

# MOODY'S

## RATINGS

### Rating Action: Moody's assigns A2 issuer rating for Oneida NY, MIG 1 for BANs

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21 Mar 2024

New York, March 21, 2024 -- Moody's Ratings ("Moody's") has assigned an initial A2 issuer rating to the City of Oneida, New York. Concurrently Moody's has also assigned an initial MIG 1 short-term rating to the city's approximately \$52.2 million Bond Anticipation Notes, 2024. Inclusive of the current issuance the city has approximately \$76.7 million in debt outstanding.

#### RATINGS RATIONALE

The A2 issuer rating reflects the City of Oneida's healthy reserves and liquidity (net capital fund activities) and trend of positive operations supported by revenue growth offset by high leverage and fixed costs. The city's local economy is stable and resident incomes and full value per capita are aligned with rating medians. The A2 rating also reflects new revenue from increased water and sewer rates and expanded industrial processing at the city's wastewater treatment plant, which is expected to help decrease the total amount of permanent financing of the city's bond anticipation notes. Increasing revenues will not fully offset capital costs so Oneida's debt is expected to increase in the medium term and remain a pressure on the city's profile.

The MIG 1 short-term rating is based on the city's A2 underlying credit quality, satisfactory liquidity and demonstrated history of market access.

Governance is material to the city's credit quality. The city has consistently realized balanced operations, the result of conservative budgeting and management of expenditures.

#### RATING OUTLOOK

Moody's does not assign outlooks to local governments with this amount of debt outstanding.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Growth in reserves and liquidity
- Material decrease in long term liabilities
- Expansion of local economy and resident income growth

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Deterioration of reserves and liquidity
- Material increase in leverage
- Contraction of local economy and resident incomes
- Downgrade of issuer rating to A3 or below (BAN rating)

#### LEGAL SECURITY

The notes are backed by the city's general obligation pledge as limited by New York State's Property Tax Cap-Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

#### USE OF PROCEEDS

The notes will redeem and renew \$46.9 million in outstanding note debt and provide \$5.2 million in new financing for wastewater treatment plant improvements.

#### PROFILE

Oneida is located in Madison County in Central New York (Aa1 stable) approximately 25 miles from Syracuse (A1 stable) and 20 miles from Utica (Baa1). The city provide general government, water and sewer services to a population of approximately 10,300 residents.

#### METHODOLOGY

The principal methodology used in the issuer rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. The principal methodology used in the short term rating was US Municipal Short-term Debt Methodology published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/398329>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://ratings.moodys.com/documents/PBC\\_1355824](https://ratings.moodys.com/documents/PBC_1355824).

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Katherine Townsend  
Lead Analyst  
REGIONAL\_NE  
Moody's Investors Service, Inc.  
7 World Trade Center  
250 Greenwich Street  
New York 10007  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Thomas Jacobs

Additional Contact  
REGIONAL\_NE  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Releasing Office:  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

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