

## CREDIT OPINION

8 January 2016

### New Issue

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Greenville, WI

## New Issue - Moody's assigns Aa3 to Greenville, WI's \$1.5M GO Prom. Notes, Ser. 2016A

### Summary Rating Rationale

Moody's Investors Service assigns Aa3 to Greenville, WI's \$1.5 million General Obligation Promissory Notes, Series 2016A.

The Aa3 rating reflects the town's moderately sized and growing tax base near Appleton (Aa1), satisfactory financial profile with healthy reserves, and a low direct debt and pension burden.

### Credit Strengths

- » Residents benefit from proximity to transportation hubs and employment centers in Appleton and Neenah (Aa2 negative)
- » Despite state imposed levy limits, town retains some revenue raising flexibility

### Credit Challenges

- » Operating fund balance is below the median for the rating category
- » Modest risk of annexation due to a lack of border agreements with neighboring Hortonville

### Rating Outlook

Outlooks are generally not assigned to local government credits with this amount of debt.

### Factors that Could Lead to an Upgrade

- » Continued growth and diversification of the tax base
- » Significant growth and maintenance of reserves

### Factors that Could Lead to a Downgrade

- » Draws in reserves leading to weakening of the town's financial position
- » Growth in debt burden and fixed costs

## Key Indicators

### Exhibit 1

Greenville (Town of) WI	2010	2011	2012	2013	2014
Economy/Tax Base					
Total Full Value (\$000)	\$ 1,002,559	\$ 1,003,471	\$ 1,019,006	\$ 1,059,681	\$ 1,108,564
Full Value Per Capita	\$ 97,251	\$ 95,870	\$ 97,354	\$ 101,240	\$ 105,910
Median Family Income (% of US Median)	N/A	N/A	130.2%	130.2%	130.2%
Finances					
Operating Revenue (\$000)	\$ 3,259	\$ 3,255	\$ 5,285	\$ 3,739	\$ 3,660
Fund Balance as a % of Revenues	33.6%	32.2%	23.3%	18.2%	20.4%
Cash Balance as a % of Revenues	288.0%	307.7%	201.2%	261.6%	314.1%
Debt/Pensions					
Net Direct Debt (\$000)	\$ 2,759	\$ 2,273	\$ 3,405	\$ 3,138	\$ 3,032
Net Direct Debt / Operating Revenues (x)	0.8x	0.7x	0.6x	0.8x	0.8x
Net Direct Debt / Full Value (%)	0.3%	0.2%	0.3%	0.3%	0.3%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	N/A	N/A	0.1x	0.2x	N/A
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	N/A	N/A	0.1%	0.1%	N/A

## Recent Developments

In November 2015, voters defeated a \$10.5 million referendum request to finance the building of a new fire station and expand its town hall.

## Detailed Rating Considerations

### Economy and Tax Base: Growing residential tax base outside city of Appleton

We expect the town's tax base to continue to grow given ongoing residential development and its location that provides easy access to residents to nearby employment centers. The town of Greenville is located 30 miles southwest of Green Bay (Aa2) and covers 36 square miles in Outagamie County (Aaa). The town's moderately sized \$1.1 billion tax base has grown at an average annual rate of 2.7% since 2010. Population has grown by more than 60% since 2000 when it stood at 6,844 due to significant residential development. Greenville ranked behind only Madison (Aaa stable) in the number of building permits issued for single family homes and duplexes between 2010 and 2014. Additional growth is anticipated as only one-third of the town's area has been developed. The town's land use study anticipates a population of 15,000 by 2030.

In addition to a growing residential segment, the town boasts a strong commercial and manufacturing sector with large employers including Gulfstream (600 employees), School Specialty, Inc. (400), Jansport (300), and Plexus (300). Jansport recently completed a \$1 million investment in a new office building and is expected to hire up to 200 new employees, with 40 of those permanent positions. At 3.0% in October 2015, the unemployment rate in Outagamie County was lower than both the state and national rates of 3.6% and 4.8%, respectively. Median family income is also above average at 130.2% of the nation, according to the 2008-2012 American Community Survey.

Unincorporated Wisconsin towns face the risk of annexation which can result in the loss of taxable property and a reduction in tax base. While the town does not have border agreements with surrounding communities, annexation is not anticipated. The town provides public safety services to residents and the Greenville Sanitary Districts provide water and sanitary sewer services for approximately 80% of the town's population.

### Financial Operations and Reserves: Satisfactory financial profile with stable revenues

We expect the town's financial profile to remain satisfactory given adequate reserves and stable revenue sources. All operations, including debt service and capital outlay, are expended from the General Fund. In fiscal 2013, a sizeable capital outlay related to a

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radio system upgrade led to a \$551,000 draw on reserves. The town had been building up its reserves by assigning a portion of reserves for the project. In fiscal 2014, operations were essentially balanced with a modest growth of \$68,000 to the available General Fund balance, representing 20.4% of revenues. While audited results are not yet available for 2015, management anticipates revenues and expenditures close to budgeted levels. The town's fiscal 2016 budget includes a small tax levy increase but does not include any new initiatives or large projects.

Property taxes are the largest source of revenue for the town and accounted for 58.6% of fiscal 2014 revenues. Charges for services, including permit fees, are the town's second largest revenue source and comprised 12.1% of fiscal 2014 revenues. Intergovernmental aid is the town's third largest revenue source at 11.8% of fiscal 2014 revenues.

#### LIQUIDITY

The town's net cash position in the General Fund totaled \$11.5 million, or 314.1% of revenues. The town's very high cash position reflects its collection of property taxes on behalf of two school districts, the county, and Fox Valley Technical College District (Aaa).

#### Debt and Pensions: Low direct debt burden with additional borrowing possible

At 0.3% of full value and 1.0 times operating revenues, the town's direct debt burden is below average. Including overlapping debt, including sizeable issuances by Hortonville Area School District (Aa2), the town's overall debt burden increases to an above average 3.4% of full value. In November of 2015, voters defeated a \$10.5 million referendum to finance a new fire station and improvements to the town hall. While there are no current plans to return to voters in 2016, borrowing for the project may occur in the next few years though likely at a reduced amount. The town issues debt infrequently and typically uses state trust fund loans for projects under \$500,000. Debt repayment is quick with all debt retired within 10 years. Total fixed costs, including debt service and pension contributions, comprised a moderate 20% of expenditures in fiscal 2014.

#### DEBT STRUCTURE

All of the town's debt is fixed rate and long-term. In total, the town has \$3.5 million of GOULT debt, including \$525,000 of state trust fund loans.

#### DEBT-RELATED DERIVATIVES

The town is not a party to any debt-related derivatives.

#### PENSIONS AND OPEB

Costs associated with the town's exposure to the state multi-employer pension plan, the Wisconsin Retirement System (WRS), are expected to remain manageable. The town's total contribution to WRS in fiscal 2014 was \$185,000, or a low 5% of operating revenues. In the fiscal years fiscal 2011 through fiscal 2013, the town's Moody's adjusted net pension liability (ANPL) averaged a low 0.2 time operating revenues and 0.1% of full value. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the district's reported liability information, but to improve comparability with other rated entities. The town does not provide other post-employment benefits to its retirees.

#### Management and Governance: Improved internal policies; town retains some revenue raising flexibility

Wisconsin towns have an institutional framework score of "A," or moderate. Revenues are highly predictable as property taxes and state aid represent the largest revenue streams. Overall, cities have low revenue-raising ability. Property tax levy caps generally restrict cities from increasing their operating property tax levy except to capture amounts represented by net new construction growth. Expenditures mostly consist of personnel costs, which are moderately predictable. Expenditures are somewhat flexible, as collective bargaining is allowable for public safety employees but is curbed for non-public safety employees.

The town's internal organization has significantly increased its level of review and oversight over the last few years. While one position used to handle the responsibilities of clerk and treasurer, the town now employs three. Greenville management retains more than \$100,000 in revenue raising flexibility due to levy limit exceptions.

#### Legal Security

Debt service on the town's GOULT debt, including the current issuance, is secured by a dedicated property tax levy, unlimited as to rate and amount. The security does not benefit from a lock box structure or a statutory lien.

## Use of Proceeds

Proceeds of the notes will finance capital projects and refund the 2016 through 2024 maturities of the town's 2014 State Trust Fund Loan for expected interest savings.

## Obligor Profile

The town of Greenville covers 36 square miles in Outagamie County roughly four miles west of Appleton and 30 miles southwest of Green Bay. The town's 2010 population totaled 10,309, an increase of 50.6% since 2000.

## Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

## Ratings

Exhibit 2

### GREENVILLE (TOWN OF) WI

Issue	Rating
General Obligation Promissory Notes, Series 2016A	Aa3
Rating Type	Underlying LT
Sale Amount	\$1,465,000
Expected Sale Date	01/11/2016
Rating Description	General Obligation

Source: Moody's Investors Service

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## Global Long-Term Rating Scale

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**Aaa** Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

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**Aa** Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

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**A** Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

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**Baa** Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

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**Ba** Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

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**B** Obligations rated B are considered speculative and are subject to high credit risk.

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**Caa** Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

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**Ca** Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

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**C** Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

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Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking, and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.\*

Note: For more information on long-term ratings assigned to obligations in default, please see the definition "Long-Term Credit Ratings for Defaulted or Impaired Securities" in the Other Definitions section of this publication.

\* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.