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Madison Maintains Aaa Bond Rating

Moody's Investor Service has continued Madison's Aaa bond rating with a stable outlook. The rating is for the $93 million in tax-exempt general obligation bonds and notes for capital projects and $54.8 million of taxable and tax-exempt general obligation refunding 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.

"The COVID pandemic of the past roughly 18 months has increased economic concerns nation-wide, and it is very gratifying that Madison continues to receive is Aaa Bond Rating. This rating acknowledges our City's long-term stability, commitment to sound financial management, investment in sustainability and resilience, and the strength of our cultural and business climate," said Mayor Satya Rhodes-Conway. "It has not been easy, but I know that my office, City staff and the Common Council will continue to work cooperatively to serve Madison by exercising prudent fiscal management."

Moody's cited a stable and diverse economy, sound financial operations and a history of healthy reserves and cash balances 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, as well as impacts of economic conditions brought on by the COVID-19 pandemic. 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 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 four conditions that could change the rating downward in the future – significant increases in debt and associated debt service, weakening of the city's tax base and resident income levels, material declines in operating reserves and liquidity, and weakened financial conditions for the city's utilities.