

# Town of Brookhaven Receives Bond Rating Affirmations of Aa2 from Moody's and AA+ from Standard & Poor's

posted on 1/24/2013 10:05:03 AM

January 24, 2013

## ***Reports from both agencies view Town's outlook as "stable"***

**Farmingville, NY** - Supervisor Ed Romaine has announced that the Town of Brookhaven recently received bond rating affirmations from both Moody's and Standard & Poor's (S & P) with both rating agencies viewing the Town's outlook as "stable." The affirmations were received by the Town late last week with Moody's affirming Brookhaven's bond rating of Aa2 and S & P affirming a bond rating of AA+.

Moody's rating of Aa2 and S & P's rating of AA+ are both in the top tier of the agencies ratings schedules and considered investment grade. 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.

Supervisor Ed Romaine said, "The Town faces difficult challenges ahead, but I am pleased that our conservative fiscal policies have resulted in a continuation of our high rating from both agencies. The result of these policies, which include spending cuts across all departments, will save the taxpayers of Brookhaven Town millions of dollars." He added, "I'd like to thank Commissioner of Finance Tamara Wright, Chief of Operations Matt Miner, Sole Assessor Jim Ryan and Deputy Supervisor Dan Panico for the work they did to prepare the presentation for the rating services."

"Making tough choices and hard decisions, enacting sound fiscal policies and adhering to them, and having a strong clear vision for the Town of Brookhaven will enable the taxpayers to realize great savings with respect to the interest rates that we will realize as a result of these strong bond ratings," commented Deputy Supervisor Dan Panico.

In affirming their Aa2 bond rating, Moody's noted that "the stable outlook reflects the expectation that the town's financial position will remain solid in the near term given financial policies that are expected to provide long-term stability," and indicated "still strong fund balances across most of the town's operating funds." They identified the Town's strengths as a "large tax base with above average wealth levels" and that the Town's "significant institutional presence provides workforce stability."

Moody's "stable outlook" also reflects the service's belief that "management will continue to move the Town's budgeting practices more towards operational balance and end the reliance on the use of reserves to balance the budget."

In affirming their AA+ rating, S&P noted that the Town's financial management practices are "strong, well imbedded and likely sustainable," while it "faces ongoing challenges in the wake of significant declines in several economically sensitive revenue streams, primarily mortgage taxes and landfill fees." They also noted that similar to other municipalities, the Town will continue to face fiscal challenges in the future due to the rising costs of pensions, employee health care and utilities.

Nevertheless, S & P indicated that the goal of Supervisor Romaine's administration is to "work toward reducing the use of budget surplus and ultimately reach structurally balanced budgets, and that the "town's increasingly conservative financial practices, still very strong reserves, and strong local economy provide rating stability."

In addition, S & P's AA+ rating reflects their opinion of the town's:

- Strong and expanding local economy that also benefits from easy access to the greater Long Island and New York City employment bases;
- Very strong wealth and income indicators, coupled with below-average unemployment;
- Large property tax base that continues to experience nominal declines due to the economic downturn;
- Moderate overall debt burden on a per capita basis coupled with manageable capital needs.

"Both these reports give a clear indication of our success in maintaining a strong fiscal position even through these tough economic times," said Supervisor Romaine, "I remain steadfast in my determination to guide Brookhaven Town during this difficult time and work with the Town Board and each department head to create a disciplined fiscal blueprint for future administrations to follow."

On January 23, the Town sold two municipal bonds series for a blended interest rate of approximately 2.5%. According to Supervisor Romaine, "This was our target interest rate and the lowest long term interest rate the Town has obtained in the past two decades. Our previous two new long term issues yielded an interest rate of 2.73% in September 2011, and a 3.54% interest rate in June 2010." The Town's Series A (\$81.3 million) issue was awarded to the low bidder, Citigroup Global Markets, at an interest rate of 2.532%, and the Series B (\$61.6 million) issue was awarded to Raymond James & Associates at an interest rate of 2.473%. Compared to the 2010 interest rate, the savings to Brookhaven taxpayers is more than \$14 million over the next 17 years.

**Division of Public Information \* Office of the Supervisor**

One Independence Hill • Farmingville • NY 11738 • Phone (631) 451-6595 • Fax (631) 451-6258