

Sanger's credit rating sees healthy bump

Published on 06/14/2012 - 1:29 pm
Written by Business Journal staff



Repayment of bonds used to make improvements to wastewater treatment facilities helped Sanger to improve its credit rating. Sanger's credit rating has been bumped up by two nationally recognized credit-rating agencies after the city demonstrated it could meet its current and long-term credit obligations.

According to a release from the city of Sanger, Fitch Ratings and Standard and Poor's have issued reports that recognize Sanger's improving financial condition. The Standard and Poor's report, published May 31, shows Sanger climbing two steps on the ratings scale, from BBB to A-, putting Sanger in the "upper medium grade" of all municipal bonds and having above-average credit worthiness.

Fitch Ratings has revised its outlook on Sanger's bonds from stable to negative.

"This is what we have been working hard to achieve," said Sanger Mayor Joshua Mitchell, in a statement. "By reducing costs of operations, and building reserves in our General Fund, we are demonstrating to firms like Fitch and Standard & Poor's that Sanger is a responsible organization that manages the community's finances wisely."

The prime focus of both ratings is the city's 2006 Series lease revenue bonds, which were used to make substantial improvements to the city's wastewater treatment facilities. Repayment of the bonds is funded by revenues from the sewer fund and is guaranteed by the city's General Fund. The improved ratings reflect greater stability in both the sewer fund and General Fund.