

CREDIT OPINION

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City of Wauwatosa, WI

Update to credit analysis

Summary

[Wauwatosa \(City of\) WI's](#) (Aaa) credit profile is characterized by a healthy local economy near Milwaukee, strong financial performance, and long-term leverage that will remain near current levels because of additional borrowing plans.

Credit strengths

- » Very strong and stable reserve position that is expected to hold in the near-term
- » Robust local economy with strong resident incomes

Credit challenges

- » Ongoing capital needs
- » Levy constrained by state-imposed limits on growth

Rating outlook

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

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » A long-term liabilities ratio consistently approaching 350% of revenues
- » An available fund balance ratio below 40%

Key indicators

Exhibit 1

Wauwatosa (City of) WI

	2021	2022	2023	2024	Aaa Medians
Economy					
Resident income ratio (%)	137.1%	131.2%	125.1%	N/A	168.9%
Full Value (\$000)	\$7,545,982	\$9,006,577	\$9,618,351	\$10,284,775	\$9,011,663
Population	48,072	47,919	47,718	N/A	36,103
Full value per capita (\$)	\$156,972	\$187,954	\$201,567	N/A	\$218,941
Annual Growth in Real GDP	4.3%	2.7%	1.4%	N/A	2.4%
Financial Performance					
Revenue (\$000)	\$104,234	\$108,259	\$121,613	\$135,044	\$108,194
Available fund balance (\$000)	\$68,420	\$72,130	\$80,172	\$92,514	\$68,159
Net unrestricted cash (\$000)	\$115,425	\$127,498	\$137,083	\$145,857	\$99,090
Available fund balance ratio (%)	65.6%	66.6%	65.9%	68.5%	62.6%
Liquidity ratio (%)	110.7%	117.8%	112.7%	108.0%	95.0%
Leverage					
Debt (\$000)	\$170,778	\$179,197	\$176,890	\$177,970	\$72,678
Adjusted net pension liabilities (\$000)	\$182,066	\$173,642	\$87,995	\$88,645	\$89,696
Adjusted net OPEB liabilities (\$000)	\$35,532	\$39,532	\$33,544	\$35,170	\$10,915
Other long-term liabilities (\$000)	\$2,898	\$3,436	\$3,379	\$12,197	\$4,029
Long-term liabilities ratio (%)	375.4%	365.6%	248.2%	232.5%	217.2%
Fixed costs					
Implied debt service (\$000)	\$12,528	\$11,978	\$12,515	\$12,288	\$4,949
Pension tread water contribution (\$000)	\$1,521	\$1,707	\$4,546	N/A	\$2,629
OPEB contributions (\$000)	\$2,836	\$3,314	\$3,694	\$2,703	\$594
Implied cost of other long-term liabilities (\$000)	\$201	\$203	\$240	\$235	\$274
Fixed-costs ratio (%)	16.4%	15.9%	17.3%	14.6%	10.0%

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 Milwaukee-Waukesha, WI Metropolitan Statistical Area.

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

Profile

Wauwatosa, WI is located just west of the city of Milwaukee. The city provides basic municipal services including police, fire, streets and utilities to a population of about 48,000 residents.

Detailed credit considerations

Wauwatosa benefits from a growing tax base near Milwaukee and strong institutional presence led by the Milwaukee Regional Medical Center. Developments around the medical campus are ongoing along with other residential and commercial developments throughout the city. While the city's economic indicators are strong, they lag the medians for Aaa rated cities nationally. The city's financial position has remained strong for several years with reserves over 65% of revenues across governmental and business type funds (water, sewer, stormwater).

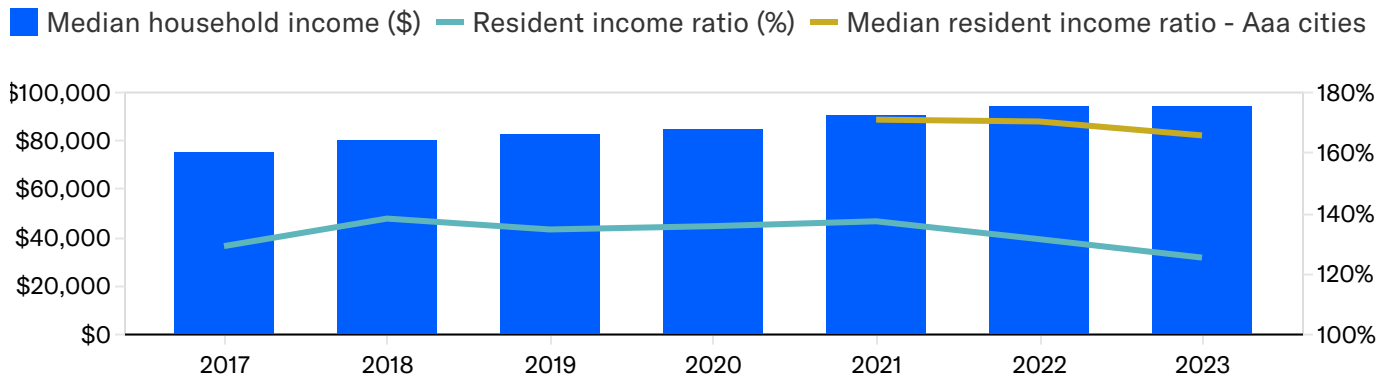
In August 2025, a large flooding event caused around \$7 million in damages within the city. The city is currently waiting to see if FEMA will reimburse costs associated with the damages. If FEMA does not provide the reimbursement, the city will be allowed by state law to temporarily increase the property tax levy for one year to cover the costs. In addition to this, the city settled a property tax appeal by a hospital and will have to pay \$10 million, \$6.6 million of which will be reimbursed by other taxing districts in fiscal 2026. Assuming the city uses reserves and does not receive any reimbursement in fiscal 2025 (year-end Dec. 31), the available fund balance will remain strong at around 60% of revenue. The city also has some unused levy capacity which can add some budget flexibility over the next few years. Currently, the city is issuing around \$26.6 million for various capital projects and will continue to issue bonds annually to address needs outlined in their long-term capital plan. Long-term leverage will remain near current levels through the rest of the decade.

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.com> for the most updated credit rating action information and rating history.

Economy

Exhibit 2

Resident incomes are stable but are lower than peers



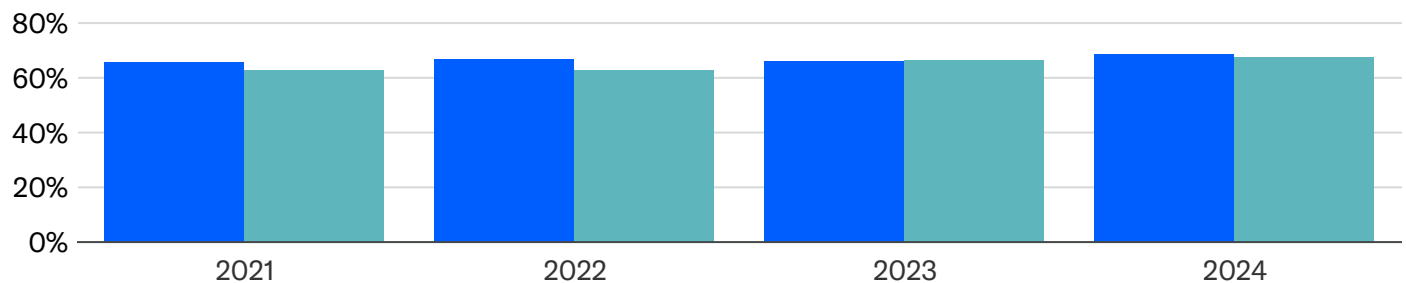
Source: US Census Bureau - American Community Survey 5-Year Estimates; US Bureau of Economic Analysis; Moody's Ratings

Financial operations

Exhibit 3

Reserves have been very stable since 2021

■ Available fund balance ratio ■ Median available fund balance ratio - Aaa cities



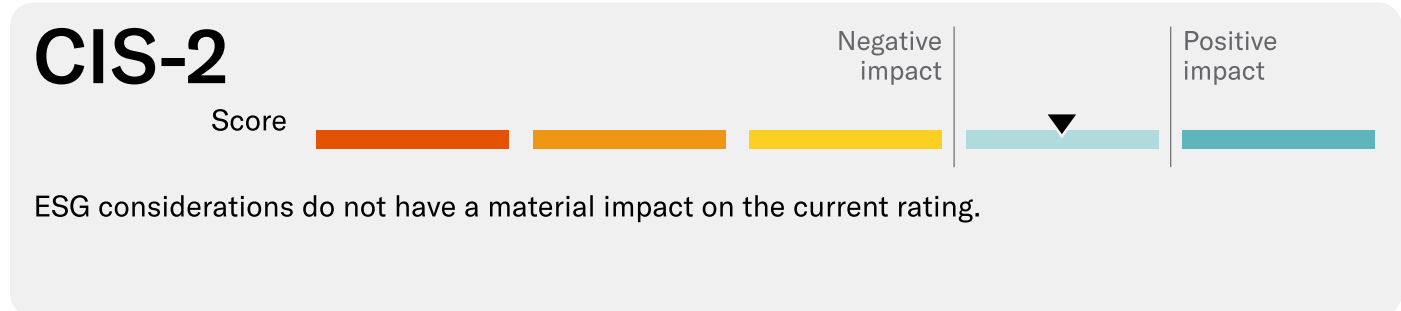
Source: Audited financial statements; Moody's Ratings

ESG considerations

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

Exhibit 4

ESG credit impact score

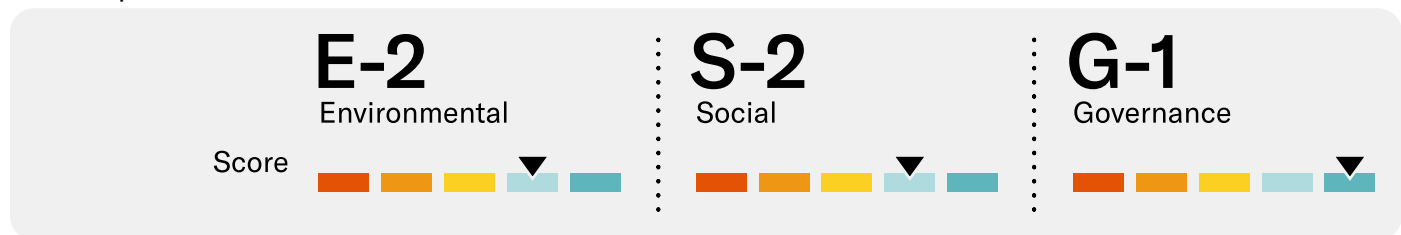


Source: Moody's Ratings

Wauwatosa, WI's overall ESG Credit Impact Score of **CIS-2** reflects moderate exposure to environmental and social risks, and positive exposure to governance risks.

Exhibit 5

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Wauwatosa's **E-2** issuer profile score reflects moderate exposure to environmental risks across all categories, including physical climate risk, carbon transition, natural resources management, waste and pollution. In the event of a disaster, Milwaukee County, where Wauwatosa is located, maintains a comprehensive plan for mitigation and response. In August 2025, a major flooding event occurred which caused around \$7 million in damages. The flooding mainly occurred in the city's floodplain but the rainfall was more than anticipated. The city will likely be reimbursed for the costs of the damages by FEMA and/or a temporary increase in the levy limit.

Social

Wauwatosa's **S-2** issuer profile score reflects minimal exposure to social risks. Demographic trends are solid as the population has grown modestly over the last decade. The city benefits from above average labor force participation and resident income, as well as educational attainment. Risk associated with housing, health and safety and access to basic services are similar to peers.

Governance

Wauwatosa's **G-1** issuer profile score is positive and reflects the city's good budgetary management balanced against a relatively restrictive institutional structure. The city's largest revenue source is property taxes, which are subject to a cap that limits increases to growth in net new construction. The city has an informal fund balance policy of maintaining two months of operating expenses in the general fund as unrestricted and unreserved and provides regular variance updates to the board that are posted on the city's website.

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.

The assigned rating is higher than the scorecard-indicated outcome because of the city's long history of strong reserves despite levy limits and institutional presence that anchors the economy.

Exhibit 6

Wauwatosa (City of) WI

	Measure	Weight	Score
Economy			
Resident income ratio	125.1%	10.0%	Aaa
Full value per capita	212,127	10.0%	Aaa
Economic growth metric	-1.2%	10.0%	A
Financial Performance			
Available fund balance ratio	68.5%	20.0%	Aaa
Liquidity ratio	108.0%	10.0%	Aaa
Institutional Framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio	232.5%	20.0%	A
Fixed-costs ratio	14.6%	10.0%	Aa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aaa

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

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

Appendix

Exhibit 7

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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