



Rating Action: Moody's Ratings confirms Westchester, IL's A2 issuer rating, assigns A2 to new bonds

17 Jan 2025

New York, January 17, 2025 -- Moody's Ratings (Moody's) has confirmed the Village of Westchester, IL's A2 issuer rating and the A2 rating on the village's outstanding general obligation unlimited tax (GOULT) debt. This rating action concludes the review with direction uncertain that was initiated on December 18, 2024 prompted by a lack of sufficient information. We also assigned an A2 rating to the village's General Obligation Bonds, Series 2025, expected to carry a par value of about \$19.4 million. Post-sale, the village will have about \$43 million in debt outstanding.

The confirmation of the issuer rating at A2 reflects the receipt of a final fiscal 2023 audit and draft fiscal 2024 financials, which show stability in the village's financial position.

RATINGS RATIONALE

The A2 issuer rating reflects the village's strong resident incomes and solid reserves, constrained by elevated leverage and somewhat limited financial flexibility associated with its non-home rule status. The economic base will remain a credit strength, given ongoing infill development and the village's location in the Chicago metropolitan area. Resident incomes (130% of the nation) and full value per capita (\$100,000) are both strong for the rating category.

The financial position has improved in recent years, with fund balance equivalent to about 26% of revenue in fiscal 2023. Elevated leverage and associated fixed costs will remain the primary credit challenge. Following and upcoming sale, we expect the long-term liability and fixed costs ratios to be closer to 400% and 25%, respectively, up from 370% and 23% at the close of fiscal 2023.

The A2 GOULT rating is equivalent to the issuer rating, reflecting the village's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Maintenance of available fund balance closer to 35% while addressing management's goal of improving pension funding practices
- Leverage and fixed costs ratios closer to 200% and 15%, respectively

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Available fund balance below 15%
- Leverage approaching 500%

LEGAL SECURITY

The village's GO bonds are backed by the village's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount.

USE OF PROCEEDS

Proceeds will finance regular capital projects, including road and alley improvements and water, sewer, and stormwater improvements.

PROFILE

The Village of Westchester encompasses roughly five square miles in Cook County, approximately 15 miles west of Chicago. It provides a range of municipal services, including public safety and public works, to about 16,700 residents.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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