S&P Global Ratings

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Summary:

Bloomingdale Park District, Illinois; General Obligation

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Table Of Contents

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Credit Profile		
US$7.725 mil GO pk bnds ser 2017A due 12/15/2037		
Long Term Rating	AA/Stable	New
Bloomingdale Pk Dist ARS go pk bnds		
Long Term Rating	AA/Stable	Affirmed
Bloomingdale Pk Dist GO rfdg pk bnds (Alternate Revenue Source)		
Long Term Rating	AA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA' rating and stable outlook to Bloomingdale Park District, Ill.'s series 2017A general obligation (GO) park bonds and affirmed its 'AA' rating, with a stable outlook, on the district's existing GO debt.

The district's unlimited-ad valorem-tax pledge secures the series 2017 bonds.

Officials intend to use series 2017 bond proceeds to finance capital improvements districtwide. The district expects to issue additional GO bonds in January 2018 to finance further capital projects.

The district's GO pledge secures all other debt. The district has several series of bonds outstanding--including its series 2010B, 2016A, and 2016B--secured by its debt-service-extension base, limited as to amount but not to rate. The series 2008 and 2012B bonds are alternate-revenue-source bonds, secured by pledged revenue, including money lawfully available in the district's corporate fund, and short-term limited-GO-bond proceeds, payable from the debt-service-extension base. To the extent pledged revenue is insufficient to pay debt service, the district's unlimited-tax-GO pledge secures the bonds.

Although the district has agreed to abate property taxes for series 2012B bonds only if it already has funds on hand to pay debt service, we understand series 2008 bonds, with the same pledged revenue, have an uncovered abatement. Therefore, we have reviewed the district's liquidity at the time debt service on its alternate-revenue-source bonds is due and have determined it has historically had sufficient liquidity on hand to support debt service in the event the short-term-bond sale is delayed. By state law, to issue the alternate-revenue-source bonds, the district has to prove pledged revenue will cover debt service by 1.25x.

The rating reflects our opinion of the district's:

- Participation in the deep and diverse Chicago metropolitan area economy,
- Strong income and extremely strong market value per capita,
- Very strong reserves and consistently positive operations, and

- Low overall market value debt.

The district covers the village of Bloomingdale and parts of Roselle and Addison in DuPage County in Chicago's western suburbs. The district's population estimate is 22,000. Residents have access to a wide variety of employment opportunities locally and countywide. Bloomingdale per capita and median household effective buying incomes are 128% and 129%, respectively, of national levels, which we still consider strong; these represent an increase since our last review. After several years of property tax base declines, fiscal 2016 equalized assessed value (EAV) increased by 3.6% to $860 million. Estimated market value is $2.6 billion for fiscal 2016, or $115,871 per capita, which we consider extremely strong. The tax base is very diverse with the 10 leading taxpayers accounting for only 11% of total EAV.

The district is subject to the property-tax-extension-levy-limitation (PTELL) law. Under the PTELL, the district could continue to increase operating property tax levies by the lesser of 5% or the Consumer Price Index each year, plus net new construction, as long as levies are below the maximum statutory rates.

The park district's main operating funds are the corporate and recreation funds, which we combine together to call the general fund; this has remained very strong recently, aided by consistent operational surpluses since at least fiscal 2009. We, however, note fiscal 2015 resulted in a slight 0.6% drawdown due to capital spending. Management reviews program participation, costs, and fee structures frequently throughout the year and makes adjustments, as needed, to generate recent positive operational results.

At fiscal year-end May 31, 2016, the district posted a $247,000 general fund surplus that increased year-end reserves to $3.019 million, or 78.5% of expenditures, which we consider very strong. Property taxes generated 56% of the combined general fund in fiscal 2016 and fees and charges accounted for 40%.

For fiscal 2017, management originally budgeted for a modest general fund drawdown of $26,000; however, the district has provided fiscal year-end projections for 2017 that indicate another $335,000 general fund surplus. Management cites strong program revenue, lower salary-and-benefit costs, and overall across-the-board savings as primary reasons for the surplus. According to management, it considers the capital projects fund available for operations. However, as part of the series 2017A referendum, the district will contribute approximately $1 million of available funds on hand to pay for series 2017A capital project costs. We understand a recreation-fund-balance transfer accounts for approximately $500,000 of the $1 million fund balance and special recreation funds and capital project funds will account for the remainder. Despite the projected use of $1 million of fund balance in fiscal 2018, we believe that fund balance will likely remain very strong and that it will likely comply with the fund balance policy, which calls for a minimum corporate fund balance at 50% of operating expenditures and a recreation fund balance at 25%.

In our opinion, overall debt is low at 2.4% of market value, or a moderate $2,802 per capita. In our view, debt service carrying charges were high at 25% in fiscal 2016. Amortization is average with 50% of direct debt principal scheduled to mature within 10 years. Management expects to issue at least $2 million of additional GO debt as part of the series 2017A referendum in January 2018.

The Illinois Municipal Retirement Fund (IMRF) administers the district's pension plan, and the district contributes 100% of the annual pension cost. Its IMRF plan is 83% funded with an unfunded actuarial accrued liability of $1.3

million, and its annual pension cost was 2.8% of total-governmental-fund expenditures in fiscal 2016. We understand the district has only an implicit liability for other postemployment benefits, which means it allows retirees to stay on its health care plan but requires them to contribute 100% of the premium.

Outlook

The stable outlook reflects S&P Global Ratings' opinion that it will likely not change the rating during the two-year outlook period. We expect the district will likely maintain very strong available reserves, complying with its policy of maintaining at least 50% of expenditures in the corporate fund and 25% in the recreation fund. We also believe per capita market values will likely remain, at least, very strong.

Upside scenario

A higher rating would be possible if the tax base were to continue to stabilize, coupled with an improvement in incomes to levels we consider commensurate with the district's higher-rated peers, while management maintains reserves at current levels or higher. In addition, if debt-service-carrying charges were to decrease, we could raise the rating.

Downside scenario

We could lower the rating if reserves were to decrease to levels we consider nominally thin or levels we view as strong as a percent of expenditures.

Related Research

Credit FAQ: Financial Management Assessment In U.S. Public Finance, June 27, 2006

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 www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.