

Rating Action: Moody's downgrades Cass County, ND's GO to Aa3

24 Oct 2017

New York, October 24, 2017 -- Summary Rating Rationale

Moody's Investors Service has downgraded to Aa3 from Aa2 the rating on Cass County, ND's general obligation unlimited tax (GOULT) and general obligation limited tax (GOLT) debt. The county has \$121.6 million of GOULT debt outstanding and \$4.7 million of GOLT debt outstanding.

The downgrade to Aa3 reflects the county's overall weakened financial position, which is expected to remain narrow; a growing moderate debt burden and elevated unfunded pension liabilities. The rating also takes into consideration the county's large and growing tax base with institutional presence with above average wealth indices.

Rating Outlook

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

Factors that Could Lead to an Upgrade

Sustained, material increases to operating reserves and liquidity

Factors that Could Lead to a Downgrade

Weakening of the tax base and demographic profile

Declines in liquidity and reserves

Increases in debt and pension liabilities

Legal Security

Debt service on the county's general obligation unlimited tax (GOULT) bonds are secured by a designated property tax levy that is unlimited as to rate or amount.

The county's Series 2010 general obligation limited tax (GOLT) bonds are valid and binding limited obligations of the county payable solely from the county general property tax Levy, which may be levied upon all taxable property located in the district at the rate of 75 mills.

Use of Proceeds

Not Applicable

Obligor Profile

Cass County is located in eastern North Dakota (Aa1/negative outlook) and covers approximately 1,782 square miles. The county's estimated population in 2015 totaled 162,500.

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.com for a copy of this methodology.

Regulatory Disclosures

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