

# **Bond Case Briefs**

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## **S&P U.S. Local Governments Credit Brief: Illinois Counties And Municipalities Means And Medians**

### **Overview**

Illinois counties and municipalities (or local governments [LGs]) have demonstrated stable or improved credit characteristics during the past year despite the effects of the pandemic because of the receipt of substantial pandemic relief aid, strong revenue patterns, and generally conservative budgeting, that enabled many Illinois LGs to outperform expected forecasts. S&P Global Ratings expects credit quality for Illinois LGs will remain stable in the near term. Credit pressures remain, though, with macroeconomic trends, particularly higher inflation and the risk of recession, presenting new challenges for Illinois LGs in the coming year. Continued increases in annual pension contributions to address large unfunded liabilities could create budget pressure leading to weaker credit quality for some.

S&P Global Ratings maintains ratings on 253 LGs in Illinois—22 counties and 231 municipalities. The credit trajectory was mostly positive over the past year with one county and four municipalities upgraded since November 2021, following a sustained period of improved reserves. Over the same period, we revised the outlook on one county and eleven municipalities to stable from negative and downgraded two municipalities (Granite City and Palos Hills), both due to structural imbalances due to poorly funded pension plans. Currently, 95% or 242 of our ratings on Illinois counties and municipalities have a stable outlook, while seven municipalities and one county carry negative outlooks, with two counties and one municipality having positive outlooks (see rating distribution table below).

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