

## Rock County Bond Rating is Reaffirmed

By [JIM LEUTE \(Contact\)](#) - May 25, 2010

JANESVILLE — Two of the most recognized bond rating firms in the country put their stamp of approval on a \$5.8 million borrowing plan for Rock County.

The county plans to issue Recovery Zone Economic Development Zone Bonds, a new type of government bond created by The American Recovery and Reinvestment Act of 2009. The federal stimulus plan made \$238 million available to 63 Wisconsin counties and three cities for bond issues that promote economic development and create jobs. Counties that do not issue their share of bonds by the end of the year will lose the opportunity.

In Rock County, about \$3.5 million will pay for road construction projects. Nearly \$750,000 will be dedicated to the Rock Haven building project. The remainder is for other capital projects and computer infrastructure upgrades. Ahead of the bond issue, Rock County presented its case earlier this month to Standard & Poor's and Moody's that the county has a stable, growing economy that's highly capable of servicing bond debt.

Standard & Poor's rated the upcoming bond issue as "AA/stable," which means the county has a strong capacity to meet financial commitments. The rating is two notches below the company's top rating. Moody's gave it a rating of Aa1. That's one notch below the top spot but a notch above the county's rating of Aa2 issued in 1996.

When the county enters the bond market to finance debt, the buyers look at the strength of the issuer. That is, a stable and growing local economy has a stronger likelihood of servicing the bond debt. Similar to a personal or business loan, the bond buyers as lenders need to be assured that their exposure is not only covered but that there's a sufficient level of a return on their investment.

A favorable bond rating means lower interest rates. Lower interest rates mean lower debt service costs for Rock County taxpayers.

S&P's credit analysts found that Rock County has a diversifying economic base with a decreasing reliance on manufacturing employment. They also found a strong general fund balance that's well-managed and moderate debt.

Analysts did note the demise of General Motors in Janesville, the county's seat. "Although the plant's loss will deal a hard blow to the city's employment bases, its impact on the city's finances is expected by the county to be manageable," the report said. The empty GM plant, they noted, represents less than 1 percent of the county's equalized valuation and pays the county less than \$530,000 of property taxes.

"The stable outlook reflects our expectation that the county will maintain its very strong financial operations as its economy continues to grow and diversify," they said.