Rating Action: Moody’s assigns Aaa to Prince William County, VA’s General Obligation Refunding Bonds 2020A&B; outlook stable

19 May 2020

New York, May 19, 2020 -- Moody's Investors Service has assigned a Aaa rating to the Prince William County, VA's $26.0 million General Obligation Public Improvement Refunding Bonds, Series 2020A and $58.8 million Taxable General Obligation Public Improvement Refunding Bonds, Series 2020B. Moody's maintains the Aaa rating on the county's rated outstanding parity general obligation debt. The outlook is stable.

RATINGS RATIONALE

The Aaa rating incorporates the county's sizeable, diverse, and growing tax base, above-average resident income levels, healthy and stable fund balance and liquidity supported by conservative budgetary practices and formal fiscal policies, and manageable debt and pension burdens.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Prince William County, VA is not susceptible to immediate material credit risks related to coronavirus. The longer-term impact will depend on both the severity and duration of the crisis. The situation surrounding coronavirus is rapidly evolving. If our view of the credit quality of the county changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

The stable outlook reflects the likelihood that the county's healthy financial position will remain stable due to conservative and proactive budgetary practices and that the county's sizeable tax base will continue to grow and diversify over the medium-term.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

-Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

-Deterioration of fund balance or liquidity resulting in reduced financial flexibility

-Significant contraction in tax base and weakened resident income levels

-Material increase in debt burden

LEGAL SECURITY

The GO bonds are secured by the county's full faith and credit and unlimited property tax pledge.

USE OF PROCEEDS

Bond proceeds will be used to refund certain outstanding general obligation bonds for debt service savings.

PROFILE

Prince William County, VA encompasses 348 square miles in Northern Virginia (Commonwealth of Virginia, Aaa stable), less than 25 miles southwest of Washington D.C. (District of Columbia, Aaa stable). The county is governed under a County Executive form of government. The Board of Supervisors is comprised of eight county residents who appoint a County Executive to oversee day-to-day operations. Prince William County's population totaled 456,749 in 2018 according to the most recent U.S. Census American Community Survey, which represents a 16.7% increase since 2011.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Evan Hess
Lead Analyst
Regional PFG Northeast
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Lauren Von Bargen
Additional Contact
Regional PFG Northeast
JOURNALISTS: 1 212 553 0376
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