S & P Global Ratings Affirms Brookhaven Town AAA Financial Rating with a Stable Outlook
posted on 9/6/2016 3:15:00 PM
Farmingville, NY – Standard & Poor’s Global Ratings has affirmed the Town of Brookhaven’s AAA credit rating and Stable Outlook. The AAA rating is the highest designation the agency issues, and reflects the Town’s “very strong management, with strong financial policies and practices.” Brookhaven first received the rating upgrade to AAA in May of 2016. A municipality’s credit rating is an important and reliable indicator of its fiscal health determined by independent and objective fiscal monitors. A higher credit rating saves money on borrowings in the form of lower interest costs.

According to the S&P Global Ratings report, “the stable outlook reflects the Town’s participation in the very diverse economy and very strong access to broad and diverse employment opportunities. The outlook further reflects Brookhaven’s very strong budgetary flexibility, liquidity and management and improving budgetary performance.”

Supervisor Ed Romaine said, “This is a clear indication that our conservative fiscal policies have strengthened the Town’s financial position and that’s a big win for the taxpayers. Every level of Town government will continue to control spending, run departments more efficiently and provide the services that our residents deserve.”

Councilwoman Jane Bonner, who serves as the Town Board Liaison to Finance said, “This is more great news for the taxpayers and it confirms that we have guided the Town on the right course to maintain fiscal stability. I look forward to working in the year ahead to improve our financial position even more.”

Standard & Poor’s identified the Town’s strengths as:
• Very strong management, with strong financial policies and practices under the agency’s Financial Management Assessment methodology;
• Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 37% of operating expenditures;
• Very strong liquidity, with total government available cash at 44.6% of total governmental fund expenditures and 2.4x governmental debt service, and access to external liquidity considered to be strong; and
• Strong institutional framework.

The ratings agency also commented that they view the Town’s management as “very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.”

The S&P report indicated that the highlights of the Town’s policies and practices include: • A well-defined five-year Capital Improvement Plan (CIP) updated annually;
• Monitoring of the budget and a recently instituted policy of formal budget amendments for all cash transactions greater than $25,000;
• Long-term financial forecasts formulated by management updated annually as part of the budget process;
• A debt management policy of maintaining debt service carrying charges at 15% or below of revenue or expenditures, whichever is less, of the budget;
• A formal fund balance policy of maintaining a general fund balance of at least 20% of expenditures and adherence to the state’s investment policy;
• The Town’s access to external liquidity is very strong having issued bonds and notes frequently over the past twenty years, with an adequate debt and contingent liability profile; and
• In January of 2014, the Town established a pension contribution reserve fund for revenue received from the sale of selected surplus Town property and other revenues to offset ongoing pension contributions. In fiscal 2015, the Town paid off its retirement system debt with reserves in the fund; and ultimately reaping savings to the town.