

# RatingsDirect®

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## Summary:

# Greenburgh Town; General Obligation

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### Credit Profile

US\$11.88 mil pub imp (serial) bnds 2013 ser A due 04/15/2033		
<i>Long Term Rating</i>	AAA/Stable	New
US\$1.5 mil pub imp (serial) bnds 2013 (Federally Taxable) ser B due 04/15/2033		
<i>Long Term Rating</i>	AAA/Stable	New
Greenburgh Twn GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

## Rationale

Standard & Poor's Ratings Services assigned its 'AAA' long-term rating to the town of Greenburgh, New York's series 2013A and federally taxable 2013B public improvement (serial) bonds. This action is based on Standard & Poor's recently released local GO criteria. At the same time, Standard & Poor's affirmed its 'AAA' long-term rating on the town's outstanding general obligation debt. The outlook on all issues is stable.

A pledge of the town's faith, credit, and taxing powers to levy ad valorem property taxes without limitation as to rate or amount secures the bonds. The town intends to use the bond proceeds to fund a variety of repairs, replacements and acquisitions.

The rating reflects our assessment of these factors for the town, specifically its:

- Very strong, broad, and diverse economy, with easy access to the New York City metropolitan statistical area;
- Strong management;
- Very strong budgetary flexibility;
- Adequate budgetary performance;
- Very strong liquidity;
- Strong debt and contingent liability position; and
- Strong institutional framework.

### Very strong economy

We consider Greenburgh's economy to be very strong. The town is located in Westchester County, 25 miles north of New York City. Its residents have a variety of commuting options and ample employment opportunities in Westchester, northern New Jersey and Connecticut. The town's economy is broad and diverse, in our view. The town is primarily residential and situated in one of the most affluent counties (Westchester) in the U.S. This is supported by income and wealth levels that exceed both the state and national averages, and unemployment that is below state and national averages. According to the U.S. Census Bureau, the town's 2011 per capita income was \$57,800, compared to \$48,300 and \$31,800 for the county and state in 2011, respectively, and up from \$51,800 in 2010. Median family income in 2011 was just under \$160,000, well above the county (\$102,600) and state (\$69,200) levels for that year and

175% of the national level.

Projected per capita income in 2017 is expected to slightly exceed 2x the national level. Assessed valuation (AV) is down slightly (less than 1%) for tax year 2013, to \$549 million. Despite an 18% market value drop in 2013, to \$16.0 billion, from \$19.6 billion in 2009, market value per capita is still in excess of \$180,000. Taxable property is 61% residential and 31% commercial, with the remainder comprising vacant land, recreational and entertainment facilities and utilities/public service. There is no top 10 taxpayer concentration, in our opinion, as the top 10 taxpayers comprise just under 9% of AV. The town's 2011 U.S. Census population of 88,044 is up 1.5% from the corresponding figure 11 years' prior. The town's desirable location has helped keep unemployment relatively low. For each year from 2007 through 2012, average annual unemployment is well below county, state, and national unemployment levels. The town's highest such rate during this period was 6.4%, posted in 2009. Monthly unemployment rates for 2013 continue to follow this pattern. According to the U.S. and New York State labor departments, Greenburgh posted 5.4% unemployment in July 2013, comparing favorably to county (6.2%), state (7.6%), and national (7.7%) levels for that period.

### **Strong management conditions**

We view the town's management as strong, with good financial practices and policies. The town compiles annual budgets using standard assumptions and tracks performance (actual versus budget). They also utilize a debt management plan and a formal investment policy. The town comptroller maintains a three-year financial forecast, but we understand this has not been formally adopted and is used more for internal budgeting purposes. The town maintains a forward-looking three-year capital plan, although capital needs funding is typically handled in the current year from ongoing operations.

### **Very strong budgetary flexibility**

In our opinion, the town's budgetary flexibility remains very strong, with reserves above 30% of expenditures for each of the last three audited years. Reserves were 44%, 35%, and 34% in fiscals 2010, 2011, and 2012, respectively. The adopted 2013 budget calls for use of reserves -- which, if needed, would reduce the reserve balance to 30%. While the town is tracking ahead of this plan, they continue to forecast a small use of reserves.

### **Adequate budgetary performance**

The town's budgetary performance has been adequate, in our view. As of fiscal 2012, management reports a 1.3% general fund shortfall and 0.2% total government funds operating results. Although fiscal 2013 is not yet complete, management expects reserves to decline by a smaller amount than originally budgeted. For the past three years, the town's three largest revenue sources, on average, are property taxes (70%), other taxes (12%), and fees and charges (11%).

### **Very strong liquidity**

Supporting the town's finances is what we consider very strong liquidity, with total government available cash at just under 100% of total governmental fund expenditures and over 10x debt service. The town has strong access to external liquidity, in our view. Greenburgh has a track record of what we consider sufficient access to capital markets, and we have no reason to believe that access has diminished.

### **Strong debt and contingent liquidity profile**

In our opinion, Greenburgh's debt and contingent liabilities profile is adequate, with total governmental funds debt service at 9% of total governmental funds expenditures, and net direct debt at just under 80% of total governmental funds revenue. After the 2013 bonds' issuance, total net debt -- inclusive of net direct debt (\$63.07 million) and overlapping debt (\$408.63 million) -- is just under 3% of market value. Amortization of direct debt is in excess of 65% for the first 10 years and 100% over 20 years. The town does not have any:

- Variable-rate debt that would generate interest, and
- Contingent liabilities that would place liquidity demands on its cash position.

Substantially all town employees are members of the New York State and Local Retirement System, or the New York State and Local Police and Fire Retirement Systems. Both plans are multiple-employer, cost-sharing systems. The projected cost for both systems is expected to decline about 3% in 2014, to \$6.4 million (including general town and outside village funds). Other postemployment benefits (OPEB) are handled on a pay-as-you-go basis. The town's combined annual retired pension contribution and OPEB obligation represented 13% of expenses in fiscal 2012.

### **Strong institutional framework**

We consider the institutional framework score for New York towns to be strong.

## **Outlook**

The stable outlook reflects our opinion of the town's very strong economy, which benefits from its proximity to New York City. As such, we expect continued strength and stability in wealth and income, as well as unemployment levels remaining low relative to county, state, and national benchmarks. The town has posted strong financial results in recent years, and we do not see any indication of this changing in the near future. The town is planning additional debt issuances for the medium term, but in our opinion these plans are manageable and will not stress operations. The town has responded to financial stresses that include pension funding and tax levy caps in part by relying on reserves, and we believe they are equipped to continue responding to such pressures without having to use a large portion of their reserves. As such, we do not expect to change the rating within the two-year outlook period.

## **Related Criteria And Research**

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: New York Local Governments

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