Supervisor Lesko Announces that the Town's High Bond Rating is Reaffirmed for the Third Time within One Year

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Farmingville, NY - The Town of Brookhaven was recently notified by Wall Street bond rating agencies that its high bond ratings have been reaffirmed for the third time within one year. The agencies commended the Town's conservative budgeting and deep spending cuts.

Standard & Poor's (S & P) Wall Street rating agency affirmed Brookhaven's bond rating of AA+ with a stable outlook. S & P had recently affirmed Brookhaven's rating on December 9, 2010 and March 31, 2011. Moody's affirmed Brookhaven's rating of Aa2 and had last reaffirmed the bond rating on November 30, 2011.

Supervisor Mark Lesko said, "The continued affirmation of our bond ratings shows that we are putting Brookhaven on the course towards a healthy financial future. While there are still challenges ahead with declining revenues, the rating agencies noted our past success of drastically cutting spending, fiscal discipline, and conservative budgeting."

The Rating Agencies highlighted the 2010 budget audit results, which found that the Town only used $2 million in fund balance in the General Fund even though the amount budgeted in the 2010 Adopted Budget was $23.6 million, which represents a 92% decrease in the use of surplus.

S & P noted this accomplishment, stating, "Although the town used reserves to balance the budget, it used $2 million, or, what we view as, a sizable 92%, less than the adopted budget amount of $23.6 million due to implemented cost-cutting measures."

Moody's also acknowledged the drastic reduction in the use of fund balance. Moody's stated, "To replenish nearly all of the fund balance appropriation, management conservatively budgeted for ($3.1 million over budget) and mortgage taxes ($3 million over budget) while reducing expenses where possible." Supervisor Mark Lesko has made it a priority to reduce the past practices of relying on fund balance to plug budget holes.

Moody's also noted the drastic decreases in spending under the leadership of Supervisor Mark Lesko when commenting on the 2011 budget, "The General Fund budget was adopted at $124 million, a 26% reduction since 2008."

S & P also commented on the Town's fiscal discipline, stating, "We believe the town will likely continue to monitor revenue while making the necessary expenditure cuts to maintain balanced budgets."

Last year, the Town passed a property tax cap, a debt management cap, and a spending cap, which were overwhelmingly approved by voters by a referendum in November 2010 and will reduce the size and cost of government for years to come. Moody's noted that the Town's actions to adopt a property tax cap will assist the Town in adjusting to the new statewide cap, "Moody's believes that the early implementation of this property tax cap will help transition the town to the state-wide property tax cap, which goes into effect for the fiscal 2012 budget. The town also instituted an expenditure cap which will be tied to the average revenue growth over the previous three years plus growth in population."

In the 2011 budget, revenues plunged to almost unimaginable levels as a result of the lingering effects of the economic recession. For example, non-property tax revenues in the Town's General plummeted almost $67.2 million since 2004. The Town's budget woes were compounded by ever increasing costs related to insurance premiums and pensions.

In 2011, the Town was able to bridge the gap to fund balance through reducing spending by $26 million in the general fund and saving $8 million in 2011 and 2012 alone through the extension of the Collective Bargaining Agreement with the White and Blue Collar Units (which will save millions more in the out years).

At the same time as cutting spending, under Lesko the Town froze property taxes in both the 2010 and 2011 budgets.
In addition, the Town continued its efforts to aggressively monitor and control overtime costs through increased accountability. Overtime is dispensed quarterly to departments so they demonstrate they are staying within their budgeted amounts. From the 2008 budget to the 2010 budget, overtime has decreased by 18% in the General Fund and Part Town Fund.

The Town Department of Finance is also undertaking a thorough review of the Town's capital spending in order to come into compliance with the debt management cap.

Moody's rating of Aa2 and S & P’s rating of AA+ are both in the top tiers of the agencies ratings schedules and considered high grades. A town's credit rating is an important and reliable indicator of its fiscal health determined by independent and objective fiscal monitors. A higher bond rating saves the town on money it borrows because a higher bond rating means a lower interest rate. Proceeds of the bonds will finance the acquisition of open space and various capital projects throughout the Town.