Article Title: Criteria | Governments | U.S. Public Finance: Key General Obligation Ratio Credit Ranges Data: (EDITOR'S NOTE: —On Dec. 16, 2020, we republished this criteria article to make nonmaterial changes. See the "Revisions And Updates" section for details. This article has been partly superseded by "U.S. Local Governments General Obligation Ratings: Methodology And Assumptions," published Sept. 12, 2013, for issuers that are in the scope of those criteria.) When evaluating general obligation (GO) debt issuers, S&P; Global Ratings analyzes selected ratios that represent key factors used in the credit rating process. The representative ratios for GO debt issuers in table 1 provide an indication, through the use of descriptors, of what constitutes a high to low ratio from an analytical perspective for obligations of issuers falling in scope of our "GO Debt" (for example, school districts) and "Methodology And Assumptions: Rating Unlimited Property Tax Basic Infrastructure Districts" criteria. The relative weight of the applicable individual GO ratios used in the rating process is discussed in detail in "GO Debt," published Oct. 12, 2006, and "Methodology And Assumptions: Rating Unlimited Property Tax Basic Infrastructure Districts," published March 17, 2009. A note of caution Ratios do not tell the whole story -- they are only a portion of what S&P; Global Ratings uses in its analysis. Economic, administrative, financial, debt, structural, and other qualitative factors may outweigh any of these ratios when a rating is assigned. Numbers alone cannot determine an entity's willingness to meet its financial obligations, nor can they reveal a history of late budgets or the operating restraints presented by the state/local framework. The key ratios below do not represent a complete set of the ratios S&P; Global Ratings uses in its analysis. We also incorporate information from many internal and external databases. Depending on various credit conditions, certain ratios can take on more significance than others. In addition, a municipal entity's trends in any of these ratios may be more important than the historical ratios. A rating, after all, is prospective in nature. Table 1 Analytical Characterization Of Ratios HOUSEHOLD/PER CAPITA EFFECTIVE BUYING INCOME AS % OF U.S. LEVEL Low Below 65% Adequate 65%-90% Good 90%-110% Strong 110%-130% Very strong Above 130% MARKET VALUE PER CAPITA Low Below $35,000 Adequate $35,000-$55,000 Strong $55,000-$80,000 Very strong $80,000-$100,000 Extremely strong Above $100,000 TOP 10 TAXPAYERS Very diverse Below 15% Diverse 15% - 25% Moderately concentrated 25% - 40% Concentrated Above 40% AVAILABLE FUND BALANCE Low Below 0% Adequate 1%-4% Good 4%-8% Strong 8%-15% Very strong Above 15% DEBT SERVICE AS % OF EXPENDITURES Low Below 8% Moderate 8%-15% Elevated 15%-20% High Above 25% OVERALL NET DEBT PER CAPITA Very low Below $1,000 Low $1,000-$2,000 Moderate $2,000-$5,000 High Above $5,000 OVERALL NET DEBT AS % OF MARKET VALUE Low Below 3% Moderate 3%-6% Moderately high 6%-10% High Above 10% GO Ratio Definitions Table 2 GO Ratio Definitions Household/per capita effective buying income (EBI) % of U.S. level 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 the national average. Per Capita EBI measures the same on a per person basis. Source: Claritas Inc. Market value per capita Total market value of all taxable property within the jurisdiction divided by population. Top 10 taxpayers This measures total assessed valuation of the 10 largest taxpayers as a percentage of the total taxable assessed valuation of the jurisdiction. Available fund balance The annual dollar amount of available reserves a municipality has in its operating and reserve funds at fiscal year-end. Debt service as a percentage of expenditures The portion of operating expenditures consumed by debt service costs. Overall net debt per capita This ratio measures net debt to population. Overall net debt as a percentage of market value A ratio of net debt to the taxable market value of the tax base. Revisions And Updates This article was originally published on April 2, 2008. Changes introduced after original publication: Following our periodic review completed on Nov. 17, 2015, we updated the author contact information and added the "Related Criteria And Research" list. Following our periodic review completed on Nov. 16, 2016, we clarified the scope of the criteria and removed outdated sections and commentary. Following our periodic review completed on Nov. 10, 2017, we added the "Revisions And Updates" section. On Jan. 2, 2019, we republished this criteria article to make nonmaterial changes to update the contact information. On Dec. 16, 2020, we republished this criteria article to make nonmaterial changes to update the contact information. Related Criteria And Research Related Criteria Principles Of Credit Ratings, Feb. 16, 2011 Methodology And Assumptions: Rating Unlimited Property Tax Basic Infrastructure Districts March 17, 2009 GO Debt, Oct. 12, 2006 These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as S&P; Global Ratings assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.