

Rating Action: Moody's assigns Aaa to Deerfield, IL's GO bonds; outlook stable

02 Oct 2020

New York, October 02, 2020 -- Moody's Investors Service assigns a Aaa rating to the Village of Deerfield, IL's \$6.1 million General Obligation Refunding Bonds, Series 2020. We maintain the Aaa rating on the village's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the village will have \$59.6 million in GOULT debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa GOULT rating is supported by the village's strong financial position, supported by very high resident incomes and broad revenue raising flexibility given its status as a home rule unit of local government. The rating also considers the village's above-average debt and pension burdens.

The coronavirus outbreak is a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Deerfield given robust financial reserves and strong revenue raising flexibility. The situation surrounding coronavirus is rapidly evolving, however, and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the village changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

The stable outlook reflects our expectation that the village's affluent tax base and ability to raise local revenue will support the maintenance of strong operating reserves and liquidity over the next two years.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

- Significant narrowing of operating reserves
- Increases to the village's debt or pension burdens

LEGAL SECURITY

Debt service is secured by the village's full faith and credit pledge to levy ad valorem taxes unlimited as to rate and amount.

USE OF PROCEEDS

Proceeds will refund a portion of the village's outstanding General Obligation Bonds, Taxable Series 2010A (Build America Bonds).

PROFILE

The Village of Deerfield is an affluent community located approximately 25 miles north of Chicago (Ba1 stable), primarily in Lake County (Aaa) and a small portion of Cook County (A2 stable). It provides a full range of municipal services, including public safety, public works, and municipal utilities, to just under 19,000 residents.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.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

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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