Research Update:

DRAFT: Hancock County, IN Series 2025 GO Bonds Rated 'AA+'; Existing Debt Affirmed At 'AA+'; Outlook Stable

October 17, 2025

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Overview

- S&P Global Ratings assigned its 'AA+' rating to Hancock County, Ind.'s roughly $6.5 million series 2025 general obligation (GO) bonds.
- We also affirmed our 'AA+' rating on the county's existing GO debt, and the ‘AA+’ rating on Hancock County Redevelopment Authroity’s series 2025 bonds redevelopment district lease-rental bonds
- The outlook is stable.

Rationale

Security

The GO bonds are secured by the county's ad valorem property taxes. The ad valorem property tax pledge is subject to state circuit-breaker legislation, which caps the property tax burden for taxpayers based on a percentage of the real estate parcels' gross assessed value (AV). The levy to cover debt service, however, is statutorily protected, allowing the county to distribute circuit-breaker losses first across nondebt service funds that receive property taxes. Furthermore, some of the county's debt is secured by lease rental payments payable from ad valorem property taxes; we reviewed the leases under our criteria and deem the terms standard. We do not distinguish the limited-tax pledge from the unlimited-tax pledge, since we expect the county will use all available resources to service the debt and base the rating on our view of its general creditworthiness. Officials intend to use series 2025 GO bond proceeds for various capital projects.

Lease-rental payments, payable from tax-increment revenue from Hancock County's Mt. Comfort North Allocation Area No. 1 and west allocation area, secure the 2025 redevelopment district ad valorem lease-rental bonds. An ad valorem special-benefits tax, subject to state circuit-breaker tax caps but not to annual appropriation, in Hancock County Redevelopment District, further secures the series 2025 bonds. The special district is coterminous with the county--not including Greenfield or the towns of McCordsville, Fortville, New Palestine, or Cumberland since these municipalities have their own redevelopment districts. The county expects tax-increment-financing revenue to cover debt service, but the rating reflects our assessment of the ad valorem-pledged-revenue stream with the higher credit quality (see: "Methodology: Rating Approach To Obligations With Multiple Revenue Streams," Nov. 29, 2011.)

We view lease terms as standard, addressing both abatement and construction risk due to insurance provisions and the timing of the first debt-service payment postconstruction. Factoring in these protections, as well as the county's financial stability and flexibility, we rate this limited-tax GO pledge at the same level as an unlimited-tax GO rating.

Credit highlights

The rating reflects our view of the county's robust reserves and steady financial performance. Hancock County is directly east of Indianapolis, including an expanding residential and industrial property tax base. Although much of the county is still rural and unincorporated, it remains recognized as one of the state's fastest-growing counties with population projected to increase 19.5% over the next decade; total taxable value doubled during the same period. We recognize significant economic development initiatives have supported this growth, primarily in the logistics sector due to its favorable location along Interstate 70, Indiana's primary east-west corridor. The county continues to advocate for workforce-development initiatives to support high-tech job growth, including Amplify Hancock, as well as grant-funded transportation and utility infrastructure investments to enhance site readiness and attract additional investment.

We think finances reflect the county's structural budget strength and budgetary practices. We expect positive budgetary performance will likely continue due to long-term planning; further expansion of the main revenue streams, including a recently granted maximum levy appeal by the state department of local government finance; and favorable investment returns, which should continue to support positive operations.

The rating also considers the county's use of cash accounting and limited disclosures in financial reporting, which remain somewhat constraining rating factors.

The rating reflects our opinion of the county's:

- Favorable growth prospects, although current economic metrics lag those of higher-rated peers. Income hovers just below the national average, and gross county product just exceeds 65% of the national average on a per capita basis. Current residents likely commute to other employment opportunities within the metropolitan statistical area, which limits per-pupil gross county product. However recent economic developments include the opening of the largest U.S.-based Walmart Inc. and Amazon fulfillment centers, and the development of 33 industrial buildings. Therefore we expect county job growth associated with ongoing development will likely continue to boost higher economic output, which we incorporate in our analysis.
- Consistent positive budgetary performance, mainly due to a healthy revenue environment that has accelerated reserve growth, which doubled during the past five years. Income tax is the county's leading operating revenue source at 35%, followed by property taxes at 29.5%. As expected, the county generated a surplus in fiscal 2024 and estimates positive results in fiscal 2025, which will continue to support fund balances at current levels. In addition, we recognize the county has about $7.2 million of reserves outside the general fund that could also support

general operations, if needed. The county does not expect to make material changes compared with prior years in fiscal 2026 and has no specific plans to spend down its reserves.

- Budgeting practices that rely on a mix of historical lookback analysis and consultation of outside sources that have led to consistently positive operations during the past few fiscal years. The county works with a third-party consultant to produce overall revenue and expense plans for the next three fiscal years that underpin year-to-year budgeting practices. In addition, the county administration provides monthly fund reports to the council and maintains long-term capital plans that outline capital investments required within the next five years. It adheres to formal investment-management and reserve policies of maintaining specific cash targets in each core fund to ensure adequate operational cash flow and security in case of revenue disruption. The county's fund-balance resolution targets maintaining roughly 50% of available reserves as a percentage of revenue in core operating funds.
- Currently manageable fixed debt-and-liabilities costs. The county has limited near-term debt plans with up to $5 million in the next year for local government building improvements, which we do not view as material. In addition, there is limited pressure from pension liabilities due to the county's participation in well-funded plans with realistic assumptions.
- We view financial transparency for counties in Indiana as very weak compared to national peers, highlighted by use of cash-based accounting and limited disclosures in financial reporting. Our analysis uses and compares unaudited reports submitted to the state and subsequent state-issued audits for alignment, the combination of which support our view that the information is sufficiently reliable. For more information on our institutional framework assessment for Indiana counties, see "Institutional Framework Assessment: Indiana Local Governments," published Sept. 15, 2025.

Environmental, social, and governance

We view environmental, social, and governance factors as credit neutral in our rating analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation of the county's likely consistent financial performance and robust reserves. In our opinion, effective management practices and limited fixed-cost pressure provide further rating stability. Therefore, we do not expect to change the rating within the two-year period.

Downside scenario

We could lower the rating if finances weaken, resulting in a draw on current reserves, or if debt increases materially, reducing overall credit quality relative to that of similar-rated peers.

Upside scenario

With all else equal, we could raise the rating if the county improves its transparency and reporting standards, and its economic metrics.

Hancock County, Indiana--credit summary

Institutional framework (IF)	3
Individual credit profile (ICP)	1.90
Economy	2.5

Hancock County, Indiana--credit summary

Institutional framework (IF)	3
Financial performance	2
Reserves and liquidity	1
Management	2.00
Debt and liabilities	2.00

Hancock County, Indiana--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	65	--	65	67
County PCPI % of U.S.	95	--	95	96
Market value ($000s)	13,200,563	11,699,531	9,612,414	7,812,513
Market value per capita ($)	148,433	131,555	115,549	95,430
Top 10 taxpayers % of taxable value	8.1	9.3	8.5	10.3
County unemployment rate (%)	3.5	3.5	2.8	2.6
Local median household EBI % of U.S.	110	110	106	108
Local per capita EBI % of U.S.	96	96	98	98
Local population	88,933	88,933	83,189	81,866
Financial performance				
Operating fund revenues ($000s)	--	32,497	29,467	24,218
Operating fund expenditures ($000s)	--	29,080	26,440	24,246
Net transfers and other adjustments ($000s)	--	(3,003)	(122)	(740)
Operating result ($000s)	--	414	2,905	(768)
Operating result % of revenues	--	1.3	9.9	(3.2)
Operating result three-year average %	--	2.7	6.6	6.3
Reserves and liquidity				
Available reserves % of operating revenues	--	94.6	100.7	110.6
Available reserves ($000s)	--	30,729	29,684	26,779
Debt and liabilities				
Debt service cost % of revenues	--	7.6	10.3	8.2
Net direct debt per capita ($)	1,653	1,617	1,294	1,112
Net direct debt ($000s)	146,970	143,845	107,670	91,010
Direct debt 10-year amortization (%)	59	56	52	57
Pension and OPEB cost % of revenues	--	2.0	3.0	3.0
NPLs per capita ($)	--	158	155	107
Combined NPLs ($000s)	--	14,044	12,933	8,732

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Credit Opinion

Ratings List	
New Issue Ratings	
US$6.5 mil GO bnds of 2025 ser 2025 due 01/15/2036	
Ratings Affirmed	
Local Government	
Hancock County IN Limited Tax General Fund Pledge	AA+/Stable
Hancock County Redevelopment District IN Limited Tax General Obligation and Tax Increment Revenues	AA+/Stable
Hancock County, IN Lease Non Appropriation Limited Tax and Income Tax Revenues	AA+/Stable
Pooled	
Hancock County, IN Tax Increment Revenues and Lease Non-Appropriation Limited Tax	AA+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.