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Ratings

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**Jefferson County, FL's Series
2017 Gas Tax Revenue Bonds
Assigned 'A+' Rating**

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CENTENNIAL (S&P Global Ratings) Dec. 5, 2017--S&P Global Ratings assigned its 'A+' rating to Jefferson County, Fla.'s series 2017 gas tax revenue bonds. At the same time, S&P Global Ratings assigned its 'AA-' issuer credit rating (ICR) to the county. The outlook is stable.

"The series 2017 bonds are secured by the county's 5-cent local option gas tax, and are further supported by the county's covenant to budget and appropriate non-ad valorem revenue in the event pledged revenues are insufficient to cover debt service," said S&P Global Ratings credit analyst Kimberly Barrett. "The 'A+' rating on the bonds reflects our view of the county's covenant to budget and appropriate non-ad valorem revenue pledge. This pledge is notched one lower than the ICR rating to account for the availability of general revenue other than ad valorem property taxes, and our rating considers annual appropriation risk after essential services have been financed. "

Proceeds of the 2017 bonds will be used to finance road improvement projects throughout the county.

Jefferson County's 5-cent local-option gas tax was approved by ordinance on Sept. 26, 2017, with collections beginning Jan. 1, 2018. The 5-cent gas tax does not expire, but county officials intend to stop levying the tax once the 2017 bonds retire, as the tax is being implemented specifically to fund the road improvement projects associated with this bond issuance. Florida statute allows counties to levy local option gas taxes of between one and five cents and requires collections to be shared with their municipalities through interlocal agreement or a distribution formula based on transportation expenditures. The county expects to receive 89% of the 5-cent gas tax revenues, and for the remaining 11% to be distributed to the City of Monticello, which is the only municipality located within the county. The 2017 bonds will also have a surety-funded debt service reserve account funded in an amount equal to the lesser of maximum annual debt service (MADS), 125% of average annual debt service, or 10% of par.

Non-ad valorem revenue is defined in the resolution as all revenue of the county not derived from ad valorem taxation and legally available to pay debt service. Available non-ad valorem revenue accounted for approximately 33% of general revenue in 2016, making it an integral component of county operations. It also provides 21.4x coverage of MADS.

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