

Moody's Changes School District Rating Criteria

On January 26th, Moody's Investors Service published new school district rating criteria to introduce a sector-based approach to substitute for previous methodology, which assigned ratings based on local government debt methodology. The new methodology alters some metrics and weighting used in previous scorecard analysis, which is the starting point for rating analysis and assignment of a raw rating score. Moody's will continue to use factors outside the scorecard to consider notching up or down a scorecard rating to a final rating.

Comparison of old and new methodology appear in the chart below with notable factor changes:

- Trends in enrollment replace metric related to size of overall tax base (FV);
- Heavier emphasis on Fund Balance ratio and elimination of metrics related to trends in fund balance and cash;
- Management Metrics (20%) now limited to Institutional Framework (10%) with elimination of operating history factor;
- Debt/Pension factors (20%) changed to more comprehensive Leverage factors (30%) with higher weighting and incorporation of OPEB into metric analysis.

Of the approximately 335 New York school districts rated by Moody's in New York, only 14 (4%) have been designated under review for possible downgrade due to methodology change and 11 (3%) designated under review for possible upgrade. CMA's credit experts have proactively reviewed and discussed the new methodology with Moody's analysts and will be happy to review individual District rating strategy. As always, we encourage our school district clients to reach out to CMA to discuss individual circumstances or any questions regarding the criteria.

NEW METHODOLOGY				OLD METHODOLOGY			
Credit Factor	Factor Weighting	Sub-Factor	Sub-Factor Weighting	Credit Factor	Factor Weighting	Sub-Factor	Sub-Factor Weighting
Economy	30%	Median Household Income Adjusted/US MHI	10%	Economy	30%	Tax Base Size (FV)	10%
		Full Value/Capita	10%			Full Value/Capita	10%
		3 Year Enrollment Trend	10%			Median Family Income	10%
Financial Performance	30%	Available Fund Balance Ratio	20%	Financial Performance	30%	Fund Balance (% Rev)	10%
		Net Cash Ratio	10%			Fund Balance Trend (5 Yrs)	5%
						Cash Balance (% Rev)	10%
						Cash Balance Trend (5 Yrs)	5%
Institutional Framework	10%	Institutional Framework	10%	Institutional Framework	20%	Institutional Framework	10%
						Operating History	10%
Leverage	30%	Long Term Liabilities Ratio (Debt+ANPL+NET OPEB)/Op Rev	20%	Leverage	20%	Debt/FV	5%
		Fixed Costs Ratio (Adj Fixed Costs/Op Rev)	10%			Debt/Rev	5%
						Adj Net Pension/FV	5%
		Adj Net Pension/Rev	5%				
Totals	100%		100%	Totals	100%		100%

MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - February 1, 2021					1 Month Ago - January 4, 2021					1 Year Ago - February 3, 2020				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.09%	0.14%	0.16%	0.21%	0.65%	0.13%	0.18%	0.20%	0.25%	0.76%	0.82%	0.85%	0.90%	0.91%	1.20%
5	0.23	0.35	0.40	0.51	1.03	0.22	0.34	0.39	0.52	1.11	0.84	0.93	1.06	1.11	1.41
10	0.73	0.86	0.96	1.03	1.62	0.72	0.85	0.95	1.05	1.71	1.15	1.30	1.42	1.46	1.78
15	0.99	1.15	1.23	1.35	1.94	1.01	1.17	1.25	1.40	2.09	1.42	1.62	1.72	1.79	2.07
20	1.19	1.36	1.44	1.55	2.14	1.21	1.38	1.46	1.60	2.29	1.61	1.81	1.91	1.98	2.26

RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Scarsdale Vil.	BAN	\$ 6,575,000	21-Jan	12 mos.	0.35%	Oppenheimer & Co.
Yorktown CSD	Ref. Bonds	\$ 6,495,000	21-Jan	5 yrs.	0.27%	Morgan Stanley & Co.
Chester UFSD	Ref. Bonds	\$ 13,140,000	14-Jan	10 yrs.	0.75%	Morgan Stanley & Co.
Mineola Vil.	Bonds	\$ 20,975,000	13-Jan	30 yrs.	1.87%	UBS Financial Services, Inc.
Westchester County	TAN	\$ 150,000,000	6-Jan	9 mos.	0.15%	BofA Merrill Lynch