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### About the American County Review:

The primary focus of the American County Review (ACRe) is the aggregation of data from numerous non-subjective sources, and creating from that data a unique ranking system that is not currently available from other vendors. Each county in the United States is ranked using a proprietary methodology that analyzes census data, crime data, environmental data, personal infrastructure data and climate change data.

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## Rankings – The American County Review

The American County Review has been created to fill a gap in the economic, and social analysis, of America’s homeland. By creating a composite ranking for each of the 3,141 counties, and the 14,300 School Districts, across the U.S.A., the American County Review (ACRe, for short) provides a broad and detailed risk analysis of the social, economic, and environmental status, for these entities that can be utilized by both U.S. Municipal Debt participants, as well as the Real Estate marketplace.

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*“a unique and non-arbitrary risk assessment of issuers at the county level.” – [National Post](#)*

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Counties and School Districts are ranked at both the state level, as well as nationally, and are available for license at [acredata.com](http://acredata.com)

## USE RATINGS WITH CAUTION – RISKS AT THE COUNTY LEVEL

### BACKGROUND

At the request of numerous clients, we have isolated five counties in New York State that all have the same Moody’s rating of Aa2. In this report, we compare the American County Review rankings for the five counties in question as well as the forty-one components that are utilized to compile the overall rankings for these five counties.

What we will observe in this report is that these five counties may all have the same rating (Aa2) from the same rating agency (Moody’s), but that the economic and social conditions differ vastly from county to county. This brings to question how these counties all have the same rating when they have such different profiles.

Please note that American County Review national rankings utilize all 3,141 Counties, while state rankings utilize the 62 Counties of New York State.

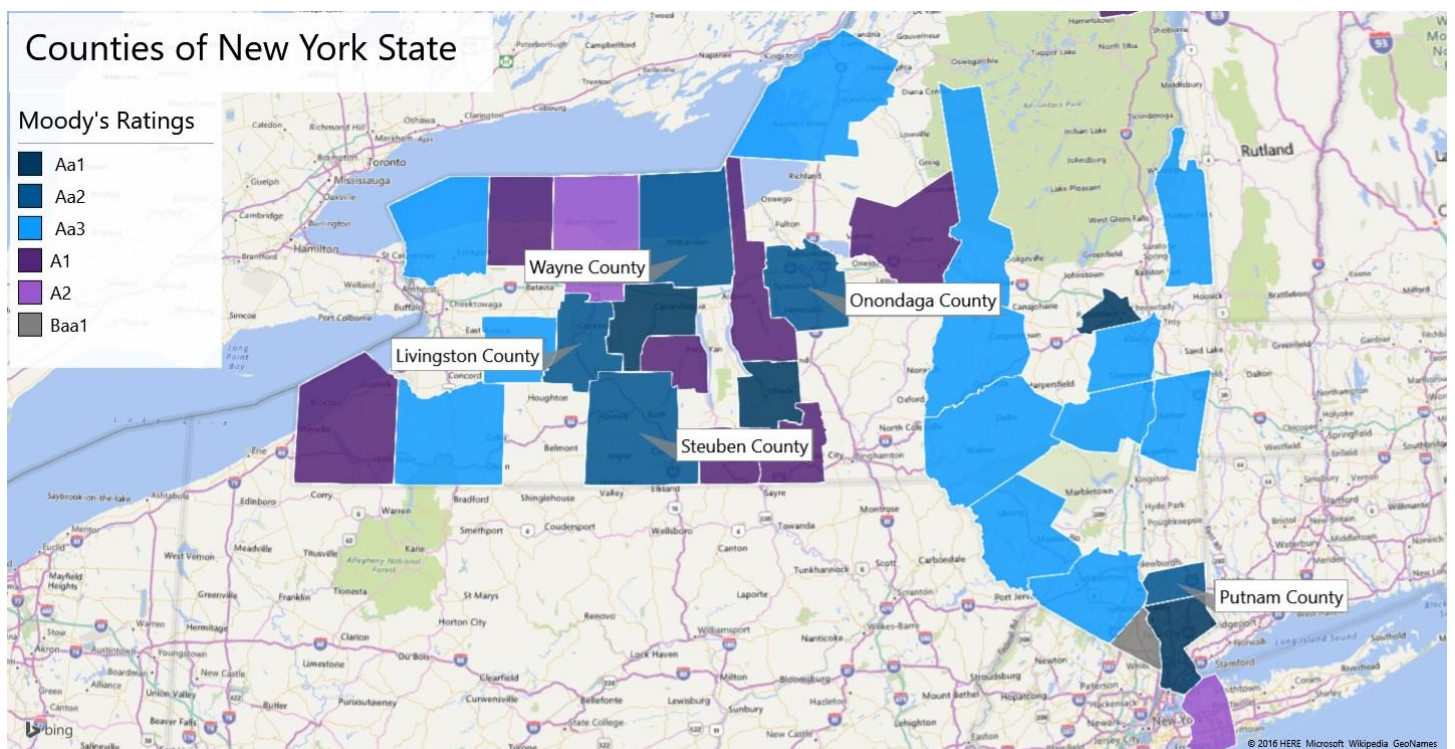
## Five Counties – five different personalities – one rating

Below we will take a detailed look at two of the lowest ranking Counties in New York State (Putnam County, and Wayne County) that are rated Aa2 by Moody's. Table #1 below lists all five Counties in New York State that have the same Aa2 rating from Moody's while listing the ranking from the [American County Review](#) at both the state, and national level.

The item that drew our attention on the table below was the difference in rankings between Onondaga County<sup>1</sup> with a national ranking of 1,434<sup>th</sup> and a state ranking of 13<sup>th</sup>, when compared to Putnam County with a national ranking of 2,957, and a state ranking of 61<sup>st</sup> – yet both have the same rating from Moody's. Also, we took note of the most recent ratings date for Wayne County which shows that the rating has not been reaffirmed in almost five years.

FIPS Code	County (New York State)	Moody's Rating	Most Recent Ratings Date	2015 Population	National Ranking (all 3,141 Counties)	National Ranking (Pop 10,000+ 2,433 Counties)	State Ranking (62 Counties)
36079	Putnam County	Aa2	06/22/2016	99,042	2,957	2,338	61
36117	Wayne County	Aa2	01/19/2012	91,446	2,428	1,947	42
36051	Livingston County	Aa2	05/05/2016	64,717	2,099	1,661	31
36101	Steuben County	Aa2	01/16/2015	97,631	1,636	1,266	16
36067	Onondaga County	Aa2	10/17/2016	468,463	1,434	1,096	13

Table 1 – Quick summary of the five Aa2 rated Counties in New York State



Map #1 – Counties in New York State rated by Moody's

<sup>1</sup> Of the five counties above that we have isolated, only one Onondaga County is rated by both Moody's (Aa2) and Standard & Poors (AA+). The remaining four counties are not rated by Standard & Poors.

### **Putnam County**

As all five of the counties in question have the same rating from Moody's (Aa2) which is equivalent to a AA, we would assume that all five would have similar or comparable rankings as calculated by the [American County Review](#). However, as we can see from the Table 1 – above - Putnam County stands out from the others as it has a national ranking of 2,957<sup>th</sup> out of the 3,141 Counties nationwide, or the bottom 6% of all Counties in the nation. When ranked against all Counties with a population of 10,000 or greater, Putnam is in the bottom 4% when compared to the respective 2,433 Counties nationwide.

How does Putnam County with an unemployment rate in 2009 of 4.9% that increased to a rate of 7.8% in 2014; hold on to a Aa2 rating? Median Housing Values in Putnam County have the second lowest ranking (61<sup>st</sup> out of the 62 Counties) for appreciation in the State of New York (as the Median Housing value has dropped from \$418,000 in 2010, to \$362,000 in 2014), while Real Estate taxes have jumped 15.7% from 2010 to 2014. Population figures for the county have stayed somewhat static but the County only ranks 35<sup>th</sup> in the state for population growth. County level debt per resident is ranked 20<sup>th</sup> in the State but 2,226<sup>th</sup> in the Nation (the bottom 30%), while School District Debt per Student ranked 2<sup>nd</sup> in New York State but 1,939<sup>th</sup> across the nation (bottom 40%). Putnam County is also one of the very few Counties in New York State that is subject to possible exposure to all three climate change measurements: air quality, water quality, as well as sea level rise.

Putnam County does have some strong numbers as its Crime Index figure for 2014, ranked it 1<sup>st</sup> (lowest Crime Index level) in the State of New York and 347<sup>th</sup> across the nation, and its average annual change in the Crime Index for the period of 2009 to 2014 ranked it 15<sup>th</sup> in the State and 941<sup>st</sup> in the nation.

However, while Putnam County may have some endearing features, when we consider the numerous social, and economic pressures that exist within this county; we are unsure of why a Aa2 rating is currently assigned to this County. In reviewing, previous debt issues by Putnam County, it would appear that the Aa2 rating has been in place since November 2011, with that being an upgrade from the previous Aa3 rating assigned to debt issuance in November 2009.

### **Wayne County**

Wayne County, New York is an infrequent and small debt issuer and in reviewing its rating history we can note that the Moody's rating has changed from "A" in 1990, to "Aaa" in April 2004, to most recently "Aa2" in 2012.

Wayne County has a similar population to that of Putnam County (pop. 99,042) with a population of 91,446 that is largely unchanged in since 2009. While Home Ownership is much stronger than that of Putnam County with a ranking of 622<sup>nd</sup> nationally and 7<sup>th</sup> within New York State - Real Estate Taxes as a % of Median Income are high when compared to the nation (Ranking 3,052<sup>nd</sup>) but almost middle of the pack when measured against other Counties in New York State with a ranking of 38<sup>th</sup>. Growth in Median Income has stagnated as Wayne County ranks 2,751<sup>st</sup> in the nation for Average annual change in Median Income from 2009 to 2014 which was last in the state of New York ranking 62<sup>nd</sup>.

When looking at the annual change in percentage of the population with a Bachelor's Degree or higher (2009 to 2014) Wayne County has ranked poorly at 2,543<sup>rd</sup> nationally, while ranking 58<sup>th</sup> in New York State. As with Putnam County, we are unsure why a Aa2 rating from Moody's has been assigned Wayne County given the economic, and social pressures it currently faces.

Table #2 below provides a detailed look at each of the five Aa2 Counties in New York and where they rank across the forty-one measurements utilized to calculate final rankings provided by the [American County Review](#).



FIPS Code			36079	36117	36051	36101	36067
County in New York State			Putnam County	Wayne County	Livingston County	Steuben County	Onondaga County
Moody's Rating			Aa2	Aa2	Aa2	Aa2	Aa2
Last effective date:			06/22/2016	01/19/2012	05/05/2016	01/16/2015	10/17/2016
<b>2015 Est.Pop</b>			<b>99,042</b>	<b>91,446</b>	<b>64,717</b>	<b>97,631</b>	<b>468,463</b>
National Rank	All Populations	(3,141 Counties in Total)	2957	2428	2099	1636	1434
National Rank	Population > 10,000	(2,433 Counties in Total)	2338	1947	1661	1266	1096
Rank within State	All Populations	(62 Counties in total)	61	43	30	17	13
National Rank	Population	Change 2014 - 2015	1836	2383	1607	2248	1382
State Rank	Population	Change 2014 - 2015	24	45	19	39	17
National Rank	Population	Average Annual Change (2009-2015)	1984	2019	1456	1758	1313
State Rank	Population	Average Annual Change (2009-2015)	35	37	15	26	9
National Rank	Median Income	Change 2013 - 2014	1523	2733	2812	1879	1919
State Rank	Median Income	Change 2013 - 2014	28	60	61	41	43
National Rank	Median Income	Average Annual Change (2009-2014)	1148	2751	2474	895	1243
State Rank	Median Income	Average Annual Change (2009-2014)	18	62	60	9	21
National Rank	County Debt per Resident	2012	2226	1854	2314	2388	2796
State Rank	County Debt per Resident	2012	20	4	23	26	51
National Rank	School District Debt per Student	2014	1939	2539	2680	2675	2252
State Rank	School District Debt per Student	2014	2	22	32	31	11
National Rank	Unemployment Rate	2014	1367	1219	747	1661	1367
State Rank	Unemployment Rate	2014	24	18	3	41	24
National Rank	Unemployment Rate	Change 2013 - 2014	2495	1411	1889	1566	2140
State Rank	Unemployment Rate	Change 2013 - 2014	58	17	32	19	45
National Rank	Unemployment Rate	Average Annual Change (2009-2014)	2511	781	1105	909	1635
State Rank	Unemployment Rate	Average Annual Change (2009-2014)	57	7	16	11	29
National Rank	Industry Concentration Risk	2014	1464	2348	541	2348	128
State Rank	Industry Concentration Risk	2014	34	54	10	54	2
National Rank	Firm Concentration Risk	2014	2882	2882	2882	2882	2882
State Rank	Firm Concentration Risk	2014	62	62	62	62	62
National Rank	Climate Change exposure to	Air Quality	2867	1	1309	1	2867
State Rank	Climate Change exposure to	Air Quality	49	1	23	1	49
National Rank	Climate Change exposure to	Water Quality	227	227	227	921	1
State Rank	Climate Change exposure to	Water Quality	44	44	44	57	8



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County in New York State			Putnam County	Wayne County	Livingston County	Steuben County	Onondaga County
Moody's Rating			Aa2	Aa2	Aa2	Aa2	Aa2
Last effective date:			06/22/2016	01/19/2012	05/05/2016	01/16/2015	10/17/2016
2015 Est. Pop			99,042	91,446	64,717	97,631	468,463
National Rank	All Populations	(3,141 Counties in Total)	2957	2428	2099	1636	1434
National Rank	Population > 10,000	(2,433 Counties in Total)	2338	1947	1661	1266	1096
Rank within State	All Populations	(62 Counties in total)	61	43	30	17	13
National Rank	Climate Change exposure to	Rising Sea Levels (Coast)	2891	1	1	1	1
State Rank	Climate Change exposure to	Rising Sea Levels (Coast)	49	1	1	1	1
National Rank	Declarations of Disaster	Incidents (2009 - Q3 2016)	632	1	632	1496	632
State Rank	Declarations of Disaster	Incidents (2009 - Q3 2016)	7	1	7	24	7
National Rank	Counties at Risk (CDC)	Q3 2016	1	1	1	1	1
State Rank	Counties at Risk (CDC)	Q3 2016	1	1	1	1	1
National Rank	Home Ownership	2014	119	622	1438	2060	2579
State Rank	Home Ownership	2014	1	7	18	34	50
National Rank	Home Ownership	Change 2013 - 2014	1452	1769	1606	2447	1199
State Rank	Home Ownership	Change 2013 - 2014	33	49	40	59	21
National Rank	Home Ownership	Average Annual Change (2010-2014)	1608	349	1663	2249	1080
State Rank	Home Ownership	Average Annual Change (2010-2014)	43	1	45	60	23
National Rank	Vacancy Rate	2014	826	949	839	1635	494
State Rank	Vacancy Rate	2014	21	25	22	36	12
National Rank	Vacancy Rate	Change 2013 - 2014	2924	2262	1033	2196	1800
State Rank	Vacancy Rate	Change 2013 - 2014	62	46	6	41	18
National Rank	Vacancy Rate	Average Annual Change (2010-2014)	3014	2218	2067	758	1153
State Rank	Vacancy Rate	Average Annual Change (2010-2014)	62	48	40	5	11
National Rank	Median Housing Value	Change 2013 - 2014	2691	1288	1777	559	1135
State Rank	Median Housing Value	Change 2013 - 2014	59	27	40	4	17
National Rank	Median Housing Value	Average Annual Change (2010-2014)	2911	1754	1365	855	937
State Rank	Median Housing Value	Average Annual Change (2010-2014)	61	46	38	14	19
National Rank	Median Income as a % of Median Housing Value	2014	2773	855	1108	475	1437
State Rank	Median Income as a % of Median Housing Value	2014	49	18	21	2	31
National Rank	Real Estate Taxes as % of Median Housing Value	2014	3080	3132	3127	3119	3118
State Rank	Real Estate Taxes as % of Median Housing Value	2014	29	55	52	49	48





FIPS Code			36079	36117	36051	36101	36067
County in New York State			Putnam County	Wayne County	Livingston County	Steuben County	Onondaga County
Moody's Rating			Aa2	Aa2	Aa2	Aa2	Aa2
Last effective date:			06/22/2016	01/19/2012	05/05/2016	01/16/2015	10/17/2016
<b>2015 Est.Pop</b>			<b>99,042</b>	<b>91,446</b>	<b>64,717</b>	<b>97,631</b>	<b>468,463</b>
National Rank	All Populations	(3,141 Counties in Total)	2957	2428	2099	1636	1434
National Rank	Population > 10,000	(2,433 Counties in Total)	2338	1947	1661	1266	1096
Rank within State	All Populations	(62 Counties in total)	61	43	30	17	13
National Rank	Real Estate Taxes as % of Median Housing Value	Change 2013 - 2014	2720	527	1390	730	1500
State Rank	Real Estate Taxes as % of Median Housing Value	Change 2013 - 2014	53	3	18	5	22
National Rank	Real Estate Taxes as % of Median Housing Value	Average Annual Change (2010-2014)	2948	726	921	1146	1129
State Rank	Real Estate Taxes as % of Median Housing Value	Average Annual Change (2010-2014)	60	6	18	27	26
National Rank	Real Estate Taxes as % of Median Income	2014	3121	3052	3051	2913	3062
State Rank	Real Estate Taxes as % of Median Income	2014	55	38	37	15	42
National Rank	Real Estate Taxes as % of Median Income	Change 2013 - 2014	1840	1769	2398	2049	2113
State Rank	Real Estate Taxes as % of Median Income	Change 2013 - 2014	23	20	53	33	35
National Rank	Real Estate Taxes as % of Median Income	Average Annual Change (2010-2014)	1716	1577	1883	1433	1531
State Rank	Real Estate Taxes as % of Median Income	Average Annual Change (2010-2014)	27	26	30	23	25
National Rank	Police per capita	2012	2222	2857	2421	2707	1006
State Rank	Police per capita	2012	30	55	34	44	13
National Rank	Firefighters per capita	2012	3114	3108	3072	2375	1524
State Rank	Firefighters per capita	2012	61	60	56	32	13
National Rank	Teachers	2012	1471	435	612	563	620
State Rank	Teachers	2012	44	10	20	18	21
National Rank	Dentists per capita	2013	897	1285	1241	1632	388
State Rank	Dentists per capita	2013	24	34	33	41	12
National Rank	Doctors per capita	2014	1572	2528	1825	1131	322
State Rank	Doctors per capita	2014	38	57	41	28	8
National Rank	Bachelor's Degree or higher	Change 2013 - 2014	2280	1493	2538	2223	1731
State Rank	Bachelor's Degree or higher	Change 2013 - 2014	55	26	60	50	33
National Rank	Bachelor's Degree or higher	Average Annual Change (2009-2014)	2121	2543	1535	1703	1757
State Rank	Bachelor's Degree or higher	Average Annual Change (2009-2014)	43	58	20	26	30
National Rank	Incidents of Crime (Violent and Property)	2014	347	1288	887	1013	2241
State Rank	Incidents of Crime (Violent and Property)	2014	1	31	17	22	55
National Rank	Incidents of Crime (Violent and Property)	Change 2013 - 2014	2088	933	675	1794	1325
State Rank	Incidents of Crime (Violent and Property)	Change 2013 - 2014	56	16	12	45	23
National Rank	Incidents of Crime (Violent and Property)	Average Annual Change (2009-2014)	941	1408	1405	2039	1489
State Rank	Incidents of Crime (Violent and Property)	Average Annual Change (2009-2014)	15	33	32	56	36

## Summary

While we are not analyzing the financial statements and / or pension obligations of the respective five Counties we are analyzing forty-one non-interpretive measurements that provide a timely and objective review of the economic, social, and environmental status of each of these Counties. What this paper reveals is that when ratings are assigned that they may not be on as timely a basis as required to properly reflect risk, and /or the rating agency may not consider all aspects that have impact upon the obligor in question such as climate change and crime.

The intent of this white paper is to draw investors' attention to those obligors that have specific risk that may not be known, or previously understood. We are not stating that any County (or issuer within that County) is a good, or poor investment. We are stating that every interpretation of risk is accompanied by an acceptable level of pricing – be it in a smaller, or wider spread on bonds - or a greater, or smaller valuation on real estate. Our mandate is to ensure that clients have access to as much information as possible to let them make informed decisions when it comes to determining risk, valuation, and in turn where to invest.

## Final Rankings

The American County Review calculates scores for each of the forty-one data inputs. Rankings are calculated for each of these inputs as well, but it is the final score which is consolidated from each of the forty-one inputs that calculates the Final Rankings. This method enables the relative measurement of each variable to be taken into account rather than simply using the forty-one rankings to determine the Final Ranking. An example would be where one county had a very low Crime Ratio and ranked 1<sup>st</sup> in the State, however the 2<sup>nd</sup> place county may have a substantially larger Crime Ratio that would not be properly reflected by simply utilizing its 2<sup>nd</sup> place status to assist in creating the Final Ranking.

Credit Risk is a different measurement for each individual, or institution – but it is something that should be viewed, analyzed, and measured, on a timely and non-emotional basis. We believe that the Quarterly updated, non-interpretive analysis, that the American County Review provides is an invaluable tool for any investor in the Municipal Bond, and Real Estate marketplaces of America.

*To review the methodology utilized in calculation the rankings provide by the American County Review – [click here](#).*

*Clients have the option of licensing just the Final Rankings as detailed above, or all underlying data utilized in calculating scores for each of the thirty-eight inputs, and their accompanying Final Rankings.*

*For more information, please see [acredata.com](http://acredata.com) or follow us on Twitter [@acredata](https://twitter.com/acredata)*

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