

MOODY'S

RATINGS

Rating Action: Moody's Ratings downgrades Wauwatosa School District, WI's issuer and GO ratings to Aa2 from Aa1; assigns Aa2 to new GOULT notes

13 Mar 2026

New York, March 13, 2026 -- Moody's Ratings (Moody's) has downgraded Wauwatosa School District, WI's issuer and general obligation unlimited tax (GOULT) ratings to Aa2 from Aa1. We also assigned a Aa2 to the district's General Obligation Promissory Notes that have a proposed par amount of \$45 million. Following the sale, the district will have about \$142 million in debt outstanding.

The downgrade is driven by the district's narrowing financial position. Available fund balance in fiscal 2025 (June 30 year-end) was 12% of operating fund revenue. Management projects modest surplus operations in fiscal 2026, enabled by new operating revenue from a voter approved levy. Although we expect the district to maintain operational balance in 2027 and beyond, restoring fund balance to the district's target of 17% in the general fund will require considerable expenditure reductions absent new revenue.

RATINGS RATIONALE

The Aa2 issuer rating reflects the district's strong local economy, somewhat narrow financial position and moderate leverage. Strong resident income and wealth metrics are key credit strengths, particularly given recent voter support for an increased operating levy. Median resident income is 125% of the nation and full value per capita is nearly \$210,000. The three-year enrollment trend is modestly negative, however the district could increase the number of students it allows in from neighboring districts.

Available fund balance and liquidity have narrowed over the last three years because of a large investment in staffing costs. Management projects a modest operating surplus in fiscal 2026 that will leave available fund balance across operating funds (general and debt service) around 12% of revenue. Long-term liabilities are moderate and will be about 205% following the upcoming sale, but should improve with the new operating revenue.

The Aa2 GOULT rating is at the same level as the issuer rating because of the district's full faith and credit pledge supported by the authority to levy ad valorem property taxes to pay debt service without limit as to rate or amount.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Restoration of available fund balance and liquidity to 30% of revenue
- Maintenance of long-term liabilities below 250% of revenue

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Operational imbalance that leads to further narrowing of fund balance or liquidity, or available fund balance in the general fund sustained below 10% of revenue

- Increase in long-term liabilities approaching 300% of revenue

PROFILE

Wauwatosa School District is in Milwaukee County just west of downtown Milwaukee. The district operates 14 buildings and provides pre-K-12 grade education to about 6,700 students.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455984>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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