Wise Financial Decisions Help High Bond Ratings

Western receives high rating thanks to continued solid financial performance amidst reduced water sales

Riverside, Calif. – Western Municipal Water District continued to receive high bond ratings from both Fitch Ratings and Standard and Poor’s despite sharply reduced water sales due to state-mandated conservation measures from the ongoing drought.

Fitch Ratings determined Western’s financial performance remained consistently solid. This assessment resulted in Fitch reaffirming Western’s high AA rating on its revenue bond debt despite the drought and a period of economic, cost and supply pressures. In addition, Standard & Poor’s, recently affirmed the ‘AA+’ long-term rating on the District’s outstanding revenue bonds. These credit ratings are considered strong by all standards and are held by only a limited number of water agencies in California.

“These ratings demonstrate our ongoing commitment to use resources efficiently and make wise financial decisions to benefit our customers.” said Western’s Finance Director Kevin Mascaro. “Achieving another year of high ratings from Fitch and Standard and Poor’s is great validation for our efforts, especially in the midst of revenue loss caused by ongoing, mandatory water reductions due to the drought.”

The ratings assess an organization’s credit-worthiness and serves as an indicator to potential investors of debt securities, such as the District’s revenue bonds. “Just like a credit score for an individual, organizations with higher credit ratings usually can borrow money at lower interest rates,” Mascaro added. Lower interest rates greatly assist in cost-efficiency on water supply capital improvement projects.

Fitch Ratings cited several reasons for their latest rating, including Western’s solid financial performance, strong liquidity (the amount of money readily available to pay operating expenses) and the limited projected need for additional debt. Fitch Ratings are assigned from AAA to D. Western’s rating from Standard & Poor’s specifically noted strong liquidity and the limited need for additional debt. Standard & Poor’s corporate credit ratings range from AAA to D, reflecting Standard & Poor’s opinion of a company’s overall capacity to meet its financial obligations.

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Western Municipal Water District provides water supply, wastewater disposal and water resource management to the public in a safe, reliable, environmentally sensitive and financially responsible manner.

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