



Rating Action: Moody's assigns Aaa to Ottawa County, MI's GOLT bonds; outlook stable

January 12, 2024

New York, January 12, 2024 -- Moody's Investors Service has assigned a Aaa rating to Ottawa County, MI's Water Supply System Bonds (General Obligation Limited Tax) with a proposed par amount of about \$3.5 million. Moody's maintains the county's Aaa issuer rating and Aaa rating on outstanding general obligation limited tax (GOLT) debt. Following the sale, the county will have about \$154.6 million in GOLT debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating reflects the county's stable local economy, modest fixed costs and proactive management that has supported the maintenance of strong operating reserves. The county's available fund balance ratio was nearly 70% in fiscal 2022 and its liquidity ratio was over 100%. The county was allocated a significant amount of federal stimulus, which has bolstered its financial position in recent years. Reserves will remain solid and comparable to peers nationally. The county's leverage ratio is low and maintained consistently under 200% of revenue. The county's leverage would rise to only roughly 250% of revenue if component unit debt and revenue is included.

The Aaa GOLT rating is the same as the issuer rating, based on the county's full faith and credit pledge.

RATING OUTLOOK

The stable outlook reflects our expectation that strong budgetary management and the county's large, diverse tax base will continue to support a stable financial profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Narrowing of cash and fund balance ratios well below Aaa-rated peers.
- Growth in leverage to level beyond peers

LEGAL SECURITY

The county's outstanding GOLT bonds, including the current issuance, are backed by its full faith and credit pledge. The county's ability to raise funds to pay debt service is subject to applicable statutory and constitutional tax limitations.

USE OF PROCEEDS

Proceeds from the bonds will finance water supply system improvements.

PROFILE

Ottawa County encompasses roughly 565 square miles in southwestern Michigan (Aa1 stable). It is the eighth most populous county in the state, providing a full range of municipal services, including public safety, health and human services, and recreation, to over 296,000 residents.

METHODOLOGY

The principal methodology used in this rating 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>.

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Amy Hellmann
Lead Analyst
REGIONAL_MIDWEST
Moody's Investors Service, Inc.
Zephyrhills
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Rachel Cortez
Additional Contact
REGIONAL_MIDWEST
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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