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INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Big Walnut L.S.D., OH's GOs

Global Credit Research - 13 Feb 2018

New York, February 13, 2018 -- Moody's Investors Service assigns a Aa2 to Big Walnut Local School District, OH's School Facilities Construction and Improvement Bonds, Series 2018A (General Obligation - Unlimited Tax). We maintain the Aa2 rating on the district's outstanding GOULT debt. Following the current sale, the district will have \$42.6 million of GOULT debt outstanding.

RATINGS RATIONALE

The Aa2 rating incorporates the district's beneficial location within the Columbus (Aaa stable) metropolitan area, which continues to experience a substantial amount of new development and population growth. The district's financial position is very healthy and is supported by a diverse stream of revenues. These strengths are balanced against a very leveraged tax base which is due to significant capital borrowing and an elevated pension burden.

RATING OUTLOOK

The stable outlook is based on the district's growing tax base coupled with its healthy financial position that is expected to remain satisfactory due to managements' demonstrated ability to control expenditures and manage overall budget growth.

FACTORS THAT COULD LEAD TO AN UPGRADE

Moderation of debt and pension burden

FACTORS THAT COULD LEAD TO A DOWNGRADE

Narrowed fund balance or liquidity

Growth in debt beyond 2020 projections or an increase in pension burden

LEGAL SECURITY

The Series 2018A bonds are secured by the district's pledge and authorization to levy a dedicated property tax that is unlimited as to rate or amount.

USE OF PROCEEDS

The Series 2018A bonds will permanently finance the district's School Facilities construction and Improvement Notes, Series 2017 that were issued to construct and renovate school facilities.

PROFILE

The district is located in Delaware County (Aaa stable), approximately 15 miles northeast of Columbus. The district provides pre-kindergarten through twelfth grade education to 3,736 students as of the 2018 academic year.

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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