

Rating Action: Moody's affirms Mansfield, OH's issuer and GOLT ratings at A2, removes negative outlook

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New York, February 07, 2022 -- Moody's Investors Service has affirmed Mansfield (City of), OH's A2 issuer and general obligation limited tax (GOLT) ratings. The issuer rating represents Moody's assessment of hypothetical debt of the city supported by a general obligation unlimited tax (GOULT) pledge. The city does not currently have any outstanding rated debt supported by a GOULT pledge. The pledge supporting the city's GOLT bonds is considered limited tax based on the statutorily imposed limit of ten-mills on the ad valorem property taxes pledged. The city had \$58 million of GOLT debt at the close of fiscal 2020. The negative outlook has been removed.

RATINGS RATIONALE

The A2 issuer rating reflects the city's healthy fund balance and liquidity and moderately-sized tax base, but below average property wealth and resident incomes and economic concentration in manufacturing. Additionally considered in the rating is the city's above average debt burden and elevated pension burden stemming from its participation in two underfunded cost sharing pension plans.

The absence of a distinction between the A2 issuer and GOLT ratings is based on the city's full faith and credit pledge.

RATING OUTLOOK

The removal of the negative outlook reflects the city's plans to steadily reduce the debt burden and stable employment leading to healthy income tax collections in 2021. Moody's typically does not assign outlooks to issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Significant moderation of debt and pension burdens
- Sustained increase in reserves and liquidity
- Tax base growth and diversification

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained decline in operating reserves or liquidity
- Increase in the city's debt or pension burdens without offsetting revenue

LEGAL SECURITY

The city's GOLT debt is secured by the city's full faith and credit and ad valorem property taxes under the statutory 10-mill limitation.

PROFILE

The City of Mansfield is located in Richland County (A1) approximately 65 miles northeast of Columbus (Aaa stable) and 75 miles southwest of Cleveland (A1 stable). The city is the county seat and the largest city in the county, covering an area of about 30 square miles.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moodys.com for a

copy of this methodology.

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.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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