

## What A School District Needs To Rank Top Of The Class

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# What A School District Needs To Rank Top Of The Class

Of the thousands of school districts that Standard & Poor's Ratings Services rates, only 68 are top of the class and rated 'AAA'. It's tough to make the grade and gain admittance to this group.

To start, we rate less than 2% of all school districts' tax-secured debt 'AAA' and fewer than 5% of all tax-secured ratings fall in the 'AAA' category. But size is no detriment to achieving our highest rating: we rate Lake County School District No. 72, Ill. (156 students) 'AAA' right along with Gwinnett County School District, Ga. (161,130 students). The 'AAA' rated school districts can also vary in terms of the grades they service. Most provide for grades K-12, but a number provide service only to grades K-6 or K-8, while others just for high school (grades 9-12).

## General Characteristics of 'AAA' Rated School Districts

So what separates the top-rated districts from the rest? It helps to be in the Midwest, which has the highest concentration of 'AAA' rated school districts, 33 out the 68. Of these, 22 are in Illinois, reflecting pockets of very high wealth in the Chicago suburbs, very low reliance on state aid, and the districts' success in getting voters to approve millage increases.

**Table 1**

'AAA' Rated School Districts By State and Region*	
<b>Northeast</b>	
Connecticut	1
Massachusetts	2
New Jersey	9
New York	4
Pennsylvania	1
<b>Midwest</b>	
Illinois	22
Minnesota	1
Missouri	4
Nebraska	2
Ohio	4
<b>West/Southwest</b>	
California	17
<b>Southeast</b>	
Georgia	1

\*Excludes community college districts. Data as of May 1, 2011.

When examining a 'AAA' district's credit quality, certain strengths are evident. In general, the gilt-edged credit derives from:

- Location in, or proximity to, major economic centers;
- Very high wealth indicators;

- Strong financial management practices with a focus on multiyear planning;
- Manageable debt levels within the context of its resources;
- Generally good pension and other postemployment benefits (OPEB) liabilities funding ratios; and
- High degree of financial control.

Typically, 'AAA' rated school districts demonstrate the ability to manage through all economic cycles, to adapt to enrollment changes, and either have little dependence on intergovernmental aid or have demonstrated their ability to adjust to changing levels of such aid.

### **Growing tax bases and proximity to economic centers**

A 'AAA' rated school district either has its own strong economic base or is in an affluent residential area close to a metropolitan region with a dynamic economy. Many of the 'AAA' school districts are near highly rated cities with dynamic, diverse, job-producing economies, such as Chicago, Dallas, New York, and San Francisco. Within 'AAA' districts, tax base valuation as measured by market value per capita is what we consider extremely strong. But unlike municipalities and counties, which can control growth and development within their borders, school districts have no direct control over development. However, they do play a role in development in a different way: Those with highly regarded academic reputations enhance market values and contribute to strong tax base growth.

### **Very high wealth indicators**

Standard & Poor's also examines income and wealth levels, weighed against local and national trends, for each of the communities the district serves. The 'AAA' rated school districts exhibit strong, and in many cases extremely strong, wealth levels. In some instances, income is more than three times the national average.

### **Strong management practices with a focus on multiyear planning**

While paying attention to current-year operations, 'AAA' districts typically plan over a three-to-five-year horizon. Conservative budgeting is a common trait. Many districts have strong fiscal policies, providing guidelines for spending, debt, and finances. Reserve levels tend to be high, especially when compared to all school districts. Some school districts, such as the Illinois 'AAA' districts, have successfully managed within a property tax cap levy. Other 'AAA' school districts have coped with state limitations, as in New Jersey, on the amount of unreserved fund balances that they can maintain and property tax cap limitations.

### **A manageable debt burden, with strong resources and management capabilities**

The 'AAA' rated school districts tend to have what we consider manageable debt burdens and strong capital planning profiles. Favorable debt ratios are to be expected given the districts' high wealth levels and generally large tax bases. Most have well-developed multiyear capital plans that focus on future capital needs, measuring the effect of borrowing on future budgets. Funding sources, whether through pay-as-you-go financing, intergovernmental aid, or long-term borrowing, are also articulated. The multiyear capital plans are reviewed and modified annually. Funding usually consists of a combination of bond proceeds and pay-as-you-go financing. A comprehensive plan encompassing these characteristics is yet another indicator of sophisticated management and is a sign of credit strength.

### **Pension and other postemployment benefits liabilities funding ratios can vary**

Pension funding ratios for the 'AAA' school districts mirror those of the municipal sector as a whole, with funding ratios varying greatly. Pension funded ratios range from what we consider underfunded (under 50%) to well funded (over 100%). Unfunded actuarial accrued liabilities (UAAL) for pensions averaged \$3.56 million while the median unfunded UAAL was \$1.9 million. Unfunded actuarial liabilities (UAAL) for other postemployment benefits (OPEB)

averaged \$14.9 million, while the median OPEB liability for the 'AAA' school districts was \$4.6 million, with annual required contributions ranging from \$6,000 to \$12.1 million.

### **A district's financial position is a key credit factor**

The degree of financial control a district exerts correlates with what we view as a sound financial position. This quality is intrinsic to higher-rated school districts. The general fund balance provides one measure of financial flexibility. Strong, liquid reserves, built up with surpluses in periods of growth and through careful budgeting, provide ample cushion we believe against a slowdown in revenue collection, changes in enrollment, and anticipated and unanticipated cuts in intergovernmental aid. A sizable fund balance is also a resource the district can tap between payments of state aid or property taxes. We give credit when management's financial strategy includes a formal fund-balance policy or an internal, targeted level, and adheres to it. Highly rated school districts maintain sufficient fund balances based on their historical needs with the expectation that certain circumstances will prompt them to use reserves while also containing a mechanism to replenish those reserves if they are drawn on.

Almost every school district relies on a combination of property taxes and state aid. Districts that rely mostly on property taxes control their destinies to the extent that they have solid tax-base growth and therefore an expanding, highly predictable revenue source. In highly rated school districts, property taxes account for the largest revenue source, with state aid playing a minor role. As a result, a reliance on stable local source tax revenues shields districts from fluctuations in state aid, which tends to get cut during economic slowdowns. No district, however, is immune to fiscal pressures such as rising health care and other personnel-related costs, which in some cases outpace or have the potential to outpace revenue growth. Controlling these costs requires good management, which 'AAA' school districts have demonstrated.

## **A Review Of Key Ratios And Rankings**

Standard & Poor's uses several ratios as part of its credit review process. Among them are a school district's overall net debt per capita, per capita market value, and unreserved general fund balance as a percent of expenditures (see glossary in table 4).

A high overall net debt ratio indicates a heavy debt burden, which each resident theoretically bears in equal measure. In some cases, we make distinctions between direct debt, for which the issuer itself is responsible, and overlapping and underlying debt, which is not the issuer's direct obligation. If the issuer's direct debt is low, we might give less weight to overlapping and underlying debt than if the issuer's own debt burden is high.

Overall net debt per capita for the 'AAA' school districts ranges from a very low \$3 per capita to a high \$14,721 per capita. The districts with the highest debt per capita tend to have populations much smaller than the median population of 25,678. Average overall net debt per capita is \$4,441 and the median is \$3,465, both of which we consider moderate.

### **Per capita market value measures property wealth**

Overall market value per capita for the 'AAA' school districts ranges from \$56,881 to \$1,034,692 per capita. The districts with the highest market per capita also tend to have populations much smaller than the median population. Average overall market value per capita is \$323,810 and the median is \$272,617, both of which we consider extremely strong.

When examining a school district's financial position, we also review available reserves, both in terms of actual

balances (trends), availability, and how they are managed (policies). We examine the total general fund and unreserved general fund balance as a percent of operating expenditures to determine the size of reserves in relation to the total budget and other obligations. These figures cannot be taken alone as a total picture of a district's financial position as there might be legal restrictions on the amount of the fund balance the district can maintain. Many districts maintain resources in other funds such as designated reserves and working cash reserves in addition to their general fund balances, which provide them with extra resources when needed. We ask about and review other potential resources that could be made available to the general fund if needed. While we do not advocate an ideal reserve level, our criteria sets ranges for cities, school districts, and counties based on population segments, with descriptors that range from very strong to low (see "Public Finance Criteria: Key General Obligation Ratio Credit Ranges," published April 2, 2008, on RatingsDirect on the Global Credit Portal.) However, we consider each situation on its own merits. The 'AAA' school districts' ratio for total general fund balances as a percent of general fund expenditures varies greatly, ranging from 0.1% to 117.0%. The average is 35.5% and the median is 25.5%, which we consider very strong. Similarly, the range of unreserved general fund balance as a percent of general fund operating expenditures also greatly varies, ranging from 0.1% to 112.0%. The average is 29.5%, and the median is 21.4%, which we also consider very strong.

## Financial Management Assessment Scores

Standard & Poor's Financial Management Assessment (FMA) methodology plays an important role in assessing a government's financial management policies and procedures.

The FMA attempts to provide a transparent assessment of a government's financial practices and to highlight aspects of management that are common to most governments. A government's ability to implement timely and sound financial and operational decisions in response to economic and fiscal demands is an important component of credit quality in our view.

The FMA encompasses seven areas most likely to affect credit quality:

- Revenue and expenditure assumptions;
- Budget amendments and updates;
- Long-term financial planning;
- Long-term capital planning;
- Investment management policies;
- Debt management policies; and
- Reserve and liquidity policies.

The overall FMA assessments are communicated in our analyses using the following terminology:

- "Strong" indicates that practices are strong, well embedded, and likely sustainable.
- "Good" indicates that practices are deemed good, but not comprehensive.
- "Standard" indicates that the finance department maintains adequate policies in most, but not all, key areas.
- "Vulnerable" indicates that the government lacks policies in many of the areas deemed most critical to supporting credit quality.

Approximately 90% of the 'AAA' school districts maintained strong or good FMA scores, indicating the use of a

fair amount of planning and policies.

## Economic Factors That Affect Credit Quality

In addition to the districts' operational and financial characteristics, we also weigh several economic factors when assessing credit quality. These include:

- Growth of the labor force;
- Diversification of employment sectors;
- Unemployment rates;
- Wealth and income indicators;
- Construction and retail activity;
- Population growth;
- Ability to attract new business; and
- Tax base and employment expansion.

Examining such economic indicators helps us determine an entity's vibrancy and strength. Among the most important are income levels and unemployment rates. We compare several income indicators to U.S. averages. As measured by Claritas Inc., a marketing information company, the sheer wealth and buying power of the 'AAA' rated districts are evident when looking at median household effective buying income (199% of U.S. average), which we consider very strong. Unemployment rates for the jurisdictions in which the districts are located are either what we consider well below or significantly below the U.S. average. (See table 2 and 3 for ratios.)

**Table 2**

AAA* School District Ratios (*)											
As of May 1, 2011											
District	State	Population	Enrollment	Household EBI (%)	Total MV (mil. \$)	Per cap MV (\$000)	General FB (%)	Unreserved FB %	Overall net debt % MV	Overall net debt per capita (\$000)	FMA score
Carmel Unif Sch Dist	CA	22,896	2,005	147	13,263,568	579,296	53.0	43.4	1.3	7,587	Good
Del Mar Un Sch Dist	CA	39,191	4,160	223	13,048,478	332,946	31.0	29.8	0.2	761	Good
Hillsborough City Sch Dist	CA	11,318	1,459	363	6,660,428	588,481	12.0	11.9	2.5	14,721	Good
Laguna Beach Unif Sch Dist	CA	34,202	2,832	169	13,889,170	406,092	39.0	38.0	0.7	2,851	Good
Larkspur Sch Dist	CA	13,396	1,278	175	3,478,637	259,677	24.0	21.5	1.2	3,204	Good
Las Lomas Sch Dist	CA	10,985	1,078	258	5,273,294	480,045	19.0	18.7	0.4	1,786	Good
Los Gatos-Saratoga Jt Un High Sch Dist	CA	55,683	3,064	235	16,980,145	308,713	9.0	8.0	0.4	1,328	Good
Menlo Pk City Sch Dist	CA	26,176	2,287	215	10,012,029	382,489	25.0	20.7	2.6	9,881	Good
Mill Vy Sch Dist	CA	30,097	2,595	200	8,257,131	274,351	16.0	13.5	1.7	4,759	Good
Montecito Un Sch Dist	CA	6,724	348	227	6,480,754	917,647	117.0	78.0	0.4	3,402	Good
Palo Alto Unif Sch Dist	CA	76,008	11,916	183	24,189,757	318,253	14.0	11.5	2.3	7,401	Good
Portola Vy Sch Dist	CA	7,014	700	326	3,750,499	534,716	5.0	2.8	2.0	10,602	Good

**Table 2**

AAA* School District Ratios (*) (cont.)											
Rancho Santa Fe Sch Dist	CA	5,678	728	363	5,874,984	1,034,692	15.0	14.5	0.7	7,605	Good
Reed Un Sch Dist	CA	13,789	1,133	222	6,288,101	456,023	21.0	20.2	2.0	8,652	Good
Ross Elem Sch District	CA	2,556	363	216	1,506,351	589,339	27.0	23.9	2.3	8,621	Good
Tamalpais Un High Sch Dist	CA	111,189	3,674	182	32,171,914	289,344	33.0	31.0	2.0	5,804	Good
Woodside Elem Sch Dist	CA	3,220	439	332	2,439,234	757,526	11.0	11.0	1.8	12,327	Good
Connecticut Regl Sch Dist #9	CT	16,138	954	237	5,230,055	324,083	0.1	0.1	1.2	3,884	Standard
Gwinnett Cnty Sch Dist	GA	802,212	161,130	122	71,609,533	89,265	12.0	11.7	1.8	1,619	Strong
Cook Cnty Comnty Cons Sch Dist #59 (Arlington Heights)	IL	64,355	5,630	115	11,865,600	184,377	90.0	90.3	2.3	4,326	Good
Cook Cnty Cons HS Dist #200 Oak Park/River Forest	IL	64,985	3,079	133	7,060,964	108,655	113.0	112.0	2.8	3,076	Good
Cook Cnty Sch Dist #36 (Winnetka)	IL	12,144	1,920	347	5,461,380	449,718	80.0	80.3	2.2	9,979	Good
Cook Cnty Sch Dist #38 (Kenilworth)	IL	2,854	527	390	1,399,599	490,399	73.0	73.2	0.8	3,919	Strong
DuPage & Cook Cntys Comnty Cons Sch Dist #181 (Hinsdale)	IL	25,591	4,022	217	7,403,816	289,313	29.0	26.1	1.8	5,129	Good
DuPage & Cook Cntys Twp High Sch Dist #86 (Hinsdale)	IL	76,822	4,463	149	18,558,447	241,577	59.0	57.5	1.1	2,738	Good
DuPage & Will Cnties CUSD #203 (Naperville)	IL	100,766	17,091	175	14,832,008	147,193	43.0	42.4	1.2	1,838	Strong
DuPage Cnty Sch Dist #53 (Butler)	IL	5,403	414	213	3,136,203	580,456	80.0	79.6	0.1	226	Good
Lake Cnty Comnty Cons Sch Dist #102 (Aptakisic-Tripp)	IL	19,641	2,025	171	2,958,144	150,611	62.0	61.5	0.9	1,425	Good
Lake Cnty Comnty High Sch Dist #115 (Lake Forest)	IL	30,731	1,758	224	10,693,653	347,976	2.3	2.3	0.6	2,147	Good
Lake Cnty Comnty High Sch Dist #127 Grayslake	IL	47,689	2,719	159	3,707,910	77,752	76.0	76.1	4.9	3,785	Good
Lake Cnty Cons High Sch Dist #125 Adlai E. Stevenson	IL	65,735	4,356	200	11,577,033	176,117	62.0	51.2	0.3	503	Good
Lake Cnty Sch Dist #106 (Bannockburn)	IL	2,160	180	248	763,311	353,385	95.0	95.5	0.1	3	Good
Lake Cnty Sch Dist #112 (North Shore)	IL	37,757	4,109	185	8,550,339	226,457	17.0	16.4	1.5	3,474	Good
Lake Cnty Sch Dist #67 (Lake Forest)	IL	19,705	2,037	270	8,176,377	414,939	7.0	6.8	0.2	948	Good
Lake Cnty Sch Dist #70 (Libertyville)	IL	20,837	2,450	188	3,333,387	163,010	42.0	35.2	1.4	817	Good

**Table 2**

<b>AAA* School District Ratios (*) (cont.)</b>											
Lake Cnty Sch Dist #72 (Rondout)	IL	1,851	156	209	855,186	462,013	44.0	33.2	2.6	11,870	Good
Lake Cook Kane & McHenry Cnties CUSD #220 (Barrington)	IL	45,821	9,350	202	9,053,313	199,237	29.0	29.4	2.9	2,171	Strong
Northfield Twp High Sch Dist #225 (Glenview-Northbrook)	IL	86,104	4,803	163	19,985,824	232,113	49.0	49.0	3.0	6,976	Strong
Will & Cook Counties Comnty Cons Sch Dist 157-C (Frankfort)	IL	22,853	2,466	171	2,625,318	114,878	60.0	56.5	3.6	4,191	Good
Cook Cnty Twp High School Dist #204 (Lyons)	IL	66,957	3,835	144	10,902,548	162,829	48.3	46.0	2.1	3,455	Good
Lake Cnty Sch Dist #68 (Oak Grove)	IL	7,894	982	180	1,750,902	221,802	58.2	54.1	0.1	192	Good
Dover-Sherborn Regl Sch Dist	MA	9,850	1,124	272	3,808,640	386,664	9.0	8.5	0.6	2,472	Standard
Lincoln-Sudbury Regl Sch Dist	MA	24,817	1,640	225	5,922,676	238,654	8.0	4.2	1.1	2,528	Standard
Wayzata Indpt Sch Dist #284	MN	59,037	10,209	169	12,344,387	209,096	20.0	12.8	1.3	2,753	Good
Clayton Sch Dist	MO	17,339	2,481	136	4,367,018	251,861	48.0	47.5	2.9	7,256	Good
St Louis Cnty Sch Dist (Ladue)	MO	25,765	3,799	164	6,979,266	270,882	31.0	31.3	1.2	3,323	Good
St Louis Cnty Sch Dist C-2 Parkway	MO	146,394	17,370	150	19,628,417	134,079	24.0	21.2	1.2	1,557	Good
St. Louis Cnty R-6 Sch Dist (Rockwood)	MO	113,254	20,617	176	15,411,020	136,075	26.0	25.9	1.7	2,276	Strong
Douglas Cnty Sch Dist 0001 (Omaha Pub Schs)	NE	336,788	49,508	86	19,156,901	56,881	6.0	5.8	3.5	2,004	Good
Lancaster Cnty Sch Dist #1	NE	254,862	32,916	105	16,170,617	63,449	17.0	13.3	3.7	2,372	Good
Cranbury Twp Brd of Ed	NJ	4,072	624	255	1,784,680	438,281	18.0	3.9	1.9	8,273	Standard
Millburn Twp Brd of Ed	NJ	18,546	4,746	288	8,651,881	466,509	14.0	6.8	1.2	5,443	Good
Northern Highlands Regl High Sch Dist Brd Of Ed	NJ	15,464	1,313	242	4,688,740	303,204	14.0	1.8	1.7	5,099	Good
Northern Vy Regl High Sch	NJ	39,543	2,659	198	10,293,125	260,302	7.0	2.9	1.3	3,417	Good
Spring Lake Heights Boro Brd of Ed	NJ	3,435	264	212	3,360,844	978,412	46.0	7.2	0.7	6,579	Good
Watchung Boro Board of Ed	NJ	6,627	698	234	1,912,929	288,657	22.0	2.5	2.7	7,842	Standard
Watchung Hills Regl Brd of Ed	NJ	23,111	2,033	223	8,155,580	352,887	11.0	1.5	1.4	4,948	Standard
West Morris Regl High Sch Dist	NJ	38,422	2,657	234	9,616,711	250,292	13.0	1.4	1.1	2,743	Standard



**Table 2**

<b>AAA* School District Ratios (*) (cont.)</b>											
West Windsor-Plainsboro Regl Sch Dist	NJ	49,010	9,865	216	10,088,017	205,836	14.0	3.0	2.9	6,042	Standard
Cold Spring Harbor Cent Sch Dist	NY	8,576	2,026	282	3,477,226	405,460	20.0	4.7	2.0	8,173	Good
Harrison Cent Sch Dist	NY	26,790	3,490	165	9,455,146	352,936	20.0	6.6	1.2	4,083	Strong
Pelham Un Free Sch Dist	NY	11,935	2,832	198	3,158,259	264,622	29.0	7.0	1.5	4,070	Good
Plainview-Old Bethpage Cent Sch Dist.	NY	28,809	5,125	193	6,639,154	230,454	17.0	6.8	2.1	4,758	Good
Dublin City Sch Dist	OH	71,525	14,227	146	8,572,877	119,858	41.0	40.2	3.9	4,699	Good
Orange City Sch Dist	OH	13,493	2,311	198	2,859,654	211,936	67.0	54.2	1.6	3,366	Good
Sycamore Comnty Sch Dist	OH	35,629	5,391	157	5,039,363	141,440	77.0	44.6	1.6	2,250	Good
Upper Arlington City Sch Dist	OH	31,032	5,676	152	4,537,894	146,233	68.0	32.8	1.3	1,871	Good
Wissahickon Sch Dist	PA	36,257	4,455	168	4,943,429	136,344	22.0	22.0	1.3	1,817	Strong
Average	N/A	52,463	7,214	207	9,207,056	323,810	35.5	29.5	1.7	4,441	N/A
Median	N/A	25,678	2,626	199	6,819,847	272,617	25.5	21.4	1.5	3,465	N/A

\*Excludes commuity college and technical districts. EBI--Effecitve buying income. FMA--Financial management score. FB--Fund budget. N/A--Not applicable.

**Table 3**

<b>AAA* School District GO Ratios</b>		
<b>Medians compared to Standard &amp; Poor's GO ratio characterization</b>		
<b>As of May 1, 2011</b>	<b>AAA* school district median</b>	<b>GO ratio characterization</b>
Household EBI as % of U.S.	199	Very strong
Market value per capita (\$)	272,617	Extremely strong
Unreserved general fund balance as % of general fund expenditures	21.4	Very strong
Overall net debt as % market value	1.5	Low
Overall net debt per capita (\$)	3,465	Moderate

GO--General obligation. EBI--Effective buying income.

## Key Credit Issues School Districts Face

Despite their ratings, 'AAA' school districts have not been immune to the effects of the national recession. Standard & Poor's believes the following issues, in addition to the key credit factors discussed earlier, will remain critical to its analysis as school districts' manage unique economic and financial challenges:

- How has the recession affected financial and day-to-day operations?
- Have voters been supportive of recent budgets or operating levy requests? If unsuccessful, why and how has the district adjusted?
- How have local source revenues performed? If they have underperformed relative to budget, how has the district responded?
- What areas of revenue and expenditure flexibility does the district have available with and without voter authorization?

- How are rising health care costs being managed?
- How dependent is the school district on intergovernmental aid?
- How have state and federal revenue reductions been offset in the past, and what flexibility does the district still have to address future reductions?
- How has the school district offset the loss of federal stimulus funding?
- What is the status of labor contracts? Have there been any concessions by unions and nonunion staff?
- Have there been layoffs and if so, to what extent have they affected operations?
- What is the level of pension funding and if underfunded is there a plan to improve funding levels?
- Does the district provide other postemployment benefits to retirees (OPEB); if so, is there an unfunded liability and are there plans to fund it?
- Are there limitations on tax or revenue increases, spending limitations, or levels of reserves that can be held? If so, how has the district managed under these restrictions?
- Have there been enrollment changes to any degree and if so, how has it affected the district's operations? Some state aid is tied by formula to enrollment levels or enrollment changes.
- Is there strong voter resistance to tax increases?
- What are the district's future capital needs? Are fixed costs expected to increase significantly?

## More 'AAA's Are Likely To Emerge

While the universe of 'AAA' school districts remains small, Standard & Poor's expects to see additions to this list over time. To achieve this coveted rating, potential 'AAA' candidates must exhibit their own strong credit characteristics compared with those outlined in this article and also compare well with this group's ratios. In addition, they must manage through all economic cycles while retaining strong credit profiles. Tough as it is to rank top of the class, more districts are doing their homework to achieve this.

**Table 4**

Glossary	
General fund balance/expenditures	The annual dollar amount of reserves the municipality has in its general fund as a percent of general fund expenditures at the end of the fiscal year. Source: Audits and Comprehensive Annual Financial Reports of the municipalities.
Household EBI % of U.S.	Effective buying income measures income after taxes. Household EBI measures income on a household basis, regardless of the number of family members and compares it on a ratio basis to a national average. Source: Claritas Inc.
MV/capita	Total market value divided by population.
Overall net debt % of MV	Overall net debt to market value. A ratio of the dollar value of debt to the value of the underlying tax base. This number provides insight into how heavy or light the debt burden is on taxable property. Source: Official statements of municipalities and Comprehensive Annual Financial Reports.
Overall net debt per capita	This number generally includes underlying and overlapping debt, and indicates how heavy the debt burden is for residents. Source: Official statements of municipalities and Comprehensive Annual Financial Reports.
PC EBI % of U.S.	Per capita effective buying income measures after-tax income on a per person basis as a ratio of the nation's PC EBI. Source: Claritas Inc.
Population	The number of residents in the community. Source: Bureau of the Census.
Total direct debt	The total amount of debt the issuer is directly responsible for repaying. It excludes overlapping and underlying debt.
Total market value	The value of the municipality's taxable property. Source: Official statements of the municipalities.
Unreserved general fund balance/expenditures	Similar to total general fund balance, but more restrictive because only those funds not reserved for some specific purpose are included. Source: Audits and Comprehensive Annual Financial Reports of the municipalities.

Siddarth Maniyar of CRISIL Ltd., a Standard & Poor's company, contributed to this report.

## **Related Criteria And Research**

USPF Criteria: GO Debt, Oct. 12, 2006

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