

Research Update:

Dane County, WI Series 2025A/B/C Promissory Notes Assigned 'AAA' Rating

August 27, 2025

Overview

- S&P Global Ratings assigned its 'AAA' rating to Dane County, Wis.' roughly \$75.135 million series 2025A general obligation (GO) promissory notes, roughly \$7.065 million series 2025B taxable GO promissory notes, and roughly \$80.94 million series 2025C taxable GO promissory notes.
- At the same time, we affirmed the 'AAA' rating on the county's existing GO debt.
- The outlook is stable.
- The ratings are based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

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Rationale

Security

The county's full-faith-and-credit GO pledge secures the series 2025A-2025C obligations.

Officials intend to use the bond proceeds to fund the capital improvement plan and airport projects.

Credit highlights

In our view, the rating reflects the county's robust and still growing economy, prudent financial management practices, consistently positive operations in the last few years despite strategic drawdowns in fiscals 2023 and 2024, and sufficient reserves that are likely to be sustained.

Home to the state capital of Madison and the University of Wisconsin's flagship campus, Dane County's economy is broad and diverse. Although state statute caps the county's annual property tax operating levy and sales tax, management has built and maintained sufficient reserves to support the rating thanks to a careful alignment of budgeted expenditures with revenue growth. Following consecutive positive operations in the last few years, the county strategically drew down \$9 million on general fund reserves in fiscal 2023, largely due to a significant increase in

transfers to the human service fund and slowing growth in sales tax revenue. To move closer to its fund balance target of 10% of expenditures in the combined general and human services funds, the county drew down another \$17 million in fiscal 2024. Management is prudently controlling expenses for fiscals 2025 and 2026 to sustain structural balance and projects general fund reserves will be sustained at similar levels as in fiscal 2024. The county has routine debt plans to cover capital costs annually, but we expect its debt profile will remain manageable given the somewhat rapid debt amortization.

The rating reflects our opinion of the county's:

- Resilient and growing economy due to the anchoring presence of the state capital and the University of Wisconsin;
- Sufficient reserves, supported by consistent healthy operating performance (excluding one-time planned drawdowns) in the past few years;
- Strong management, as demonstrated by quarterly budget-to-actual reporting to the finance committee; five-year general fund revenue and expenditures projections after the budget year, with annual updates; multiyear capital plans for the airport, highways, and certain other departments; a formal investment management policy; and a formal fund balance policy that targets maintaining combined general and human services fund balances at 10% of expenditures or higher; but lack of a debt management policy; and
- Adequate debt and pension profile with a somewhat above-average debt burden offset by somewhat rapid amortization, and low net pension liabilities per capita, reflecting participation in the well-funded Wisconsin Retirement System.
- For more information on our institutional framework assessment for Wisconsin school districts, see "[Institutional Framework Assessment: Wisconsin Local Governments](#)," Sept. 10, 2024, on RatingsDirect.

Environmental, social, and governance

We have analyzed the county's environmental, social, and governance risks relative to its economy, management, financial measures, and debt-and-liability profile; we view them all as neutral in our credit analysis. Despite the presence of lakes within the county, management said that the county has not been materially affected by flooding in the last 10 years.

Rating above the sovereign

Dane County's bonds are eligible to be rated above the sovereign because we believe the county can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, "[Ratings Above The Sovereign—Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013, on RatingsDirect, we consider U.S. state and local governments as having moderate sensitivity to national risk. The county's local property tax revenue is the sole source of bond and note security. The institutional framework in the U.S. is predictable, with state and local governments having significant autonomy, independent treasury management, and no history of federal government intervention. The county demonstrates financial flexibility through what we consider very strong liquidity and primarily locally sourced operating revenue.

Outlook

The stable outlook reflects S&P Global Ratings' expectation the county will likely maintain structurally balanced operations (excluding one-time strategic reserve drawdown) and reserves similar to current levels. In addition, we view other credit factors as stable and as unlikely to materially change within the two-year outlook period.

Downside scenario

While this is not expected, we could lower the rating if there is a trend of structural imbalance, causing budgetary flexibility to deteriorate materially, or if there is material increase in the county's debt burden.

Dane County, Wisconsin--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.98
Economy	1.0
Financial performance	3
Reserves and liquidity	2
Management	1.65
Debt and liabilities	2.25

Dane County, Wisconsin--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	126	--	126	127
County PCPI % of U.S.	111	--	111	111
Market value (\$000s)	117,343,579	107,504,867	99,140,492	88,733,525
Market value per capita (\$)	202,919	185,905	172,926	156,435
Top 10 taxpayers % of taxable value	2.7	2.7	2.6	2.9
County unemployment rate (%)	2.5	2.3	2.2	2.1
Local median household EBI % of U.S.	107	107	112	113
Local per capita EBI % of U.S.	116	116	117	118
Local population	578,277	578,277	573,311	567,224
Financial performance				
Operating fund revenues (\$000s)	--	354,850	331,441	316,834
Operating fund expenditures (\$000s)	--	273,538	254,952	228,008
Net transfers and other adjustments (\$000s)	--	(100,899)	(85,691)	(63,493)
Operating result (\$000s)	--	(19,587)	(9,202)	25,333
Operating result % of revenues	--	(5.5)	(2.8)	8.0
Operating result three-year average %	--	(0.1)	1.9	4.4
Reserves and liquidity				
Available reserves % of operating revenues	--	17.4	23.9	28.4
Available reserves (\$000s)	--	61,716	79,234	89,988

Dane County, Wisconsin--Key credit metrics

	Most recent	2024	2023	2022
Debt and liabilities				
Debt service cost % of revenues	--	12.8	31.1	9.5
Net direct debt per capita (\$)	1,449	1,321	1,188	901
Net direct debt (\$000s)	837,785	763,690	681,070	511,015
Direct debt 10-year amortization (%)	76	82	--	--
Pension and OPEB cost % of revenues	--	3.0	3.0	2.0
NPLs per capita (\$)	--	32	33	113
Combined NPLs (\$000s)	--	18,681	18,681	64,195

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$7.065 mil taxable GO prom nts ser 2025B due 06/01/2045

Long Term Rating AAA/Stable

US\$75.135 mil GO prom nts ser 2025A due 06/01/2045

Long Term Rating AAA/Stable

US\$80.94 mil GO arpt proj prom nts (amt) ser 2025C due 06/01/2040

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Dane Cnty, WI Unlimited Tax General Obligation AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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