

CREDIT OPINION

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Waukesha County Area Technical Coll.Dist. WI

Update to credit analysis

Summary

[Waukesha County Area Technical College District's](#) (Aaa) maintains a strong credit profile, supported by a large and diverse tax base, solid financial position, and low leverage. Strong management and conservative budgeting have supported a solid financial position despite its limited revenue-raising ability and a long-term trend of declining enrollment. Favorably, enrollment grew about 3% in fiscal 2025 and trends will likely remain stable following the closure of the University of Wisconsin-Milwaukee's Waukesha campus in 2025.

Credit strengths

- » Large and diverse tax base
- » Solid reserves and liquidity
- » Relatively low leverage

Credit challenges

- » Limited revenue-raising ability because of state-imposed levy restrictions
- » Long-term history of enrollment declines, though recent years have shown growth

Rating outlook

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

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Decline in net current assets to levels closer to 20% of revenue
- » Growth in the combined debt and pension burdens to above 3x operating revenues

Key indicators

Exhibit 1

Waukesha County Area TCD, WI

Waukesha County Area Technical College District	2021	2022	2023	2024	2025
Economy/Tax Base					
Total Full Value (\$000)	\$64,072,165	\$68,270,795	\$77,204,028	\$86,973,762	\$90,444,932
Population	424,765	424,765	429,795	432,659	436,512
Full Value Per Capita	\$150,841	\$160,726	\$179,630	\$201,022	\$207,199
Median Family Income (% of US Median)	137.2%	136.0%	134.5%	0.0%	0.0%
Finances					
Operating Revenue (\$000)	\$98,140	\$104,058	\$100,596	\$104,684	\$109,723
Fund Balance (\$000)	\$10,075	\$7,733	\$32,332	\$37,302	\$28,569
Cash Balance (\$000)	\$17,670	\$16,082	\$45,434	\$50,752	\$44,746
Fund Balance as a % of Revenues	10.3%	7.4%	32.1%	35.6%	26.0%
Cash Balance as a % of Revenues	18.0%	15.5%	45.2%	48.5%	40.8%
Debt/Pensions					
Net Direct Debt (\$000)	\$18,090	\$17,550	\$18,498	\$19,880	\$22,849
3-Year Average of Moody's ANPL (\$000)	\$123,486	\$136,743	\$117,285	\$88,376	\$56,527
Net Direct Debt / Full Value (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Direct Debt / Operating Revenues (x)	0.2x	0.2x	0.2x	0.2x	0.2x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	0.2%	0.2%	0.2%	0.1%	0.1%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.3x	1.3x	1.2x	0.8x	0.5x

Financial metrics based on the district's full accrual financial statements. Waukesha County, WI is used as a proxy for median family income.

Source: US Census Bureau, financial statements and Moody's Ratings

Profile

Waukesha County Area Technical College District is one of 16 technical college districts administered by the State of Wisconsin. The District provides career and technical education and associate degree programs at its main campuses in Pewaukee and Waukesha. It serves approximately 3,380 full-time-equivalent students (FTEs).

Detailed credit considerations

The district has a strong financial position, supported by a very large and diverse tax base with full value near \$100 billion and low leverage; combined debt and pension burdens are close to 1x operating revenue. It will continue to benefit from its favorable location in the Milwaukee metro area, which supports solid median family income and full value per capita.

The fiscal 2027 general fund budget, for the year ending June 30, is balanced. Like most community colleges in the state, Waukesha Area County TCD experienced a long-term decline in enrollment over the past decade. However, full-time-equivalent enrollment has grown by about 3% annually in recent years, and management projects that it will remain stable. The district's strong, demonstrated ability to manage expenditures supports solid financial performance despite limited revenue-raising flexibility.

The estimated fiscal 2026 budget reflects an increase in general fund balance, with a \$7.9 million surplus partly offset by a transfer of about \$6.0 million for capital projects. At the end of fiscal 2025, the operating fund balance, comprising the general and debt service funds, remained strong at about 57% of revenue. Net current assets also remained solid at about 26% of revenue on a full-accrual basis.

Long-term liabilities are expected to remain relatively low. Planned annual borrowing of about \$13 million over the next several years is expected to keep leverage generally stable.

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ESG considerations

Environmental

Environmental risks are factored into our assessment of the district's credit quality, but are not major drivers at this time.

Social

Social considerations such as wealth and income are drivers of the district's credit quality and are discussed in the detailed credit considerations.

Governance

District management has a history of conservative budget assumptions and adjusting expenditures to match changes in revenue, using fund balance for one-time expenditures, such as capital projects or emergencies only. The district has a policy to maintain general fund reserves of at least 25% of expenditures, a level it typically exceeds.

Wisconsin community college districts have an Institutional Framework score of "A", which is moderate. Revenue raising ability is moderate. The sector's major revenue source, state aid, is based on a formula that incorporates enrollment and equalized property valuations of the district. The sector's other major revenue source, property tax revenue, is subject to a cap which can only be increased with net new construction or via referendum. Revenues and expenditures tend to be predictable. Across the sector, fixed and mandated costs are generally moderate.

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