

Rating Action: Moody's downgrades enhanced ratings of various PA issuers

Global Credit Research - 22 Jul 2014

New York, July 22, 2014 -- Moody's Investors Service has downgraded the enhanced ratings on various Pennsylvania issuers (see below). These actions follow the downgrade to Aa3 from Aa2 of the Commonwealth of Pennsylvania's GO rating. The outlooks vary by issuer (see link below).

SUMMARY RATING RATIONALE

The downgrades apply to select enhanced ratings associated with the Pennsylvania Act 150 School District Intercept Program, Pennsylvania School District Fiscal Agent Agreement Intercept Program (Sec. 633), and State Public School Building Authority Lease Revenue Intercept Program. These actions follow the downgrade to Aa3 from Aa2 of the Commonwealth of Pennsylvania's GO rating.

The enhanced ratings reflect Moody's assessment of each issuer participating in the programs pursuant to the methodology, "State Aid Intercept Programs and Financings: Pre and Post Default." Credit considerations include availability of funds, timing of state aid payments, state aid trend, strength of notification requirement, and timing between notification and intercept. Additional credit factors include a debt service coverage ratio and the underlying ratings of the individual school districts. For additional information regarding Moody's recent action regarding the Commonwealth of Pennsylvania, please refer to our report dated July 21, 2014.

Strengths:

- State has authority to intercept appropriated aid to school district to make debt service payments
- Mechanics of intercepts clearly outlined
- Satisfactory coverage levels

Challenges:

- State aid to school districts has been somewhat volatile historically
- State continues to face financial challenges

Please click this link: http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF374950 to access the List of Affected Credit Ratings. This list identifies each affected sale.

What could make the rating go up:

- Upgrade of the Commonwealth of Pennsylvania's rating

What could make the rating go down:

- Declining coverage levels
- Downgrade of the Commonwealth of Pennsylvania's rating

RATING METHODOLOGY

The principal methodology used in this rating was State Aid Intercept Programs and Financings: Pre and Post Default published in July 2013. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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Related Issuers

Abington School District, PA

Allegheny Valley School District, PA

Allegheny-Clarion Valley School District, PA

Altoona Area School District, PA

Annville-Cleona School District, PA

Armstrong School District, PA

Athens Area School District, PA

Avon Grove School District, PA

Baldwin-Whitehall School District, PA

Bedford Area School District, PA

Belle Vernon Area School District, PA

Bellefonte Area School District, PA

Bellwood-Antis School District, PA

Bensalem Township School District, PA

Benton Area School District, PA

Bentworth School District, PA

Bethlehem Area School District, PA

Bethlehem Area Vocational-Tech. Sch. Auth., PA

Big Beaver Falls Area School District, PA

Big Spring School District, PA

Blackhawk School District, PA

Bloomsburg Area School District, PA

Boyertown Area School District, PA

Brandywine Heights Area School District, PA

Bristol Township School District, PA

Brookville Area School District, PA

Bucks County Technical School Authority, PA

Burrell School District, PA

Carlisle Area School District, PA

Carmichaels Area School District, PA

Central Mont. Co. Area Voc.-Tech Sch. Auth., PA

Central Valley School District, PA

Chambersburg Area School District, PA

Chartiers-Houston School District, PA

Cheltenham Twp. S.D. (Montgomery County),
PA

Chester Upland School District, PA

Chestnut Ridge School District, PA

Chichester School District, PA

Clearfield Area School District, PA

Coatesville Area S.D. (Chester), PA

Cocalico School District, PA

Columbia Borough School District, PA

Commodore Perry School District, PA

Conemaugh Valley School District, PA

Connellsville Area School District, PA

Coudersport Area School District, PA

Crawford Central School District, PA

Crestwood School District, PA

Cumberland Valley School District, PA

Dallas School District, PA

Daniel Boone Area School District, PA

Danville Area School District, PA

Deer Lakes School District, PA

Donegal School District, PA

Dover Area School District, PA

Dubois Area School District, PA

Dunmore School District, PA

Duquesne City School District, PA

East Penn School District, PA

East Stroudsburg Area School District, PA

Eastern Lancaster County School District, PA

Eastern Lebanon County School District, PA

Eastern York School District, PA

Easton Area School District, PA

Elizabeth Forward School District, PA

Elizabethtown Area School District, PA

Ephrata Area School District, PA

Everett Area School District, PA

Fleetwood Area School District, PA

Forest City Regional School District, PA

Fort Cherry School District, PA

Freedom Area School District, PA

Garnet Valley School District, PA

Gateway School District, PA

General McLane Area School District, PA

Gettysburg Area School District, PA

Greater Latrobe School Authority, PA

Greater Latrobe School District, PA

Greencastle-Antrim School District, PA

Greensburg-Salem School District, PA

Greenville Area School District, PA

Hamburg Area School District, PA

Harbor Creek School District, PA

Haverford Township S.D. (Delaware County), PA

Hazleton Area School District, PA

Hermitage School District, PA

Highlands School District, PA

Hollidaysburg Area School District, PA

Homer-Center School District, PA

Jeannette City School District, PA

Jersey Shore Area School District, PA

Jim Thorpe Area School District, PA

Keystone School District, PA

Kiski Area School District, PA

Lakeview School District, PA

Line Mountain School District, PA

Lower Dauphin School District, PA

Loyalsock Township School District, PA

McGuffey School District, PA

McKeesport Area School District, PA

Mercer Area School District, PA

Mid Valley School District, PA

Midd West School District, PA

Middletown Area School District, PA

Mifflinburg Area School District, PA

Millcreek Township School District, PA

Mohawk Area School District, PA

Moon Area School District, PA

Moshannon Valley School District, PA

Mountain View School District, PA

Muhlenberg School District, PA

Nazareth Area School District, PA

Neshaminy School District, PA

Norristown Area School District, PA

North Pocono School District, PA

Northampton Area School District, PA

Northern Tier Career Center, PA

Norwin School District, PA

Octorara Area School District, PA

PA S.D. Fiscal Agt.Agmt.Inter.Prog. (Sec.633)

PA State Pub.Sch.Bldg.Auth. Lease Inter.Prog

Palmerton Area School District, PA

Palmyra Area School District, PA

Panther Valley School District, PA

Penn Manor School District, PA

Pennridge School District, PA

Pennsylvania Act 150 S.D. Intercept Program

Pennsylvania State Public School Bldg. Auth.

Penn-Trafford School District, PA

Pequea Valley School District, PA

Philadelphia School District, PA

Philipsburg-Osceola School District, PA

Pine-Richland School District, PA

Pittsburgh School District, PA

Pittston Area School District, PA

Port Allegany School District, PA

Pottstown School District, PA

Pottsville Area School District, PA

Purchase Line School District, PA

Quaker Valley School District, PA

Quakertown Community School District, PA

Reading School District, PA

Red Lion Area School District, PA

Richland School District, PA

Ringgold School District, PA

Riverside School District, PA

Rochester Area School District, PA

Saucon Valley School District, PA

Schuylkill Haven Area School District, PA

Schuylkill Valley S.D., PA (Berks County)

Selinsgrove Area School District, PA

Solanco School District, PA

South Fayette Township School District, PA

South Middleton School District, PA

South Western School District, PA

Southern Columbia Area School District, PA

Southern York County School District, PA

Southmoreland School District, PA

Spring Grove Area School District, PA

St. Mary's Area School District, PA

Steelton Highspire School District, PA

Stroudsburg Area School District, PA

Susquenita School District, PA

Trinity Area School District, PA

Tulpehocken Area School District, PA

Tunkhannock Area School District, PA

Tussey Mountain School District, PA

Twin Valley School District, PA

Uniontown Area School District, PA

United School District, PA

Upper Adams School District, PA

Upper Darby School District, PA

Valley Grove School District, PA

W. Greene School District, PA

Wallenpaupack Area School Dist, PA

Warren County School District, PA

Warwick School District, PA

Waynesboro Area School District, PA

Wellsboro Area School District, PA

West Allegheny School District, PA

West Jefferson Hills School District, PA

West Mifflin Area School District, PA

West York Area School District, PA

Westmont Hilltop School District, PA

Whitehall Coplay School District, PA

Wilmington Area School District, PA

Wilson Area School District, PA

Wilson School District, PA

Wyomissing Area School District, PA

York Suburban School District, PA