

## Richland County Finance and Personnel Committee

### Agenda Item Cover

**Agenda Item Name:** Bond Rating

<b>Department</b>	County Board	<b>Presented By:</b>	Shaun Murphy-Lopez
<b>Date of Meeting:</b>	May 21 <sup>st</sup> , 2021	<b>Action Needed:</b>	Vote
<b>Disclosure:</b>	Open	<b>Authority:</b>	Committee Structure Item F
<b>Date submitted:</b>	May 20 <sup>th</sup> , 2021	<b>Referred by:</b>	n/a

#### **Recommendation and/or action language:**

Recommend a motion to schedule a meeting between the Finance & Personnel Committee and Moody's Investor Services.

#### **Background:**

The County's current bond rating is A3. Our credit rating agency is Moody's Investor Services, which rates government agencies using the scale shown in Attachment A – Wikipedia Article on Bond Credit Rating. A comparison to our neighboring counties (as of January 2020) shows that Richland County has the lowest bond rating, which may result in higher interest rates on future borrowing:

<b>Credit Rating</b>	<b>County</b>
Aaa	
Aa1	Sauk
Aa2	Iowa
Aa3	Grant, Vernon
A1	Crawford
A2	
A3	Richland
Baa1	

Richland County's bond rating was decreased from A2 to A3 in March of 2018, according to Attachment B – Rating Change. Reasons given included an above average debt burden, weak financial operations, and financial support for our nursing home enterprise. Factors given that could lead to an upgrade were sustained improvement in fund balance County-wide and at the nursing home, as well as sustained growth and expansion of the county's tax base and economy.

In February 2020, Moody's maintained the County's bond rating at A3. See Attachment C – Rating Maintained. In addition to the above factors that could lead to an upgrade, an additional factor of "moderation of debt and pension burdens" was added. Data for each of these factors has been gathered in Appendix D – Bond Rating Factors.

A meeting is recommended between this committee and representatives of Moody's Investor Services, to discuss future goals and a schedule for updates to our bond rating.

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#### **Attachments and References:**

Attachment A: Wikipedia Article on Bond Credit Rating	Attachment C: Rating Maintained
Attachment B: Rating Change	Attachment D: Bond Rating Factors

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#### Financial Review:

(please check one)

<input type="checkbox"/>	In adopted budget	Fund Number	
<input type="checkbox"/>	Apportionment needed	Requested Fund Number	
<input type="checkbox"/>	Other funding Source		
<input checked="" type="checkbox"/>	No financial impact		

*(summary of current and future impacts)*

#### Approval:

#### Review:

\_\_\_\_\_  
Department Head

\_\_\_\_\_  
Administrator, or Elected Office (if applicable)