Town of Brookhaven Receives Bond Rating Affirmations from Moody's and Standard & Poor's Rating Agencies

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**The Town has received a total of eight bond rating affirmations since 2009**

Farmingville, NY - The Town of Brookhaven recently received bond rating affirmations from both Moody's and Standard & Poor's (S & P), resulting in a total of eight bond rating affirmations since 2009. Moody's affirmed Brookhaven's bond rating of Aa2 on September 19, 2011 and S & P affirmed Brookhaven's bond rating of AA+ on September 15, 2011.

These ratings come before Supervisor Lesko issues his preliminary 2012 budget to the Town Board on September 29, 2011. S & P noted the challenges the Town faces with the 2012 budget, including "rising pension, health care, and higher utility expense costs."

"I am proud of the independent rating agencies recognition of our strong and conservative management of the Town's finances," said Supervisor Lesko, "we face some difficult challenges with the 2012 budget, but we will be vigilant in continuing to cut spending and practice fiscal discipline."

The rating agencies commended Brookhaven's strong management of the Town's finances, but stated that the Town will see challenges from economically sensitive revenues due to the country's economic downturn.

Moody's commented that Brookhaven has a "solid financial position" and S & P stated that, "We consider Brookhaven's finances sound. The town, however, faces near-term challenges since it has encountered declines in several of its major revenue streams, primarily mortgage taxes and landfill fees."

Since Supervisor Lesko has been in office, there have been drastic declines in landfill revenues and mortgage tax receipts due to the lingering effects of the economic recession. Supervisor Lesko has frozen taxes for the past two years and deeply cut spending to maintain a balanced budget.

The rating agencies have noted the Town's fiscal discipline in the past and its spending cuts. Standard & Poor's said in this most recent report that "the 2011 budget calls for further spending reductions and cost controls across all major funds...the general fund budget totals $124.6 million, a 26% decrease from the 2008 budget."

Last year, the Town passed a property tax cap, a debt management cap, and a spending cap, which were overwhelming approved by voters by a referendum in November 2010 and will reduce the size and cost of government for years to come. S & P noted the Town's efforts to reduce debt, stating, "the Town's fiscal years 2011-2015 capital improvement program (CIP) totals $228.4 million; this is a sizable reduction from the previous year's CIP of $330.07 million due directly to the newly adopted debt management policy that does not allow debt service to exceed 15% of revenue or expenditures, which ever is less."

One factor in the rating is the Town's proactive management of the budget throughout the year, which resulted in using much less fund balance than originally budgeted do to spending reductions. S & P stated, "Although officials used reserves to balance the budget, they used $2 million, or a sizable 92% less than the adopted budget amount of $23.6 million due to implemented cost-cutting measures."

In 2011, the Town was able to bridge the gap to fund balance through reducing spending by $26 million in the general fund. The Town will save $8 million in 2011 and 2012 alone and millions more in the future through the extension of the Collective Bargaining Agreement with the White and Blue Collar Units, which includes a lag payroll, deferral of raises, and health insurance contributions.

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 and Part Town Funds.
S & P concluded, "Management's ability to create and implement plans to restore structural balance with recurring expenditures and stabilizing reserves remains an integral component to the rating."

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.