



**Rating Action: Moody's upgrades Franklin County, GA's issuer and GOULT ratings to A1 from A2; assigns positive outlook**

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New York, July 13, 2023 -- Moody's Investors Service has upgraded Franklin County, GA's issuer rating to A1 from A2. Concurrently, Moody's has upgraded the rating on the county's general obligation unlimited tax (GOULT) debt to A1 from A2 and assigned a positive outlook. The county has approximately \$15.8 million of debt outstanding.

#### RATINGS RATIONALE

The upgrade of the issuer rating to A1 reflects the county's improved reserve position that resulted from strong revenue growth and multiple years of surplus operations. The upgrade also considers the county's very low long-term liabilities ratio and fixed-costs ratio. These strengths are balanced against the county's slower than average economic growth, moderate taxpayer concentration, and resident income ratio that is lower than sector medians.

The A1 rating on the county's GOULT bonds is placed at the same level as the issuer rating because the county has pledged its full faith, credit, and taxing power for repayment of the bonds. Bonds are ultimately payable from an ad valorem tax which may be levied without limitation as to rate or amount on all taxable property within the county.

#### RATING OUTLOOK

The positive outlook reflects the likelihood that the county's credit quality will improve in the next 12 to 18 months despite inflationary budget pressures and several sizeable capital projects that could increase leverage.

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

- Stronger economic growth that bolsters resident income and diversifies the tax base
- Maintenance of balanced operations and currently strong reserve levels

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

- Material decline in reserves and/or trend of imbalanced operations
- Material increase in long-term liabilities ratio and/or fixed costs ratio

#### LEGAL SECURITY

The GOULT bonds are general obligations of the county and constitute a pledge of the full faith, credit, and taxing power of the county. Principal of and interest on the bonds are payable from the general fund of the county or from an unlimited ad valorem tax which may be levied upon all taxable property within the county.

#### PROFILE

Franklin County provides routine municipal services that include public safety, public works, judicial, parks and recreation, water and sewer utilities, and other general governmental functions.

## METHODOLOGY

The principal methodology used in these ratings 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.

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Francis Mamo  
Lead Analyst  
REGIONAL\_NE  
Moody's Investors Service, Inc.  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Gera McGuire  
Additional Contact  
REGIONAL\_SOUTHWEST  
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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