

RatingsDirect®

Summary:

Leyden Township, Illinois; General Obligation

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Credit Profile

US\$14.09 mil taxable GO bonds (alternate rev source) ser 2024B due 12/15/2051		
<i>Long Term Rating</i>	AA-/Stable	New
US\$3.56 mil GO bonds (alternate rev source) ser 2024A due 12/15/2054		
<i>Long Term Rating</i>	AA-/Stable	New

Credit Highlights

- S&P Global Ratings assigned its 'AA-' rating to Leyden Township, Ill.'s roughly \$3.56 million series 2024A general obligation (GO) bonds (alternate-revenue source) and roughly \$14.09 million series 2024B taxable GO bonds (alternate-revenue source) based on the application of its criteria, "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.
- The outlook is stable.

Security

The series 2024 GO bonds are alternate-revenue-source bonds, secured by corporate-fund property taxes and the township's unlimited-ad valorem-property-tax pledge, to the extent pledged revenue is insufficient to pay debt service.

Management will use series 2024 bond proceeds to fund the completion of a senior-center and senior-living project.

Credit overview

The rating reflects our view of Leyden's robust tax base and stability it provides to the budget since 90% of revenue is from property taxes. Despite the recent spending and additional projected spending of available reserves on one-time capital, we view Leyden's available general fund reserves will persist at levels that will be a key credit strength.

Leyden serves a population of 90,000 in northwestern Cook County, and it benefits from direct access to O'Hare International Airport only 15 miles from downtown Chicago. The local property tax base has experienced growth from property appreciation and residential and commercial development. Due to the stability of leading taxpayers and employers, we expect market value per capita will likely remain strong. However, local incomes are below average relative to national and county levels.

Leyden has built reserves to extraordinarily high levels with an average of \$7.6 million, or 148% of general fund revenue, during the past three fiscal years. However, these were accumulated with the intention to pay for a portion of the senior center. The township spent \$3.6 million on this project in fiscal 2024, and they are budgeting for another sizable draw for capital spending in fiscal 2025. The fiscal 2025 budget reflects a \$2.4 million general fund deficit, or 36% of general fund revenue, with expenses going to one-time project costs. Officials project the ending general fund balance to be \$2.7 million in fiscal 2025, and they will strive to maintain reserves of at least six months' expenditures as stated in a newly approved reserve policy.

The township's debt profile is particularly strong, in our opinion, characterized by extremely low debt and no expected borrowing during the next few years. Prior to the series 2024 issuance, the township had nearly no debt outstanding. Following the series 2024 issuance, we expect debt-and-liability costs could reach 8% of the township's budget, even with slow amortization. In addition, the township benefits from well-funded pension plans, further strengthening its debt-and-liability position.

The rating reflects our opinion of:

- Above-average per capita gross county product is based on finance, insurance, and professional services and income in-line with the national average. The township participates in a northwest suburban economy with steady market value growth, enhanced by access to the Chicago-Naperville-Elgin metropolitan statistical area and commuter-rail service to Chicago's loop.
- Capital spending has recently been significant, funded with general fund reserves, with officials budgeting for a similar reduction in fiscal 2025. Management incorporates contingencies into the general fund budget, causing actual results to perform comparatively favorable.
- Reserves are exceptionally strong, built to manage capital needs. Due to current strengths and conservative budgeting, based on the township's fiscal 2025 budget and recently adopted fund-balance policy, we expect general fund reserves will likely remain very strong compared with operations.
- While the township recently incorporated management policies and procedures involving long-term capital and financial planning and formal reserve, debt, and investment-management policies, we have not incorporated them into our assessment of its financial-management framework score since there is no history of adhering to them. Budgeting is comprehensive, and management provides monthly detailed reports on budget-to-actual results to counsel.
- Net direct debt totals \$17.65 million, which is low as a share of the budget, with no additional bonding plans. The township has typically funded the majority of capital needs on a pay-as-you-go basis; it has only periodically issued debt to fund larger projects, a practice we expect will likely continue.
- Leyden has limited reliance on state funding with 80% of revenue from property taxes, which we think provides stronger predictability compared with the majority of Illinois municipalities. For more information on our institutional framework assessment for Illinois municipalities, see "Institutional Framework Assessment: Illinois Local Governments," published Sept. 10, 2024.

Environmental, social, and governance

Environmental, social, and governance (ESG) factors are neutral within the credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that Leyden will likely use its exceptional general fund balance strategically to finance capital projects while maintaining strong levels compared with the budget.

Downside scenario

We could lower the rating if Leyden were to sustain budgetary imbalance or if reserves were to diminish materially without a plan to replenish them.

Upside scenario

We could raise the rating if local income levels were to improve significantly to levels we consider comparable with higher-rated peers; if budgetary performance were to stabilize; and if reserves were sustained, indicating recently adopted financial-management practices and policies are effective and being adhered to by the township.

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Leyden Township, Illinois--credit overview	
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Leyden Township, Illinois--key credit metrics				
	Most recent	2024	2023	2022
Economy				
Gross county product per capita as a % of U.S.	125.0	--	--	125.0
County per capita personal income as a % of U.S.	110.0	--	--	110.0
Market value (\$000s)	14,463,996	14,463,996	12,371,691	9,783,588
Market value per capita (\$)	159,388	159,388	136,332	108,421
Top 10 taxpayers as a % of taxable value	16.8	16.8	--	--
County unemployment rate (%)	5.1	5.1	4.4	4.9
Local median household effective buying income as a % of U.S.	96.0	96.0	97.0	95.0
Local per capita effective buying income as a % of U.S.	85.0	85.0	84.0	82.0
Local population	90,747	90,747	90,747	90,237
Financial performance				
Operating fund revenue (\$000s)	--	5,892	5,799	5,306
Operating fund expenditures (\$000s)	--	9,082	5,829	3,466
Net transfers and other adjustments (\$000s)	--	41	(25)	--
Operating result (\$000s)	--	(3,149)	(55)	1,840
Operating result as a % of revenue	--	(53.4)	(0.9)	34.7
Operating result three-year average (%)	--	(6.6)	10.3	--
Reserves and liquidity				
Available reserves as a % of operating revenue	--	85.9	140.8	155.6
Available reserves (\$000s)	--	5,063	8,165	8,258
Debt and liabilities				
Debt service cost as % of revenue	0.6	0.6	0.4	0.3
Net direct debt per capita (\$)	194	--	--	--
Net direct debt (\$000s)	17,650	--	--	--
Direct debt 10-year amortization (%)	12.0	--	--	--
Pension and other postemployment benefit costs as a % of revenue	3.0	3.0	3.0	3.0

Table 2

Leyden Township, Illinois--key credit metrics (cont.)				
	Most recent	2024	2023	2022
Net pension liabilities per capita (\$)	21	21	33	--
Combined net pension liabilities (\$000s)	1,884	1,884	3,031	--

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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