

Rating Action: Moody's Assigns Aa2 to Warren County, KY's GO Bonds, Series 2017B

Global Credit Research - 06 Dec 2017

New York, December 06, 2017 -- Issue: General Obligation Bonds, Series 2017B; Rating: Aa2; Rating Type: Underlying LT; Sale Amount: \$8,835,000; Expected Sale Date: 12/12/2017; Rating Description: General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned a Aa2 rating to Warren County, KY's General Obligation Bonds, Series 2017B expected to be issued in the amount of \$8.8 million. Moody's maintains the Aa2 rating on the county's outstanding parity general obligation debt.

The Aa2 rating reflects the county's large and growing tax base coupled with a trend of stable financial operations with healthy reserves. The rating further considers the county's slightly below average resident income levels partially mitigated by the institutional presence of Western Kentucky University, an elevated debt burden inclusive of unconventional financings, and a below average pension burden.

Rating Outlook

Outlooks are not typically assigned to issuers with this amount of debt outstanding.

Factors that Could Lead to an Upgrade

- Material decline in the debt burden or elimination of unconventional debt financings
- Continuation of balanced operations leading to maintenance of reserves and liquidity

Factors that Could Lead to a Downgrade

- Erosion of reserve position
- Accumulation of additional unconventional financings
- Significant increase of the pension burden

Legal Security

The bonds are general obligations of the county payable from an annual levy on all taxable property in the county. The full faith, credit and taxing power of the county is irrevocably pledged to the prompt payment of the bonds.

Use of Proceeds

Proceeds of the bonds will refund a portion of the county's outstanding series 2010 BABs for a net present value savings estimated at over 13%.

Obligor Profile

Warren County is located in southwestern Kentucky (Aa3 stable) with the county seat of Bowling Green approximately 95 miles southwest of Louisville (Louisville & Jefferson County Metropolitan Government, KY; Aa1 stable) and 20 miles north of the Tennessee (Aaa stable) state line. The estimated population of the county was 118,950 in 2015 according to the most recent American Community Survey.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this

methodology.

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