

## Fiscal Strength of All 50 States Measured

On October 9, 2018, the Mercatus Center at George Mason University released its annual report on the fiscal health of all 50 states. The report analyzes and ranks each state with an aim to assess the state's ability to meet its financial obligations. Its authors drew on data from the 2016 comprehensive annual financial reports (CAFR) of each state, as well as from state actuarial reports. The Mercatus Center Report analyzed each state's finances according to the five "dimensions" listed below, in the hope of identifying national trends and areas of improvement that could help policymakers address persistent and/or potential problems:

- **Cash Solvency** – Does a state have enough cash on hand to cover its short-term bills?
- **Budget Solvency** – Can a state cover its fiscal year spending with revenues, or does it have a budget short-fall?
- **Long-Run Solvency** – Can a state meet its long-term spending commitments? Will there be enough money to cushion it from economic shocks or other long-term fiscal risks?
- **Service-Lever Solvency** – How large a percentage of personal income are taxes, revenue, and spending? How much "fiscal slack" does a state have to increase spending if citizens demand more services?
- **Trust Fund Solvency** – How much debt does a state have? How large are its unfunded pension and healthcare liabilities?

In determining the rankings, each state was given a score for each of these dimensions. The scores were then combined and equally weighted to create a final score and ranking. New York State, which is rated Aa1 by Moody's, was ranked 41<sup>st</sup> overall and came in 44<sup>th</sup> in Cash Solvency, 35<sup>th</sup> in Budget Solvency, 39<sup>th</sup> in Long-Run Solvency, 38<sup>th</sup> in Service Level Solvency, and 23<sup>rd</sup> in Trust Fund Solvency. Nebraska (Aa1), South Dakota (Aaa), Tennessee (Aaa), Florida (Aaa) and Oklahoma (Aa2) were ranked as the top most fiscally solvent states in the nation while Kentucky (Aa3), Massachusetts (Aa1), New Jersey (A3), Connecticut (A1) and Illinois (A3) ranked as the bottom five. In preparing its report, the authors noted that on average, state budgets have not improved to their prerecession levels. They also note that the states' long-term liabilities have, on average, increased over time with the most significant increase occurring in 2015 as a result of new GASB rules that require states to report their unfunded pension liability on their balance sheets.

For additional information, a complete copy of the Mercatus Center report can be found at: <https://www.mercatus.org/system/files/norcross-fiscal-rankings-2018-mercatus-research-v1.pdf>

## MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - November 1, 2018					1 Month Ago - October 1, 2018					1 Year Ago - November 1, 2017				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	1.94%	1.95%	2.03%	2.13%	2.40%	1.89%	1.90%	1.98%	2.08%	2.35%	1.03%	1.06%	1.14%	1.24%	1.51%
5	2.31	2.38	2.57	2.69	3.01	2.21	2.28	2.47	2.59	2.91	1.44	1.55	1.75	1.85	2.16
10	2.75	2.92	3.09	3.22	3.58	2.58	2.75	2.92	3.05	3.40	2.02	2.22	2.45	2.55	2.90
15	3.04	3.24	3.40	3.53	3.92	2.85	3.05	3.21	3.34	3.70	2.40	2.62	2.84	2.94	3.30
20	3.26	3.47	3.60	3.76	4.13	3.09	3.29	3.43	3.58	3.92	2.64	2.86	3.06	3.17	3.50

## RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Amherst Town	Bonds	\$ 12,694,865	25-Oct	22 yrs.	3.28%	FTN Financial Capital Markets
Sag Harbor UFSD	TAN	\$ 14,000,000	18-Oct	8 mos.	2.02%	TD Securities (USA) LLC
Scarsdale Village	Bonds	\$ 11,400,000	16-Oct	18 yrs.	3.13%	Roosevelt & Cross, Inc.
North Babylon UFSD	TAN	\$ 10,000,000	16-Oct	4 mos.	1.89%	JP Morgan Securities LLC
Evans Brant CSD	BAN	\$ 7,685,000	11-Oct	8 mos.	2.18%	TD Securities (USA) LLC
West Seneca Town	Ref. Bonds	\$ 3,665,000	10-Oct	7 yrs.	2.46%	Robert W. Baird & Co., Inc.
Suffolk County	Bonds	\$ 71,175,000	9-Oct	13 yrs.	3.28%	JP Morgan Securities LLC
Greenburgh Town	Bonds	\$ 18,065,636	4-Oct	20 yrs.	3.10%	Morgan Stanley & Co., LLC
Smithtown CSD	TAN	\$ 50,000,000	2-Oct	8 mos.	1.98%	TD Securities (USA) LLC