

November 15, 2023

**FOR YOUR INFORMATION**

To: Mayor and Members of Council 202302450

From: Sheryl M. M. Long, City Manager

Subject: ***City General Obligation Bond Ratings Affirmed -- Moody's Investor Services and S&P Global***

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The City of Cincinnati is preparing to issue \$27.8 million of General Obligation Improvement Bonds as approved in the FY 2024 Capital Budget. In preparation for the bond sale in November 2023, bond ratings were requested from two rating agencies: Moody's Investor Services (Moody's) and S&P Global (S&P). The City's General Obligation rating was affirmed by Moody's (Aa2 stable) and S&P (AA stable). Copies of the rating reports are attached.

**Moody's**

The Aa2 rating is the third-highest rating offered by Moody's. The rating report states, "The outlook on the city is stable because the city will continue to benefit from its strong economy and because we expect cash and fund balance to remain solid, supported by the city's good budget management and broad revenue base."

The report cited credit strengths such as the City's position as "a regional economic center of southwest Ohio" and "healthy unrestricted liquidity and conservative budgeting." The primary credit challenge cited in the report is "a high adjusted net pension liability, which contributes to the city's above average long-term leverage and fixed costs."

**S&P**

The AA rating is the third-highest rating offered by S&P. The stable outlook reflects S&P's view "that, given the city's proactive fiscal management and its demonstrated ability to plan and adjust its budget during economic downturns, it will maintain its very strong financial position."

The factors leading to this rating include:

- Large, robust, and diverse employment base, with adequate economic metrics, that in recent years has been exhibiting population growth.
- Fiscal planning and policies that we consider very strong under our Financial Management Assessment (FMA), and which we believe will continue to ensure near- and long-term financial stability.
- High fixed costs and high debt burden, coupled with a large unfunded pension, and a lack of a plan to sufficiently address these factors.

**Summary**

The City Administration is extremely pleased with the agencies' affirmation of our ratings and the stable outlook. Arising from strong financial management practices and the leadership and policy direction from the Mayor and City Council, these results will ensure continued cost-efficient borrowing and access to liquidity. I would like to recognize the staff in the Finance Department who worked hard to make this result a reality and staff in the Budget Office, Solicitor's Office, and Department of Community and Economic Development who provided assistance.

**Attachments**

c: William "Billy" Weber, Assistant City Manager  
Karen Alder, Finance Director