

CREDIT OPINION

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Send Your Feedback

Contacts

Amy Hellmann +1.312.706.9964
Analyst
amy.marks@moodys.com

Gera M. McGuire +1.312.706.9977
Associate Managing Director
gera.mcguire@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
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City of Sun Prairie, WI

Update to credit analysis

Summary

[Sun Prairie, WI](#) (Aa2) is well positioned for continued growth, supported by a strong financial position and a dynamic local economy. While state-imposed levy limits constrain revenue-raising flexibility, the city's expanding economic base and prudent fiscal management provide a solid platform for long-term stability. Leverage is expected to rise moderately with upcoming debt issuances and additional planned borrowings, reflecting additional borrowing required to support a growing area.

Credit strengths

- » Growing tax base favorably located within proximity to the [City of Madison](#) (Aaa stable)
- » Strong available fund balance and liquidity

Credit challenges

- » Limited revenue-raising flexibility because of state-imposed levy limits
- » Increase in leverage following upcoming issuances

Rating outlook

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

Factors that could lead to an upgrade

- » Successful execution of significant capital projects while maintaining a leverage ratio under 150% of revenue
- » An available fund balance ratio consistently closer to 50% of revenue

Factors that could lead to a downgrade

- » An available fund balance ratio approaching 20% of revenue
- » A long-term liabilities ratio approaching 300% of revenue

Key indicators

Exhibit 1

Sun Prairie (City of) WI

	2021	2022	2023	2024	Aa Medians
Economy					
Resident income ratio (%)	125.1%	125.9%	120.3%	N/A	114.1%
Full Value (\$000)	\$4,176,131	\$4,767,507	\$5,481,682	\$6,077,194	\$2,888,367
Population	35,528	35,847	36,455	N/A	22,430
Full value per capita (\$)	\$117,545	\$132,996	\$150,368	N/A	\$125,640
Annual Growth in Real GDP	5.9%	2.2%	3.2%	N/A	2.0%
Financial Performance					
Revenue (\$000)	\$90,220	\$99,165	\$103,073	\$112,482	\$52,335
Available fund balance (\$000)	\$33,155	\$35,623	\$36,274	\$40,060	\$29,526
Net unrestricted cash (\$000)	\$47,356	\$50,400	\$52,996	\$77,004	\$41,432
Available fund balance ratio (%)	36.7%	35.9%	35.2%	35.6%	57.1%
Liquidity ratio (%)	52.5%	50.8%	51.4%	68.5%	79.6%
Leverage					
Debt (\$000)	\$123,061	\$117,620	\$114,677	\$160,034	\$37,305
Adjusted net pension liabilities (\$000)	\$94,831	\$58,590	\$30,603	\$34,181	\$45,496
Adjusted net OPEB liabilities (\$000)	\$0	\$0	\$0	\$0	\$4,376
Other long-term liabilities (\$000)	\$2,651	\$2,942	\$3,488	\$3,499	\$1,726
Long-term liabilities ratio (%)	244.4%	180.7%	144.3%	175.8%	210.2%
Fixed costs					
Implied debt service (\$000)	\$7,647	\$8,631	\$8,215	\$7,966	\$2,477
Pension tread water contribution (\$000)	\$576	\$643	\$1,710	N/A	\$1,199
OPEB contributions (\$000)	\$0	\$0	\$0	\$0	\$179
Implied cost of other long-term liabilities (\$000)	\$196	\$186	\$205	\$242	\$115
Fixed-costs ratio (%)	9.3%	9.5%	9.8%	8.8%	9.6%

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.

Sources: US Census Bureau, Sun Prairie (City of) WI's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

The City of Sun Prairie encompasses roughly 13 square miles of Dane County (Aa1 stable) in south-central Wisconsin (Aa1 stable), approximately 20 miles northeast of the City of Madison. The city is governed by a mayor-council form of government and provides comprehensive municipal services, including certain utilities, to a population of roughly 39,419 residents.

Detailed credit considerations

Sun Prairie has a strong financial profile underpinned by a growing and increasingly diversified local economy. The city benefits from its location within the Madison metropolitan area, anchored by the presence of the Wisconsin state capital and the University of Wisconsin's flagship campus—both of which contribute to regional economic stability and employment opportunities. Economic growth in Sun Prairie has remained in line with national trends. Resident income levels are strong at 120% of the U.S. and the full value per capita now exceeds \$165,000. The city's population has expanded by more than 20% over the past decade, reflecting sustained demand for housing. This growth trajectory is expected to continue, driven by substantial residential developments currently underway.

The city's cash and available fund balance ratios are robust at 69% and 36% of revenue, respectively as of fiscal 2024 (year-end Dec 31). These ratios reflect a well-managed financial position and provide a cushion against potential revenue volatility or unforeseen expenditures. Looking ahead, reserves are expected to remain healthy, supported by ample liquidity in business-type funds, continued economic development, and a track record of proactive fiscal management. The fiscal 2025 budget indicates stable operations with no major spend down of reserves planned. The city is tentatively planning to seek voter approval in the spring of 2026 for an operating referendum that would generate an additional \$4.5 million in annual revenue over a three-year period.

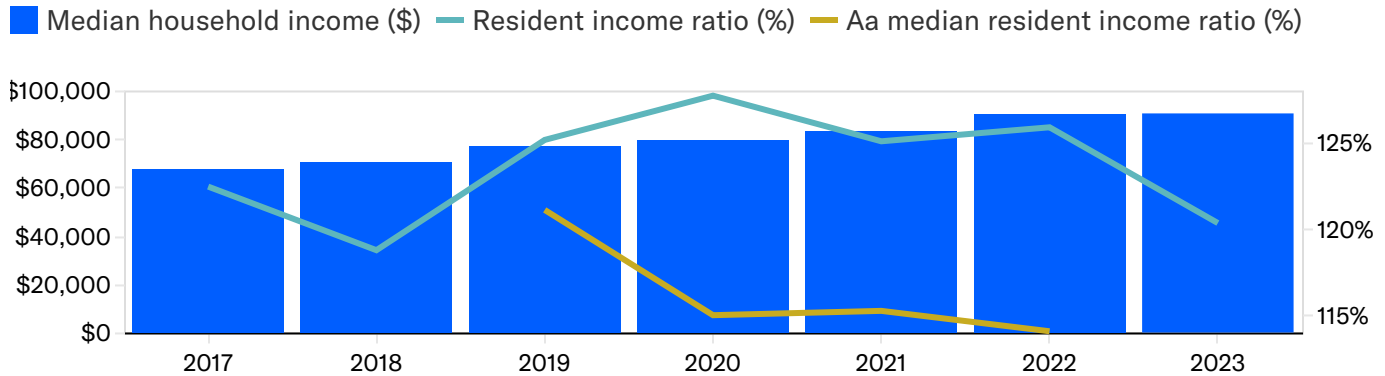
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

The city's business-type activities account for 45% of total revenue and include its sewer, stormwater, and combined water and electric enterprises. Inclusive of the current issuance, the city's leverage ratio increase to around 191% of fiscal 2024 revenue. The city has material borrowing plans including a wastewater treatment project. The overall project is projected to cost about \$66 million and would be funded with Clear Water Fund Loan (CWFLs), though leverage will rise gradually as the city phases in the loan and project.

Economy

Exhibit 2

Resident Income

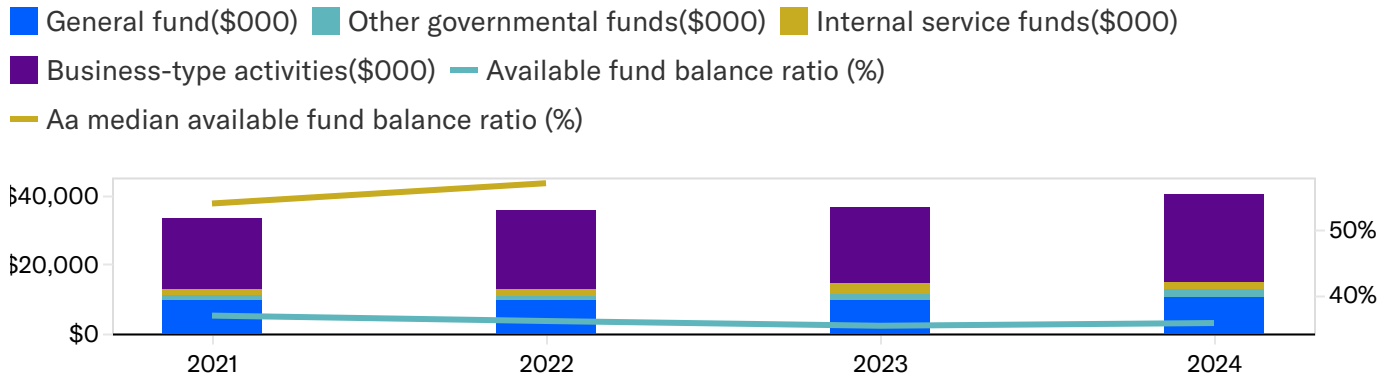


Source: Moody's Ratings

Financial operations

Exhibit 3

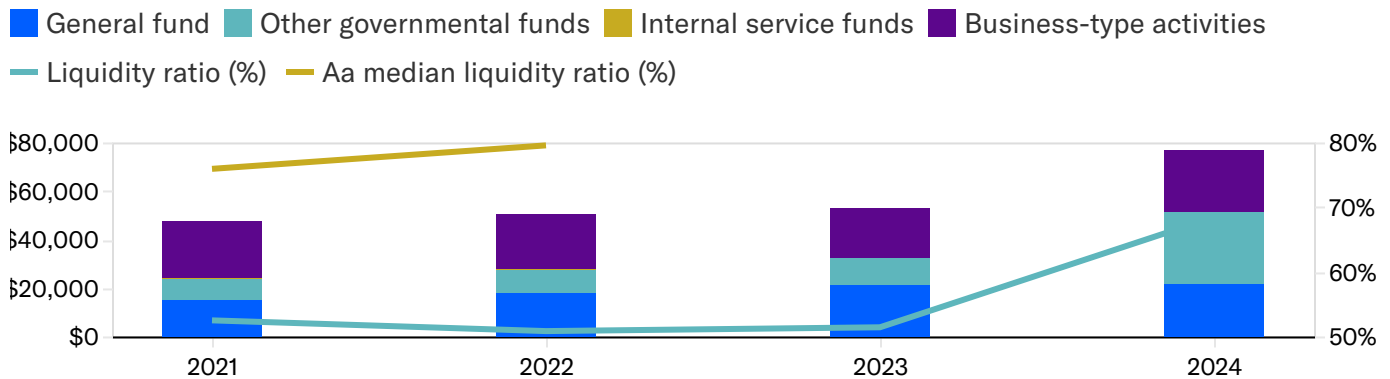
Fund Balance



Source: Moody's Ratings

Liquidity

Exhibit 4

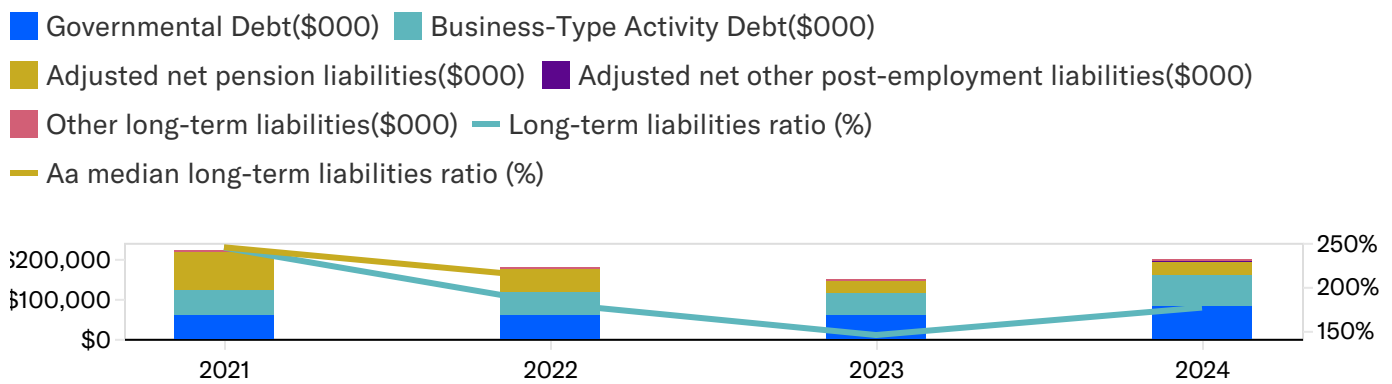
Cash

Source: Moody's Ratings

Leverage**Pensions and OPEB**

While some provide employees with supplemental pension or retiree health care (OPEB) benefits, Wisconsin cities' 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

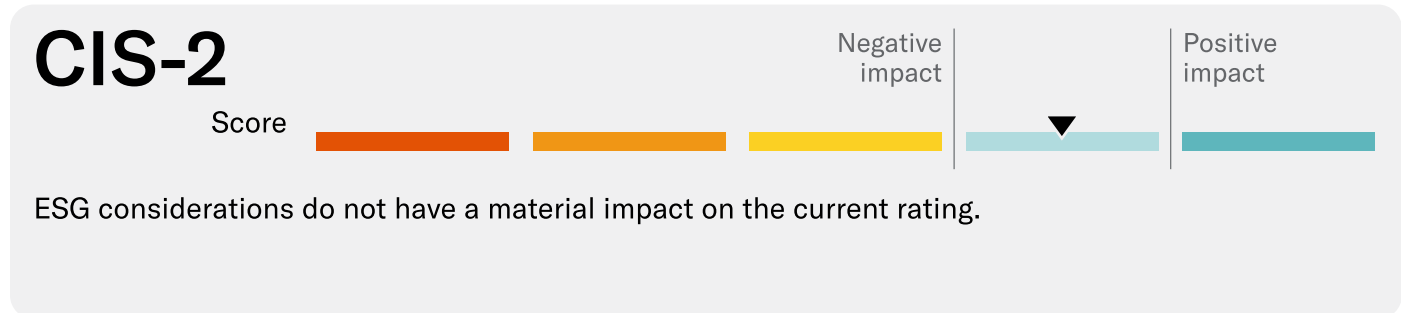
Source: Moody's Ratings

ESG considerations

Sun Prairie (City of) WI's ESG credit impact score is CIS-2

Exhibit 6

ESG credit impact score

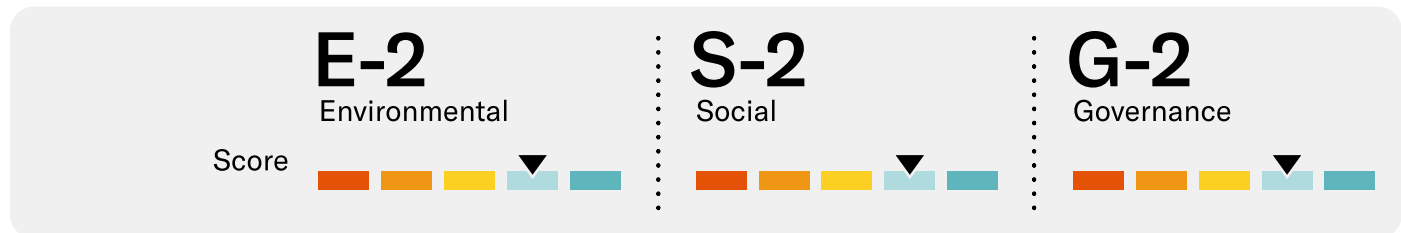


Source: Moody's Ratings

Sun Prairie's ESG **CIS-2** incorporates a sound governance profile, solid social attributes, and minimal exposure to environmental risks.

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Sun Prairie's **E-2** reflects the city's inland location that minimizes exposure to physical climate risk. The city has some exposure to extreme rainfall and maintains a comprehensive plan for mitigation, preparedness, response and recovery in the event of disaster.

Social

Sun Prairie's **S-2** reflects demographic trends, housing accessibility and health and safety indicators that are in line with peers. The city has above average educational attainment, a low unemployment rate and high labor force participation rate.

Governance

Sun Prairie's **G-2** reflects solid transparency and budget management balanced against a relatively restrictive institutional structure. Property tax revenue is the city's major revenue source and is subject to a cap that limits increases to the growth in net new construction. Sun Prairie has several adopted policies, including a formal fund balance policy and a long-term capital improvement plan.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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

Sun Prairie (City of) WI

	Measure	Weight	Score
Economy			
Resident income ratio	120.3%	10.0%	Aaa
Full value per capita	166,704	10.0%	Aa
Economic growth metric	-0.1%	10.0%	Aa
Financial Performance			
Available fund balance ratio	35.6%	20.0%	Aaa
Liquidity ratio	68.5%	10.0%	Aaa
Institutional Framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio	175.8%	20.0%	Aa
Fixed-costs ratio	8.8%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
Assigned Rating			Aa2

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, Sun Prairie (City 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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