

# Wheeling, Illinois

## General Obligation Bonds New Issue Report

### Ratings

#### New Issue

General Obligation Refunding  
Bonds, Series 2011 AAA

#### Outstanding Debt

General Obligation Bonds AAA  
General Obligation and Sales Tax  
Bonds AAA

### Rating Outlook

Stable

### New Issue Details

**Sale Information:** \$8,650,000 General Obligation Refunding Bonds, Series 2011, competitively Oct. 3.

**Security:** GO bonds are secured by a pledge of ad valorem taxes levied against all taxable property within the village without limitation as to rate or amount.

GO sales tax bonds are payable from both sales tax distributions to the village made by the state and ad valorem taxes levied against all taxable property within the village without limitation as to rate or amount.

**Purpose:** To refund various maturities of the village's outstanding bonds.

**Final Maturity:** Dec. 15, 2023.

### Key Rating Drivers

**Robust Balance Sheet Resources:** Despite recent deficits in the general fund, the unreserved fund balance entering fiscal 2011 was equivalent to nearly 46% of spending, translating to significant financial flexibility for the village.

**Proactive Management Practices:** Wheeling has successfully reduced spending, increased ad valorem property taxes, and successfully negotiated labor concessions in order to mitigate sales tax revenue losses and preserve its overall financial health.

**Positive Economic Profile:** The village benefits from its proximity and access to the Chicago Loop and its identity as one of the largest business-industrial centers in suburban Chicago. Unemployment remains below that of the state and nation, though employment trends remain unsteady.

**Moderate Debt Burden:** Wheeling's debt profile benefits from moderate debt ratios and manageable future debt plans.

### Related Research

For information on Build America Bonds, visit [www.fitchratings.com/BABs](http://www.fitchratings.com/BABs).

Fitch Rates Wheeling IL's GOs at 'AAA';  
Outlook Stable, Sept. 27, 2011

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**Rating History — GO Bonds**

Rating	Action	Outlook/Watch	Date
AAA	Affirmed	Stable	9/27/11
AAA	Affirmed	Stable	5/23/11
AAA	Revised	Stable	4/30/10
AA+	Affirmed	Stable	4/21/09
AA+	Affirmed	Stable	8/4/05
AA+	Upgraded	—	1/23/03
AA	Assigned	—	5/21/01

**Rating History — GO Sales Tax Bonds**

Rating	Action	Outlook/Watch	Date
AAA	Affirmed	Stable	9/27/11
AAA	Affirmed	Stable	5/23/11
AAA	Revised	Stable	4/30/10
AA+	Affirmed	Stable	4/21/09
AA+	Assigned	Stable	8/4/05

**Related Criteria**

[U.S. Local Government Tax-Supported Rating Criteria, Aug. 15, 2011](#)  
[Tax-Supported Rating Criteria, Aug. 15, 2011](#)

**Credit Profile**

**Positive Economic Profile**

The village of Wheeling is favorably located approximately 25 miles northwest of downtown Chicago. The village benefits from good highway access and is home to a commuter rail station, which links residents to Chicago's Loop. Wheeling has a significant commercial presence of its own, with more than 900 establishments located within the village, predominantly engaged in manufacturing and trade. The list of largest village employers includes National Louis University, a private institution of higher learning, in addition to a laundry service provider and several manufacturers of electronic components, aluminum foil, and plastic containers.

Management reports that the local housing market is stabilizing, though some challenges remain in the new construction market. Some economic development in the village continues, with superabrasives manufacturer Engis Corporation's expansion to its world headquarters projected to come online in fall 2011 and a number of other small commercial and industrial projects currently under development.

Historically the village has reported a rate of unemployment below that of the state and nation. Wheeling's unemployment rate of 8.7% in July 2011 compares to the state and national rates of 10.0% and 9.3%, respectively. Wealth levels in the village are above average at 105% and 112% of the state and national norms, respectively.

**Strong Financial Profile**

Wheeling's finances are marked by the village's good revenue control and diversity, a prolonged history of high fund balances, conservative budgeting, and multiyear planning.

Fiscal 2010 results show a strong unreserved fund balance (45%) despite a \$1.3 million draw (4.5% of spending), which is substantially less than the \$2.5 million deficit that the village budgeted for. Savings were achieved through the implementation of an Exit Incentive Program that resulted in the voluntary retirement of 13 employees as well as the elimination of four other positions, for a total first-year savings of \$800,000. For 2011, the village passed a budget balanced with a small fund balance draw and raised its operating millage by 5.25%. The village is projecting break-even results for fiscal 2011 and a budget for 2012 that is balanced or has a small deficit.

Property taxes are the leading sources of the village's general fund revenue, comprising approximately 30% of fiscal 2010 revenues. The village has a diverse tax base, with top taxpayers comprising 11% of total assessed value (AV). The village's AV fell approximately 9% during its 2010 tax year triennial revaluation. Management expects the effect of the AV decline on the village's finances will be offset by its home-rule status, which grants the village autonomy to establish its tax rate without subjection to a cap or limit. Village council has shown a willingness to increase the tax rate to preserve services and offset sales tax shortfalls in recent fiscal periods.

The sales tax is the second largest source of general fund revenue. After a decrease in fiscal 2009, sales tax revenues rebounded slightly in fiscal 2010 and are expected to increase 2% in the current fiscal year.

**Moderate Debt and Adequately Funded Pensions**

The village's overall debt burden is moderate at \$3,484 per capita and 3.2% of market value. 2010 debt service costs were a manageable 8% of 2010 general fund spending but will escalate in the outyears. Fitch expects debt to remain moderate, as the only additional debt management is considering is for water and sewer improvements, which will be self-supporting.

The village participates in two single-employer pension plans and the state's defined benefit agent multiple-employer retirement system. The village continues to fully fund the actuarially determined annual pension contribution for all three

plans. The aggregate pension contribution consumed 12% of the fiscal 2010 budget which, when combined with the village's annual debt service costs and 3% for other post-employment benefits, represents a slightly elevated annual fixed-cost burden. Each pension plan is satisfactorily funded between 70% and 80% as of the respective most recent actuarial valuation dates.

The village recently settled labor agreements with both the fire and police unions. The village advantageously settled uniformed contracts with reasonable annual salary increases and gained health care insurance concessions.

**Debt Statistics**

(\$000)	
This Issue	8,650
Outstanding Direct Debt — Net of Refunding	46,079
Self-Supporting	0
<b>Total Net Direct Debt</b>	<b>54,729</b>
Overlapping Debt	76,449
<b>Total Overall Debt</b>	<b>131,178</b>

**Debt Ratios**

Net Direct Debt Per Capita (\$) <sup>a</sup>	1,454
As % of Market Value <sup>b</sup>	1.3
Overall Debt Per Capita (\$) <sup>a</sup>	3,484
As % of Market Value <sup>b</sup>	3.2

<sup>a</sup>Population: 37,648 (2010). <sup>b</sup>Market value: \$4,057,175,000 (2010).  
Note Numbers may not add due to rounding.

**General Fund Financial Summary**

(\$000, Audited Years Ended Dec. 31)

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Property Tax	6,829	7,718	6,775	7,045	8,643
Sales Tax	10,395	10,654	9,537	7,942	7,984
Other Tax	2,941	3,885	3,828	3,497	3,604
<b>Total Tax</b>	<b>20,165</b>	<b>22,257</b>	<b>20,140</b>	<b>18,484</b>	<b>20,231</b>
License and Permits	913	494	452	438	446
Fines and Forfeits	378	352	607	1,069	844
Charges for Services	2,141	1,989	1,763	1,774	1,831
Intergovernmental	3,802	4,237	4,505	3,892	4,164
Other	1,120	1,283	1,635	1,189	916
<b>General Fund Revenue</b>	<b>28,519</b>	<b>30,612</b>	<b>29,102</b>	<b>26,846</b>	<b>28,432</b>
General Government	9,502	10,020	11,413	10,380	9,130
Public Safety	16,101	17,521	18,843	18,609	19,666
<b>General Fund Expenditures</b>	<b>25,603</b>	<b>27,541</b>	<b>30,256</b>	<b>28,989</b>	<b>28,796</b>

Note: Numbers may not add due to rounding.

## General Fund Financial Summary (continued)

(\$000, Audited Years Ended Dec. 31)

	2006	2007	2008	2009	2010
<b>General Fund Surplus/(Deficit)</b>	<b>2,916</b>	<b>3,071</b>	<b>(1,154)</b>	<b>(2,143)</b>	<b>(364)</b>
Other Sources	31	114	84	29	31
Transfers Out	916	841	1,161	459	936
Other Net Adjustments	0	1,696	0	0	0
<b>Net Transfers and Other</b>	<b>(885)</b>	<b>969</b>	<b>(1,077)</b>	<b>(430)</b>	<b>(905)</b>
<b>Net Surplus/(Deficit)</b>	<b>2,031</b>	<b>4,040</b>	<b>(2,231)</b>	<b>(2,573)</b>	<b>(1,269)</b>
<b>Total Fund Balance</b>	<b>16,222</b>	<b>20,262</b>	<b>18,032</b>	<b>15,459</b>	<b>14,191</b>
As % of Expenditures, Transfers Out, and Other Uses	61.2	71.4	57.4	52.5	47.7
Unreserved Fund Balance	15,452	17,868	10,824	14,913	13,586
As % of Expenditures, Transfers Out, and Other Uses	58.3	63.0	34.5	50.6	45.7
Unreserved, Undesignated Fund Balance	15,452	17,868	8,791	13,721	12,333
As % of Expenditures, Transfers Out, and Other Uses	58.3	63.0	28.0	46.6	41.5

Note: Numbers may not add due to rounding.

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