



Rating Action: Moody's assigns initial Aa3 issuer and GOULT ratings to Pike County, GA

03 Aug 2023

New York, August 03, 2023 -- Moody's Investors Service has assigned an initial Aa3 issuer rating to Pike County, GA. Concurrently, Moody's has assigned a Aa3 rating to the county's \$10.4 million General Obligation Bonds, Series 2023. The county will have \$10.4 million of general obligation unlimited tax (GOULT) bonds outstanding following the issuance.

RATINGS RATIONALE

The Aa3 issuer rating reflects the county's low post-sale long-term liabilities and fixed costs, solid economic and population growth, and healthy financial position. The rating also incorporates the county's relatively small size (measured by annual revenues and population), the likelihood that a portion of the county's cash reserves will be spent down on one-time costs, and budget headwinds associated with rising personnel costs. Governance is a driver of the rating and is reflected in the county's strong financial trends, voter support for renewed sales taxes, and legal ability to increase property tax rates and control costs.

The Aa3 GOULT rating is placed at the same level as the issuer rating to reflect the county's full faith and credit pledge to levy an ad valorem property tax that is unlimited by rate or amount on all taxable property to pay for debt service.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained maintenance of balanced operations and healthy reserves
- Continued economic growth that bolsters resident income and full value per capita

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material spend down of reserves and/or a trend of imbalanced operations
- Material increase in long-term liabilities ratio and/or fixed-costs ratio

LEGAL SECURITY

The bonds are general obligations of the county and are ultimately payable from ad valorem taxes that may be levied, without limitation as to rate or amount, upon all taxable property within the county.

USE OF PROCEEDS

The Series 2023 bonds will finance various capital projects that consist of road, street, and bridge improvements, as well as water, sewer, and storm water drainage infrastructure.

PROFILE

Pike County includes a somewhat rural portion of the Atlanta (Aa1 stable) MSA and is located about 55 miles south of downtown. The county provides routine municipal services that include public safety, public works, judicial, housing and development, and other general governmental services. The county has various discretely presented component units that provide services such as water and sewer utilities, recreational, and library services.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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