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MOODY'S INVESTORS SERVICE CONFIRMS VILLAGE OF BUFFALO GROVE'S AAA BOND RATING

Moody's cited continued strong financial management and reserves as key factors in
maintaining the high rating.

Buffalo Grove, Illinois – Moody's Investors Service recently confirmed the Village of Buffalo Grove's 'Aaa' long-term bond rating, citing its "favorable location and its affluent demographic profile," in addition to strong reserves and a willingness to balance operations by adjusting revenues and expenditures. In a communication from Moody's dated November 16, 2016, the agency stated, "Buffalo Grove closed fiscal 2015 with a fourth consecutive operating surplus across the major operating funds, including the General Service and Debt Service Fund."

Other factors given for the favorable rating were budgetary flexibility and strong liquidity with available cash balances compared to total government fund expenditures, and low debt burden measured at a modest 2-percent of operating revenues. Financial management was rated strong, as well as the Village's financial policies and the use of long-range planning documents.

Moody's assigned a negative financial outlook underlying the Aaa rating, based upon above average pension liabilities and dependence upon economically sensitive revenue streams from the State of Illinois. Although Village pension contributions exceeded actuarial determined requirements, pension liabilities continue to grow. Moody's cited the threat to revenue streams if the State of Illinois were to reduce amounts distributed to the Village.

The rating stated went on to state, "Although the Village has balanced its budget by aggressively managing its expenditures and restructuring operations, it will be in a position to react to potential cuts from Springfield." Moody's pointed out that the continued budgetary stalemate at the state level is beyond the Village's control.

"This rating is the result of prudent financial and budget management, and a conservative approach to managing debt," said Village President Beverly Sussman. "I credit both staff and the elected board for maintaining this prestigious rating." President Sussman cited the state's continued economic and budgetary woes as a significant threat to the Village's long-term financial stability, calling on elected leaders to develop a viable financial plan for the state.

Buffalo Grove is one of only 14 communities throughout Illinois to hold the highest rating available from Moody's, representing approximately 1-percent of 1,299 municipalities statewide.