

**Rating Action: Moody's Upgrades Polk County's (FL) Utility Revenue Bonds to Aa2**

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Global Credit Research - 30 Nov 2017

New York, November 30, 2017 -- Summary Rating Rationale

Moody's Investors Service has upgraded Polk County's (FL) Combined Utility Enterprise's outstanding utility revenue bonds to Aa2.

The upgrade to Aa2 from Aa3 reflects the system's strong coverage levels bolstered by multi-year rate increases and a growing customer base. The rating also incorporates the system's large service area with improving economic conditions, ample liquidity, and adequate legal provisions.

**Rating Outlook**

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

**Factors that Could Lead to an Upgrade**

Continued increase in debt service coverage levels

Material improvement in the county's economic condition

**Factors that Could Lead to a Downgrade**

Material increase in debt burden

Reduction in debt service coverage or liquidity

**Legal Security**

The revenue bonds are secured by the net revenues of the combined system.

**Use of Proceeds**

Proceeds from the revenue bonds are used to fund various capital projects and to refund portions of prior bonds outstanding.

**Obligor Profile**

The Polk County Combined Utility enterprise water, wastewater, and reclaimed water to mostly rural unincorporated areas of Polk County. The system serves 62,941 water customers, 46,074 wastewater customers, and 7,594 reclaimed water customers as of fiscal 2016.

**Methodology**

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in October 2017. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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