



Rating Action: Moody's upgrades Nye County, NV's issuer and GOLT ratings to A2

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New York, August 14, 2019 -- Moody's Investors Service has upgraded Nye County, Nevada's issuer rating to A2 from A3. Concurrently, we upgraded the rating on the county's General Obligation Limited Tax Bonds, Series 2010B to A2 from A3. The rating action affects approximately \$20.68 million bonds rated debt outstanding.

The issuer rating represents Moody's assessment of hypothetical GOULT debt, though GOULT bonds are not issued by local governments in Nevada. The GOLT pledge in Nevada is limited by constitutional and statutory limitations on overlapping levy rates for property taxes.

RATINGS RATIONALE

The upgrade to A2 on the county's issuer rating reflects the county's improved general fund reserves, a reversal in trend following multiple years of narrow operations supported by tax base growth. Management's prudent budgeting practices has built stronger reserves to fund county operations. The county's credit profile further reflects the rural local economy that is primarily supported by the mining industry and remains limited given that majority of land is federally owned. The rating further incorporates the county's below average socioeconomic indicators as well as low debt but elevated pension liabilities.

The upgrade to A2 on the county's general obligation limited tax bonds reflects the credit profile of the county, and the strength of the full faith and credit pledge in Nevada, which Moody's rates at the same level as the issuer ratings of local governments in the state.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE

- Sustained trend of stable and increasing reserves and liquidity
- Substantial increase in assessed valuations
- Significant improvement in county socioeconomic indicators

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Trend and material deficits in operations or return to structural imbalance
- Substantial declines in assessed valuations
- Inability to manage rising pension and OPEB costs

LEGAL SECURITY

The GOLT bonds are secured by the full faith and credit pledge of the county, subject to Nevada's constitutional and statutory limitations on overlapping levy rates for ad valorem taxes.

PROFILE

Nye County is located in south central Nevada (Aa2 stable), and is bordered by the State of California. The county seat of Tonopah is approximately 170 miles northwest from Pahrump, which is the county's most populous town. The county is the third largest county in land mass across the continental United States and serves an estimated 2019 population of 46,390.

METHODOLOGY

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

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