

Darien Park District, Illinois

Primary Credit Analysts:

John Kenward
Chicago
(1) 312-233-7003
john_kenward@
standardandpoors.com

Secondary Credit Analysts:

Helen Samuelson
Chicago
(1) 312-233-7011
helen_samuelson@
standardandpoors.com

Credit Profile		
US\$2.27 mil GO rfdg debt cert ser 2008A dtd 05/15/2008 due 11/01/2017		
Long Term Rating	AA-/Stable	New
Darien Pk Dist GO (FSA)		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
Darien Pk Dist GO		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
Darien Pk Dist GO		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

Rationale

The rating on Darien Park District, Ill.'s general obligation (GO) bonds has been raised to 'AA' from 'A+', reflecting the district's very strong wealth and income levels and maintenance of positive financial operations with strong reserves. The district's series 2008A GO refunding debt certificates have been rated 'AA-', which reflects the 'AA' rating on the district's GO bonds and the limited nature of the certificates' security.

Additional credit factors are the district's:

- Participation in the deep and diverse Chicago metropolitan area economy;
- Expenditure flexibility in its program offerings and revenue flexibility in its program fees; and
- Moderate debt burden.

A limited budget and high debt carrying charges, as a percentage of the operating budget, mitigate these strengths. The district will use certificate proceeds to refund the district's series 1996B debt certificates and provide \$350,000 to repave a parking lot.

The district will levy property taxes each year to cover principal and interest on the bonds, but will abate the levy on the portion of the bonds payable from Sportsplex revenues to the extent that facility net revenues are on hand; the portion of the levy attributed to the community center will be abated each year to the extent that the district expects annual short-term bond proceeds to be available to pay debt service.

Darien Park District serves an area that is generally coterminous with the city of Darien. Darien, with a population of about 24,000, is located 25 miles southwest of Chicago in DuPage County. The district provides comprehensive recreation programming and facilities for youth and adults. Income indicators have historically been high for the city. Median household effective buying income levels for the city of Darien are a very strong 144% and 154%, respectively, of state and national levels. With the city nearing buildout, equalized assessed valuation grew at an average annual rate of 8.3% between 2002 and 2006, to \$824 million. The city's unemployment rate was a low 2.9% in 2007. Estimated market value stands at \$2.7 billion, or an extremely strong \$113,830 per capita. The tax base is diverse, with the 10 leading taxpayers accounting for less than 10% of valuation.

The district's operating revenues consist mostly of property taxes, which made up 57% of combined revenues in 2007. As a non-home rule entity, the district is subject to a levy cap equal to the lesser of 5% or the rate of inflation, except with regard to new construction. In spite of this restriction, the district has been able to build up strong financial reserves and general fund surpluses since fiscal year-end 1997 (April 30), due in good part to its ability to adjust its program offerings and fees as needed. The combined general fund and recreation fund cash balance stood at \$1.67 million, or a strong 100% of combined fund expenditures, in fiscal 2007. The district's overall liquidity ameliorates concerns about the uncovered abatements in place for part of its series 2007B and 2000B alternate revenue bonds.

The district projects that it will report surpluses for its general and recreation funds for fiscal 2008. The district approved break-even general and recreation fund budgets for 2009.

The district's 124,000-square-foot Sportsplex facility was built in 1996 as a joint venture between the park district and Darien Sportsplex LLC. The Sportsplex serves as the home site for adult and youth ice hockey teams and for about 200 soccer teams. The facility operates two indoor regulation-size soccer fields and two indoor regulation-size ice rinks 365 days a year. The Sportsplex's financial picture has improved over the past several years, and the facility's operations are now positive. At fiscal year-end 2003, the facility had a negative \$453,000 fund balance, on a cash basis. At fiscal-year-end 2007, cash and cash equivalents measured \$903,411, and total net assets were \$56,318. Cash in the Sportsplex enterprise fund is available to cover debt service, if needed, on the district's series 2007B and 2000B alternate revenue bonds that are paid from annual rollover bonds.

Darien Park District's management practices are considered "good" under Standard & Poor's Financial Management Assessment (FMA). An FMA of good indicates that practices exist in all areas, although not all may be formalized or regularly monitored by governance officials. Practices include sound budgetary practices such as program costing, monthly monitoring and reporting on budgetary variances, and a formally adopted five-year capital plan. Although the district does not have a formal

fund balance policy, it targets reserves in the general and recreation funds at six months' or more of expenditures.

Overall debt levels for the district are moderate at \$3,075 per capita and 2.7% of market value. Amortization is average, with 48% of bonds and debt certificates scheduled to mature within 10 years. The district's carrying charges, however, are very high at almost 44% of total governmental expenditures in 2007. The district does not have additional debt plans at this time, other than the annual sale of about \$900,000 of short-term debt secured by the debt service extension base, the proceeds from which are used for debt service and capital projects.

Outlook

The stable outlook is maintained to reflect Standard & Poor's Ratings Services' expectation of continued sound financial operations. The outlook is supported by the district's participation in the Chicago metropolitan area economy.

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2008 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 800-852-1641 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280; or by e-mail to: research_request@standardandpoors.com.