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Madison Maintains Aaa Bond Rating

Moody's Investor Service has continued Madison's Aaa bond rating with a negative outlook. The rating is for the $110.8 million in tax-exempt and taxable general obligation bonds and notes that will be issued by the City next week. This is the highest possible rating an issuer can receive. It affirms the city's sound financial and budget management, conservative debt repayment structure, stable economy relative to the state and nation, and solid general fund reserves. A negative outlook was affixed to all of the city's debt due to the draw down of cash balances at the Water Utility as a result of higher maintenance costs and the timing of the utility's rate approval by the Wisconsin Public Service Commission (PSC).

"While it is very reaffirming to receive the Aaa Bond Rating again, it is very important that the PSC move quickly to approve the Water Utility's rate case in support of critical water supply and safe drinking water investments." said Mayor Paul Soglin. "My office, city staff and Common Council members all work very hard to maintain this high rating and we will continue make improvements in financial management and seek appropriate revenue increases to support high priority infrastructure needs."

Moody's cited a stable and diverse economy, sound financial operations and a history of healthy reserves as well as manageable debt and pension burdens among the city's strengths. Analysts noted however that challenges include strict levy limits that reduce the city's revenue raising flexibility for operations. The service also noted that sound financial operations benefit from strong budgetary control and stable reserve levels. They report that the city's sound financial profile is expected to continue due to consecutive operating surpluses and the presence of healthy reserves.

The rating confirms market confidence in the city's economic condition and the Mayor and Council's fiscal management. Moody's identified three conditions that could change the rating down in the future – significant increases in fixed costs, including debt service, weakening of the city's tax base, and material declines in operating reserves and liquidity, including continuing financial weakness at the Water Utility.