



Surveillance of Local Government Ratings



Ratings Monitored At Least Annually

- Based on Methodologies

SCREENS:

- **Batch Reviews** –
 - groups of ratings from same state and sector assembled into packages that include several years of key fundamental data points and other relevant information
 - Incorporate comparisons to medians for key financial, economic and debt variables
- **Individual Reviews** –
 - Ratings not conducive to batch reviews (e.g. tax allocation bonds, mello-roos bonds)

FULL REVIEWS:

- for ratings that appear to be under pressure, either for possible upgrade or possible downgrade

Moody's Special Comment *"Monitoring of U.S. Local Government Ratings: Framework for Annual Surveillance of Large & Diverse Portfolio"*

Accessibility of Information

- What is available on Emma/Bloomberg?
- What is available in statistical section of CAFR? (e.g. assessed value trends? debt service coverage?)
- What is readily available on issuer's website?
- ***If key information is not included in continuing disclosure, surveillance analyst may call and ask for it***
- Surveillance analyst also may call to follow up on disclosure information, e.g. for explanation of large and/or unanticipated changes



Key Information

- You can get a sense of what's important by reviewing our methodology
- You can also get a sense by reviewing your prior rating report(s)
- Official Statement also a good source to consult in determining what's important, e.g. updates to key charts and tables
- Feel free to talk to a rating analyst if you have questions

Guidelines for Continuing Disclosure

Selected Moody's Methodologies:

- General Obligation Bonds Issued by U.S. Local Governments
- The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations
- Analytical Framework for Water and Sewer System Ratings
- Moody's Analytic Approach to Rating California Tax Allocation Bonds

National Federation of Municipal Analysts www.nfma.org publications tab also has Recommended Best Practices in Disclosure for variety of securities

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