



## Rating Action: Moody's assigns Aa2 to Cincinnati, OH's GOULT bonds

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02 Nov 2023

New York, November 02, 2023 -- Moody's Investors Service has assigned a Aa2 to Cincinnati, OH's Unlimited Tax Various Purpose General Obligation Improvement Bonds Series 2023A with an estimated par amount of \$27.8 million. Moody's maintains the city's Aa2 issuer rating, a Aa2 rating on previously issued general obligation unlimited tax (GOULT) bonds, and Aa3 rating on outstanding non-tax revenue bonds. As of fiscal 2022, the city had approximately \$1.35 billion in outstanding debt. The outlook is stable.

### RATINGS RATIONALE

The Aa2 issuer rating incorporates the city's substantial local economy that serves as a regional economic center of southwest Ohio (Aa1 positive) and a financial profile that is expected to remain stable supported by sound policies, healthy unrestricted liquidity and conservative budgeting. The city's primary credit challenge is a high adjusted net pension liability, which contributes to the city's above average long-term leverage and fixed costs.

The Aa2 GOULT rating is at the same level as the issuer rating because the bonds benefit from the city's pledge of its full faith and credit and the authorization to levy a property tax unlimited as to rate or amount to pay debt service.

### RATING OUTLOOK

The outlook on the city is stable because the city will continue to benefit from its strong economy and because we expect cash and fund balance to remain solid, supported by the city's good budget management and broad revenue base.

### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Continued improvement of resident income levels and economic growth
- Moderation of long-term leverage

### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Weakening of economic profile
- Growth in long-term leverage
- Weakening of reserve position

### LEGAL SECURITY

The city's GOULT bonds are backed by the city's full faith and credit pledge and its authorization to levy a property tax unlimited as to rate or amount to pay debt service.

### USE OF PROCEEDS

Proceeds from the bonds will finance various capital improvements throughout the city as part of its Multi-Year Capital Improvement Program.

## PROFILE

Cincinnati is the economic engine of southwest Ohio. The city is the county seat of Hamilton County (Aa2 stable) and serves over 300,000 residents. The city provides a broad array of services including public safety, parks and recreation, transportation, community development and various utilities.

## 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

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