

# **Bond Case Briefs**

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## **S&P Medians And Credit Factors: Wisconsin Municipalities And Counties**

### **Overview**

Overall, municipal credit ratings in Wisconsin remain resilient with strong overall credit fundamentals, as exemplified by stable tax bases, favorable income and wealth levels, and maintenance of typically very strong reserves.

S&P Global Ratings maintains 130 ratings on municipalities and counties in Wisconsin. Currently, about 71% of Wisconsin municipalities and counties are highly rated ('AA-' or above), and 29% are rated 'A+' or below. Additionally, most of the portfolio's ratings have stable outlooks; only five entities have non-stable outlooks, and all are negative.

We anticipate continued overall stability in the Wisconsin municipal portfolio for the coming year. Most Wisconsin municipalities and counties continue to see stable and growing tax bases. We are monitoring the effects of the COVID-19 pandemic on local economies across the state. However, up to this point, the underlying economic metrics have not been materially affected by the COVID-19 pandemic or its related recessionary pressures as there was not any significant business interruption over the past year. This benefits their financial operations, given that property taxes play an important role in the revenue stream. Health and human service funds can put some pressure on county budgets, but we typically observe ample cash in the general fund to offset some of the unpredictability in those services. Intergovernmental revenue, mainly from state funding, comprises a large share of most municipalities' budgets, typically over 40%.

Wisconsin municipalities and counties contribute to Wisconsin Retirement System, a cost-sharing, multiple-employer, defined-benefit plan for retiree pension benefits. As of fiscal 2020, the system is 103% funded on a statewide basis, and it continues to be among the top funded state pension systems. Issuers typically fund their other postemployment benefits (OPEBs) on a pay-as-you-go basis. As a result, we believe Wisconsin municipalities and counties continue to have manageable fixed pension & OPEB costs.

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