

CREDIT OPINION

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Send Your Feedback

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Columbia County, WI

Update to credit analysis

Summary

[Columbia County, WI](#) (Aa1) will continue to benefit from a strong financial position, modest leverage and a growing tax base which are balanced against limited revenue raising flexibility because of state-imposed levy limits and resident incomes that are solid but trail higher rated peers.

Credit strengths

- » Strong available fund balance and liquidity
- » Modest leverage and fixed costs

Credit challenges

- » Limited revenue-raising flexibility because of state-imposed levy limits
- » Resident incomes trails higher-rated peers
- » Contingent enterprise risk associated with nursing home ownership and operations

Rating outlook

We do not assign outlooks to local government issuers with this amount of debt.

Factors that could lead to an upgrade

- » Material expansion of the county's local economy coupled with significant strengthening of resident income
- » Further strengthening of the county's financial profile

Factors that could lead to a downgrade

- » Sustained narrowing of available fund balance or liquidity ratios below 30% of revenue
- » Substantial and sustained increase in the leverage ratio approaching 300% of revenue

Key indicators

Exhibit 1

Columbia (County of) WI

	2020	2021	2022	2023	Aa Medians
Economy					
Resident income ratio (%)	111.2%	110.7%	110.7%	N/A	97.8%
Full Value (\$000)	\$6,097,433	\$6,540,619	\$7,444,613	\$8,506,602	\$8,736,359
Population	57,331	58,219	58,272	N/A	90,964
Full value per capita (\$)	\$106,355	\$112,345	\$127,756	N/A	N/A
Annual Growth in Real GDP	-2.4%	5.4%	1.8%	N/A	4.9%
Financial Performance					
Revenue (\$000)	\$83,828	\$85,251	\$89,989	\$92,722	\$97,580
Available fund balance (\$000)	\$49,456	\$50,727	\$53,920	\$60,249	\$43,698
Net unrestricted cash (\$000)	\$55,660	\$61,675	\$69,238	\$75,085	\$68,628
Available fund balance ratio (%)	59.0%	59.5%	59.9%	65.0%	43.0%
Liquidity ratio (%)	66.4%	72.3%	76.9%	81.0%	74.4%
Leverage					
Debt (\$000)	\$53,258	\$49,424	\$45,723	\$42,533	\$46,820
Adjusted net pension liabilities (\$000)	\$83,862	\$105,313	\$97,332	\$47,252	\$103,575
Adjusted net OPEB liabilities (\$000)	\$7,016	\$7,934	\$6,395	\$5,571	\$7,091
Other long-term liabilities (\$000)	\$1,184	\$1,077	\$981	\$844	\$3,981
Long-term liabilities ratio (%)	173.4%	192.1%	167.2%	103.8%	190.3%
Fixed costs					
Implied debt service (\$000)	\$3,991	\$3,814	\$3,467	\$3,193	\$3,257
Pension tread water contribution (\$000)	\$1,233	\$882	\$955	N/A	\$2,211
OPEB contributions (\$000)	\$183	\$158	\$218	\$218	\$186
Implied cost of other long-term liabilities (\$000)	\$139	\$85	\$76	\$69	\$282
Fixed-costs ratio (%)	6.6%	5.8%	5.2%	4.8%	7.1%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the Madison, WI Metropolitan Statistical Area Metropolitan Statistical Area.

Sources: US Census Bureau, Columbia (County of) WI's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Columbia County is located in south central [Wisconsin](#) (Aa1 stable), approximately 25 miles north of [Madison](#) (Aaa stable). It provides a broad range of municipal services to roughly 58,000 residents.

Detailed credit considerations

The county has a growing tax base and consistently strong reserves that typically hover around 60% of revenue. Fiscal 2023 closed with a surplus, driven by interest income and other miscellaneous revenue significantly exceeding budget. The county has a degree of contingent enterprise risk related to the ownership and operation of a nursing home. The nursing home is roughly 8% of county operating revenue, maintains narrow liquidity with roughly 40 days of cash on hand and does not have any associated debt outstanding. The county's economic base is growing and full value per capita now exceeds \$150,000. It benefits from its proximity to employment opportunities within the Madison metropolitan area. Growth in full value per capita is largely driven by residential appreciation (75% of the base) though management reports that several communities in the county are planning new housing construction. Resident incomes are solid at 110% of the US median, though trail higher-rated peers.

The county's available fund balance ratio will likely remain strong near 60% of revenue with fiscal 2024 on track to close with roughly balanced operations. Reserves may decline slightly in fiscal 2025 as the county may spend down some of the surplus from fiscal 2023, though the budget process is ongoing. Nursing home operations will likely have a budget deficit in fiscal 2025, though management reports that recent increases in reimbursement rates could help balance operations. Inclusive of the current issuance, the county's

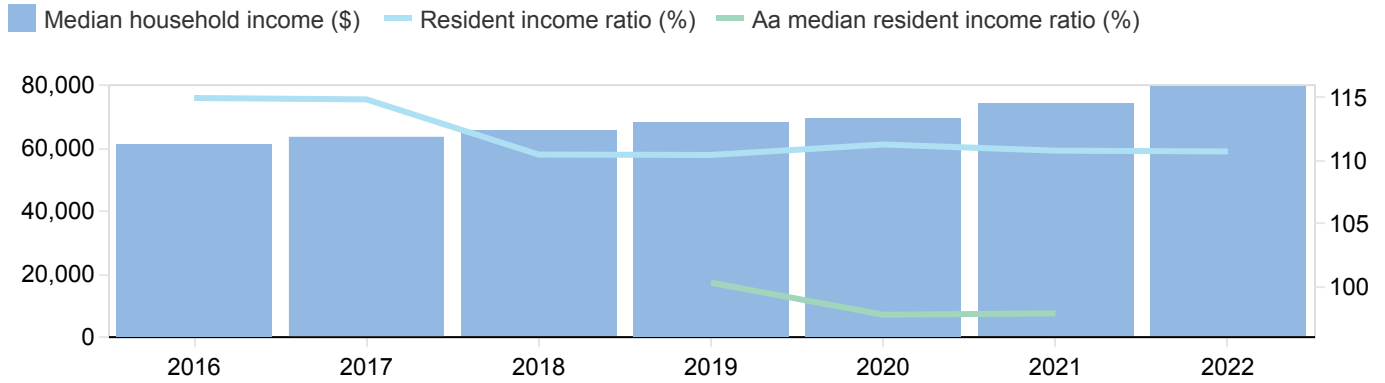
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

leverage ratio will remain low at about 100% of fiscal 2023 revenue. The county's long-term leverage will likely remain manageable due to limited future borrowing plans.

Economy

Exhibit 2

Resident Income

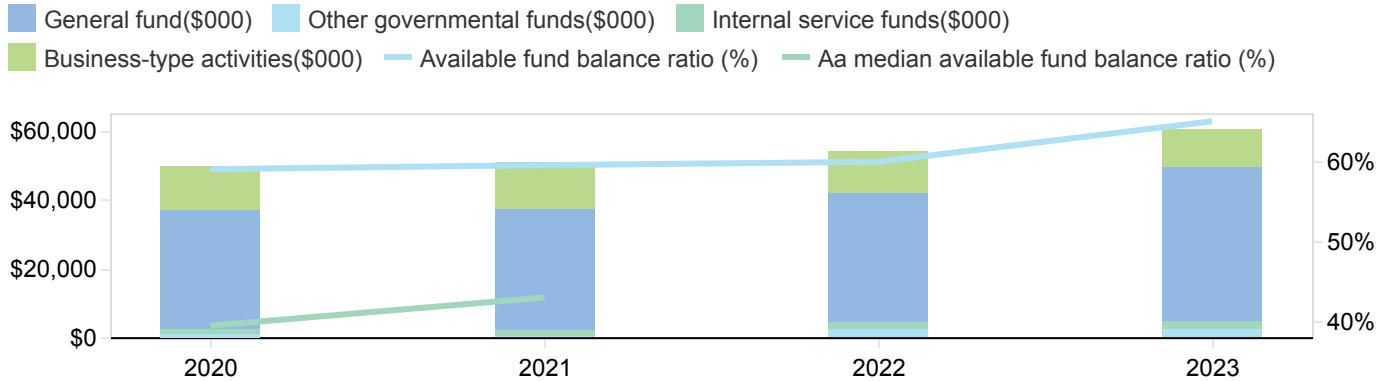


Source: Moody's Ratings

Financial operations

Exhibit 3

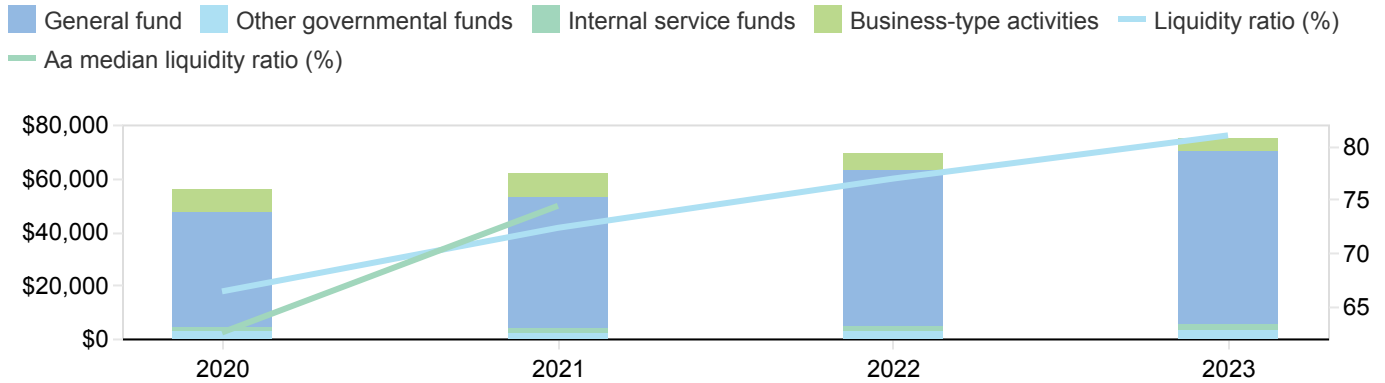
Fund Balance



Source: Moody's Ratings

Liquidity

Exhibit 4
Cash



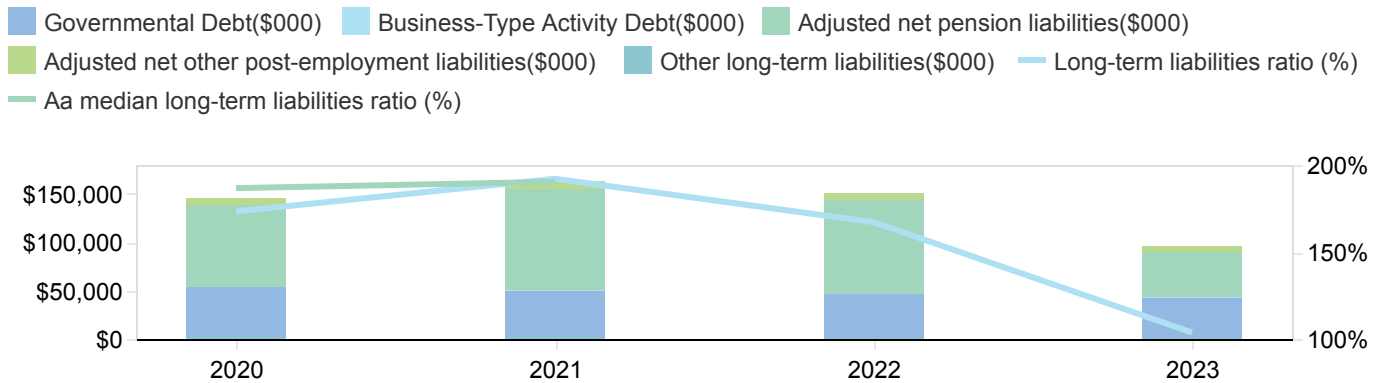
Source: Moody's Ratings

Leverage

» While some provide employees with supplemental pension or retiree health care (OPEB) benefits, Wisconsin counties' liabilities for employee retirement benefits predominantly stem from their participation in the Wisconsin Retirement System (WRS). Pension risks for local governments that participate in WRS have generally remained low over time, in part due to a mechanism by which the retirement system shares some investment risk with retirees. Contributions by governments in aggregate to the WRS have also consistently tracked near or above our tread water indicator, helping to constrain liability growth.

Exhibit 5

Total Primary Government - Long Term Liabilities



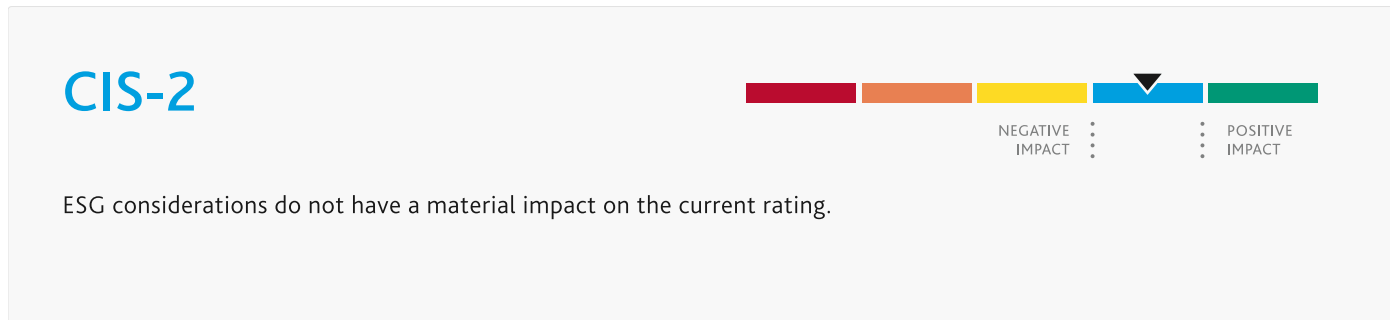
Source: Moody's Ratings

ESG considerations

Columbia (County of) WI's ESG credit impact score is CIS-2

Exhibit 6

ESG credit impact score



Source: Moody's Ratings

Columbia County's ESG **CIS-2** reflects a sound governance profile, solid social attributes, and minimal exposure to environmental risks.

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Columbia County, WI's **E-2** reflects the county's inland location that minimizes exposure to physical climate risk. Data from Moody's ESG Solutions indicates that the projected water stress for the county is above average, though this measure does not account for the county's groundwater resources. Ground water is one of the primary sources of water for the county. A heavy reliance on groundwater can, however, occasionally present risks such as rising levels of nutrients and other contaminants which could require additional treatment.

Social

Columbia County, WI's **S-2** reflects demographic trends, housing accessibility and health and safety indicators that are in line with peers.

Governance

Columbia County, WI's **G-2** reflects solid transparency, budget management, and policy credibility balanced against a relatively restrictive institutional structure. Wisconsin counties have a moderate institutional framework because of the restrictive revenue environment. The sector's major revenue source, property tax revenue, is subject to a cap which limits increases to amounts represented by net new construction growth. However, counties may implement a 0.5% sales tax, which can somewhat diversify operating revenue. The county has a fund balance policy of maintaining an unassigned general fund balance between 17% and 25% of budgeted expenditures.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 8

Columbia (County of) WI

	Measure	Weight	Score
Economy			
Resident income ratio	110.7%	10.0%	Aa
Full value per capita	158,330	10.0%	Aa
Economic growth metric	0.1%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	65.0%	20.0%	Aaa
Liquidity ratio	81.0%	10.0%	Aaa
Institutional Framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio	103.8%	20.0%	Aa
Fixed-costs ratio	4.8%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
Assigned Rating			Aa1

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Madison, WI Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Columbia (County of) WI's financial statements and Moody's Ratings

Appendix

Exhibit 9

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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