

Rating Action: Moody's assigns Aa1 to the City of Fitchburg, WI's GO Bonds

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New York, December 04, 2020 -- Moody's Investors Service has assigned a Aa1 rating to the City of Fitchburg, WI's \$20.6 million General Obligation Corporate Purpose Bonds, Series 2020A. Moody's maintains the Aa1 on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$61.2 million of rated outstanding GOULT debt.

RATINGS RATIONALE

The Aa1 rating reflects city's growing tax base that benefits from its proximity to the City of Madison (Aaa stable), above average resident income, strong financial position supported by healthy reserve levels, and a moderate pension liability. The rating also incorporates the city's moderate net direct debt and more elevated overall debt and fixed costs, and constrained revenue raising flexibility due to state imposed levy limits.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Improvement of the city's socioeconomic profile and continued expansion reflected in tax base growth
- Moderation of debt and fixed costs

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Material declines in available fund balance or liquidity
- Contraction of the city's tax base or a weakened demographic profile
- Material growth in the city's debt burden

LEGAL SECURITY

The Series 2020A bonds are secured by the city's GOULT pledge which benefits from a dedicated property tax levy that is not limited by rate or amount.

USE OF PROCEEDS

The proceeds of the Series 2020A bonds will be used to finance street improvement projects and purchase fire equipment.

PROFILE

Fitchburg is a city in south central Wisconsin (Aa1 stable) adjacent to the City of Madison. The city covers approximately 35.2 square miles in Dane County (Aa1 stable). The city provides a variety of municipal services to a population of over 28,500.

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's.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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