

Rating Action: Moody's assigns A1 to Reedsburg, WI's GO bonds

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New York, January 20, 2021 -- Moody's Investors Service has assigned a A1 to the City of Reedsburg, WI's \$3.1 million Taxable General Obligation Corporate Purpose Bonds, Series 2021A. Moody's maintains the A1 on the city's outstanding general obligation unlimited tax (GOULT) debt. Post-sale, the city will have \$25.9 million in GOULT debt outstanding, all of which is rated by Moody's.

RATINGS RATIONALE

The A1 reflects the city's modestly sized tax base that is growing, low resident income levels that are mitigated by the area's affordable housing costs, and a manageable city pension burden. Additionally, the rating reflects the likelihood of a modest surplus in fiscal 2020 that will further support the city's solid finances. The rating also considers the city's high debt burden. Reedsburg's healthy liquidity and reliance on property taxes are important mitigants as the city navigates the impact of the coronavirus.

RATING OUTLOOK

Outlooks are not typically assigned to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Sustained increase in available reserves
- Substantial tax base growth and improvement in resident income levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Material declines in cash and fund balance
- Substantial tax base or resident income level declines

LEGAL SECURITY

The Series 2021A bonds and the city's outstanding GOULT bonds are secured by the city's full faith and credit and pledge to levy unlimited ad valorem property taxes.

USE OF PROCEEDS

Approximately a third of the proceeds will finance community development projects in tax increment district (TID) #9. The rest will be used for a current refunding of state trust fund loans for TID #6 and TID #9 for interest savings.

PROFILE

The City of Reedsburg is in south central Wisconsin (Aa1 stable), approximately 60 miles northwest of Madison (Aaa stable) with a population of approximately 9,500. The city provides general public services including police, fire, library, and road maintenance. Its utilities include water, sewer, stormwater, electric, and communications.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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