New Issue: MOODY’S ASSIGNS Aaa RATING TO THE TOWN OF GREENBURGH’S (NY) $7.3 MILLION PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2012

Global Credit Research - 16 Apr 2012

AFFIRMATION OF Aaa RATING APPLIES TO $54.7 MILLION IN RATED OUTSTANDING DEBT, INCLUDING CURRENT ISSUE

GREENBURGH (TOWN OF) NY
Cities (including Towns, Villages and Townships)
NY

Moody’s Rating

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<td>Public Improvement Refunding (Serial) Bonds, 2012</td>
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| Sale Amount | $7,380,000 |
| Expected Sale Date | 04/19/12 |
| Rating Description | General Obligation |

Moody’s Outlook NOO

Opinion

NEW YORK, April 16, 2012 --Moody's Investors Service has assigned a rating of Aaa to the Town of Greenburgh's (NY) $7.3 million Public Improvement Refunding (Serial) Bonds, 2012. Concurrently, Moody's has affirmed the Aaa rating on the town's $54.7 million of outstanding general obligation debt. The bonds are secured by a General Obligation pledge as limited by the Property Tax Cap - Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011). Proceeds from the bonds will refund in part, bonds dated August 15, 2001, July 15, 2002 and July 15, 2003 for an estimated NPV savings of $407,000 or 6%.

SUMMARY RATING RATIONALE

The Aaa rating reflects the town’s affluent and sizeable tax base, sound financial position with strong fiscal management and low debt profile.

Effective January 1, 2012, all local governments in New York State are subject to a property tax cap which limits levy increases to 2% or the rate of inflation, whichever is lower. While school district debt has been exempted from the cap, debt has not been exempted for all other local governments. Moody's will continue to treat school district general obligation debt issued in New York as an unlimited tax pledge and continue to research the impact of the property tax cap on debt issued by nonschool districts. For more information regarding the property tax cap please reference the Special Comment "New York State’s Property Tax Cap will Further Pressure Local Government Finances; School District’s Most Impacted" released July 5, 2011

STRENGTHS

- Sound financial position with strong fiscal management
- Affluent and sizeable tax base
- Below average debt profile

CHALLENGES

- Annual appropriation of fund balance
- Modest tax base decline
- Continued budget constraint due to tax certiorari claims and decreasing tax collection rates

DETAILED CREDIT DISCUSSION

LARGE, AFFLUENT RESIDENTIAL AND COMMERCIAL TAX BASE

Greenburgh is located in Westchester County (G.O. rated Aaa/negative outlook) with a population of 88,400, and benefits from its close proximity to New York City (G.O. rated Aa2/stable outlook). The town's large; $16 billion tax base is expected to remain stable over the near term despite recent declines due to market depreciation and tax appeals. Greenburgh is primarily residential (62% of 2011 assessed value), but also includes significant commercial and retail components (30%). It includes six incorporated villages (Hastings-On-Hudson rated Aa3; Dobbs Ferry rated Aa2; Ardsley rated Aa2; Irvington rated Aa2; Tarrytown rated Aa2; and Elmsford rated A1) and a large unincorporated area. The town's assessed value has steadily declined over the years to produce a five year average decline of 1.3%. In addition, fiscal 2011 produced a material decline of 14% in equalized value, bringing the five year average decline in equalized value to 1.2%. In addition to the weakened economy, ongoing tax appeals have contributed to the decline in values. The town maintains tax certiorari reserves in both the General Fund and Town Outside Fund ($2.7 million in 2010) and routinely budgets for the settlement of tax appeals. Town management actively monitors the tax certiorari liability and believes that increasing market stability and response to the state tax cap will lead to a decrease in tax appeals in the future.

Positively, the town's wealth levels are well above the state and national averages with per capita income of $43,778 (187% and 203%, respectively) and median family income of $99,198 (192% and 198%, respectively.) New development has remained stable with building permits exceeding budget estimates and recent projects expected to add to the tax roll; such as the Super ShopRite opening in the last six months and the Regeneron Pharmaceutical Inc. expansion acting as an anchor tenant for a growing bio-research area. In addition, the Avalon Green residential development has completed its 400 unit project on the Hudson River and is contemplating an additional 100 unit expansion in the coming years. Also, the town's unemployment rate of 6.4% (January 2012) continues to trend well below the state (9.2%) and US (8.8%).

HEALTHY FINANCIAL POSITION WITH STRONG FISCAL MANAGEMENT

Moody's expects the town will continue to maintain a healthy financial position given conservative budget practices and management's demonstrated commitment to maintaining ample reserve levels. Despite annual fund balance appropriations in both the General Fund and Combined Operating Fund (General Fund, Town Outside Fund, and Highway Fund), the town continues to keep reserves at an above average level for the high quality rating category. The General Fund ended fiscal 2010 with a $1.8 million decline in fund balance, representing its third consecutive annual decline and reducing the total fund balance to a five year low of $14.7 million, but still a healthy 127% of revenues. The town appropriated $2.8 million in fund balance towards operations and despite positive variance in expenditures, the operating deficit was due, in part, to $1 million in negative revenue variance from reduced tax collections needed to make whole the levies collected on behalf of Westchester county, school districts, fire districts and other special districts. Despite the decline in the General Fund in fiscal 2010, the combined operating fund balance increased by $1.7 million to $35.7 million or 46% of revenues. The town appropriated $1.2 million of the combined operating fund balance towards operations and produced an operating surplus due to positive revenue and expense variance, including continued increase in revenues from building permits. Both the General Fund and combined operating fund continue to be in compliance with the town's formal fund balance policies. The Town Outside Village Fund is required to maintain an undesignated fund balance between 8% and 16% of the following year's appropriation and currently the fund balance is 25% of the 2011 appropriation. The General Fund is required to maintain an undesignated fund balance between 1% and 1.5% of the current year's total tax levies ($500 million) for Westchester County, ten school districts, three fire districts and several special districts within the town. In addition, the town continues to benefit from economically sensitive revenues despite the weakness in the economy. Both mortgage and sales tax revenue have increased 20% and 9.6%, respectively from 2009 to 2010, benefiting the General Fund and combined operating fund.

The unaudited 2011 financials represent a similar year-end to 2010, with a slight decrease in the General Fund balance of $468,000 and an overall increase in the combined operating fund of $3.1 million. In 2011, the General Fund continued to be negatively impacted by $2.4 million in reduced property tax collections required to make whole the various tax levies. Positively, the town did not use a fund balance appropriation, demonstrating management's efforts to produce more structurally balanced operations. The combined operating fund did require a $2.7 million fund balance appropriation but positive variance from both revenue and expenditures is expected to
produce a net increase in the total fund balance. In addition, both sales tax and mortgage tax were relatively flat year over year, a strength for the town as most municipalities in New York have been experiencing declining revenues.

The Consolidated Water Fund has experienced financial strain over the past two fiscal years resulting in a $1.5 million advancement from the General Fund in 2010. However, due to two consecutive rate increases, management expects to bring the fund back to structural balance and repay the General Fund advancement by the end of 2012. The town's Sewer Fund is operating at a surplus and neither fund has any consent decrees.

Greenburgh derives the majority of its operating revenues from property taxes (72% of 2010 revenues) and sales tax (8%); with a significant portion those revenues directed toward public safety (24% of 2010 expenditures) employee benefits (18%) and general government (15%). Going forward, efforts to maintain existing service levels in a weakened economy, in addition to limited financial flexibility due to the recent state tax cap, is expected to continue to challenge the town's efforts to improve structurally balanced operations. Management's ability to balance these pressures while stabilizing its financial position will be an important factor in the town's credit strength.

BELOW AVERAGE DEBT PROFILE

Greenburgh's debt position is expected to remain manageable, given it's below average direct debt burden of 0.3% of equalized value and slightly below average principal amortization of 72% within 10 years. The town has plans for a $5.9 million bond issue in the coming months to cover various planned capital projects. When factoring in the existing overlapping debt, the town's overall debt burden increases to 2.9% of equalized value, still a relatively manageable level. Due to annual borrowing and average payout, debt service for fiscal 2010 represents 10.5% of combined operating expenditures. The town has no variable rate debt outstanding and has not entered into any derivative agreements.

WHAT COULD MAKE THE RATING GO DOWN

- Prolonged structural imbalance
- Significant reduction in reserves
- Decrease in tax base

KEY FACTS:

Equalized Valuation 2011: $16 billion
2010 Population (US Census): 88,400
Average Annual Increase in Equalized Valuation (2007-2011): -1.2%
Average Annual Increase in Assessed Valuation (2007-2011): -1.3%
Per Capita Income(2000 US Census): $43,778 (187% of state, 203% of US median)
Median Family Income(2000 US Census): $99,198 (192% of state, 198% of US median)
Median Home Value (2000 US Census): $331,900 (223% of state, 277% of US median)
Equalized Value per Capita: $188,654
Unemployment (January 2012): 6.4% (9.2% of state, 8.8% of US median)
FY10 Total General Fund Balance: $14.7 million (127% of General Fund revenues)
FY10 Combined Operating Fund Balance: $35.7 million (46.4% of General, Town Outside Village, Highway and Debt Service revenues)
Direct Debt Burden as % of Full Value: 0.3%
Overall Debt Burden as % of Full Value: 2.9%
Amortization of Principal (10 years): 72%
Post-sale General Obligation Debt Outstanding: $54.7 million

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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