall net debt burden is moderately high, in our opinion, at 6.5% of market value and \$5,765 per capita. However, carrying charges are high, in our view, at 35.5% of total expenditures in fiscal 2012, due in part to the single-purpose nature of the district.</p>

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Freeport Park District	A+/Stable	A+/Stable	Kathryn Clayton	<p>Freeport Park District (estimated population: 25,427) is located in Stephenson County, about 30 miles west of Rockford and 120 miles northwest of downtown Chicago. Income levels in the park district are adequate, in our opinion, with median household income at 72% of the national level. Between fiscal 2009 and fiscal 2013, market value has declined by an average annual rate of 2% to \$729 million, or \$28,678 per capita, which we consider low. The park district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. The park district has maintained very strong reserves, in our view. At fiscal year-end, March 31, 2012, the district posted a surplus of \$42,758 to the combined general and recreation funds, bringing the combined available balance between the two funds to \$321,160, or 21% of operating expenditures. Additional liquidity is held in the park development fund, a subaccount within the capital projects fund; the total fund balance (all available) of the park development fund was \$609,567, or 40.7% of operating expenditures. Combined total available funds amounted to \$930,727 or 62% of expenditures, which we consider very strong. Unaudited (but nearly final) results for fiscal 2013 show an operating surplus of about \$74,000 between the general fund and recreation fund, and a use of about \$180,000 of park development reserves. The estimated total available balance is expected to be in excess of \$822,000, or 59% of expenditures, which we still consider very strong. Management estimates mostly break-even results for fiscal 2014. The district's FMA score is "good". In our opinion, the district's overall net debt burden is moderately high, as a percent of market value, at 7.1%, and moderate on a per capita basis, at \$2,026, primarily due to overlapping debt of the district. The park district's required pension contribution of \$91,000 for calendar year 2011 was 100% of the required contribution, and equated to 2.8% of fiscal 2012 total governmental funds expenditures.</p>
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*One Illinois Special District Debt Rating Raised; Seven Ratings Affirmed; General Obligation*

McHenry  
County  
Conservation  
District

AA+/Stable

AA+/Stable

Kathryn  
Clayton

McHenry County Conservation District serves an estimated population of 315,418 in McHenry County and is centered in the City of Woodstock, about 50 miles north of downtown Chicago. Income levels in the district are very strong, in our opinion, with median household income at 139% of the national level. Between 2009 and 2012, market value declined by an average annual rate of 8.8% to \$23.7 billion, or \$75,011 per capita, which we consider strong. The conservation district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; however, the district board and management have recently limited the growth of the levy below the allowable levels to provide taxpayer relief, and have expressed a willingness to use some reserves in the future to continue to provide taxpayer relief if valuation continues to decline. The district has a target of maintaining reserves equal to at least 25% of the budget, and will continue to maintain at least this amount in future years, regardless of future spend downs. At fiscal year-end, March 31, 2012, the district posted a \$224,000 surplus, bringing the available general fund balance to \$4.5 million, or 51.4% of expenditures, which we consider very strong. Management expects to use approximately \$123,000 in fiscal 2013 for capital-related expenditures, and while the operational budget is balanced for fiscal 2014, the district may choose to again reduce reserves for capital purposes. The district's FMA score is "good". The district's overall net debt burden is moderate, in our opinion, at 3.9% of market value and \$3,265 per capita. However, carrying charges are high, in our view, at typically about 30% of total expenditures, due in part to the single-purpose nature of the district. The conservation district's required pension contribution of \$497,000 and OPEB contributions of \$9,000 equated to 1.91% of total governmental funds expenditures in fiscal 2012.

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Plainfield Township Park District	AA/Stable	AA/Stable	Kathryn Clayton	<p>Plainfield Township Park District is just 38 miles southwest of downtown Chicago and serves an estimated population of 84,914 in Will County. Given the district's easy access to the deep and diverse Chicago metropolitan area for employment, residents' income levels are very strong, in our opinion, with median household income at 147% of the national level. Between 2009 and 2012, market value declined by an average annual rate of 6.8% to \$7.04 billion, or \$82,882 per capita, which we consider very strong. The park district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. The district has maintained a very strong level of reserves over the years, in our opinion, which are further bolstered by other available reserves outside the general and recreation funds. At fiscal year-end, June 30, 2012, the park district posted a \$280,110 surplus across the combined general and recreation funds, bringing the available balance between the two to \$2.55 million or, 58% of expenditures, which we consider very strong. Additional liquidity is available in the special recreation and working cash funds, which held an extra \$459,108 of available reserves at fiscal year-end 2012. Total available reserves equated to more than \$3 million, or 68% of operating expenditures in the general and recreation funds, which we view as very strong. Unaudited results for fiscal 2013 indicate a surplus of about \$250,000 between the general and recreation funds and an addition to the special recreation fund; working cash is expected to remain flat. For fiscal 2014, management has budgeted for a slight overall deficit, but several contingency items have been built into the budget. The district's FMA score is "good". The park district's overall net debt burden is moderately high, in our opinion, at 6.5% of market value and \$5,420 per capita; however, much of the debt burden is due to overlapping debt of the district. The district's required pension contribution of \$249,000 equated to 3.76% of total governmental funds expenditures in fiscal 2012.</p>
Rock Island County Metropolitan Airport Authority	AA-/Stable	AA-/Stable	Helen Samuelson	<p>Rock Island County Metropolitan Airport Authority serves an estimated population of 115,000 in Rock Island County and is located in northwestern Illinois. Income levels in the county are adequate, in our opinion, with median household income at 87% of the national level. Between 2009 and levy year 2011, market value grew by an annual average rate of 1.3% to \$5.7 billion. In levy year 2012, market value fell 1.6% to \$5.6 billion, or \$48,716 per capita, which we consider adequate. The airport authority relies mainly on nonproperty tax revenues to fund its operations. The recession has resulted in some pressure on the airport's finances when AirTran ceased operations at the airport and the overall number of passengers declined. However, cost cuts helped offset the impact and overall operating income has remained stable during the past three fiscal years. The airport reported unrestricted cash and investments of \$13.3 million at June 30, 2012, equivalent to 131% of operating expenses (net of depreciation). Officials expect to report stable financial operations for fiscal years 2013 and 2014, with no major budget changes planned. The authority's direct debt burden is 0.44% of market value and \$215 per capita. The authority's FMA score is "good". The authority's required pension contribution of \$383,000 equated to about 3.8% of operating expenditures in fiscal 2012. The authority does not pay for retiree health care benefits.</p>

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Sycamore Park District	A-/Stable	A-/Stable	Kathryn Clayton	<p>Standard &amp; Poor's raised its long-term rating to 'A' from 'A-' on Sycamore Park District's GO debt, reflecting our view of the district's strengthened financial operations and a projected increase in reserves during the next few years. The district serves an estimated population of 15,445 in DeKalb County and is located about 65 miles west of Chicago and about 30 miles from the western suburban communities of Aurora and Elgin. Income levels in the park district are strong, in our opinion, with median household income at 113% of the national level. Between fiscal 2009 and fiscal 2013, market value has declined by an average annual rate of 6.7% to \$1.19 billion, or \$77,093 per capita, which we consider strong. The park district is subject to a property tax levy cap, which limits growth in the levy to the lesser of 5% or CPI plus net new construction. Therefore, the declines in equalized assessed valuation are of minimal financial impact to the park district; management states that there is still room to increase the levy under maximum tax rates. In recent years, management has been building financial reserves; however, total available funds are still thin nominally. At fiscal year-end, Dec. 31, 2012, the district posted a surplus of \$38,503 to the combined general and recreation funds, bringing the combined available balance between the two funds to \$103,913, or 7% of operating expenditures, which we consider good as a percentage of expenditures but thin on a nominal level. A new management team formalized a target reserve level for each fund to be equivalent to 25% of the fund's individual budget. Historically, the golf and swimming funds had posted negative operations, but budgetary adjustments have allowed for both funds to return to positive operating results. Management projects an operating surplus of \$225,000 across the general and recreation funds; however, the park district expects to transfer all but \$25,000 of the surplus to the golf fund to help cure the negative available balance. The district's FMA score is "standard". The park district's overall net debt burden is moderate, in our opinion, at 3.3% of market value and \$2,564 per capita. However, carrying charges are high, in our view, at 31% of total expenditures in fiscal 2012, due in part to the single-purpose nature of the district. The park district's required pension contribution of \$87,709 for calendar year 2012 was nearly 100% of the annual pension cost, and equated to 3.4% of fiscal 2012 total governmental funds expenditures.</p>
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## Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Financial Management Assessment, June 27, 2006

Ratings Detail (As Of August 20, 2013)		
Cary Pk Dist GO		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Fox Vy Pk Dist GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Frankfort Square Pk Dist GO		
<i>Long Term Rating</i>	A/Stable	Affirmed
Frankfort Square Pk Dist GO (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Freeport Pk Dist GO		
<i>Long Term Rating</i>	A+/Stable	Affirmed



**Ratings Detail (As Of August 20, 2013) (cont.)**

McHenry Cnty Conserv Dist GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
McHenry Cnty Conserv Dist GO (AGM)		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
McHenry Cnty Conserv Dist GO (FGIC) (National)		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
McHenry Cnty Conserv Dist GO (MBIA) (National)		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
Plainfield Twp Pk Dist GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Plainfield Twp Pk Dist GO (AGM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Plainfield Twp Pk Dist GO (ASSURED GTY)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Rock Island Cnty Metro Arpt Auth GO (ASSURED GTY)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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