

Rating Action: Moody's assigns Aa2 to Croton-on-Hudson, NY's GO Bonds

04 Jan 2022

New York, January 04, 2022 -- Moody's Investors Service has assigned a Aa2 rating to the Village of Croton-on-Hudson, NY's \$8.4 million Public Improvement Refunding (Serial) Bonds, 2022 and \$743,580 Public Improvement (Serial) Bonds, 2022. Concurrently, Moody's has affirmed the village's Aa2 issuer and general obligation limited tax (GOLT) ratings. The issuer rating is equivalent to the village's hypothetical general obligation unlimited tax (GOULT) rating; there is no debt associated with the GOULT security.

RATINGS RATIONALE

The Aa2 issuer rating reflects the village's affluent and moderately-sized tax base that continues to benefit from its favorable location in Westchester County, NY (Aa1 stable). The rating also incorporates its strong financial position supported by conservative budgetary practices. The village's long-term liabilities and fixed costs are above the average but affordable.

We consider the outstanding debt to be GOLT because of limitations under New York State (Aa2 positive) law on property tax levy increases. The lack of distinction between the Aa2 GOLT rating and the Aa2 GOULT equivalent issuer rating reflects the village board's ability to override the property tax cap and the village's faith and credit pledge in support of debt service.

RATING OUTLOOK

Moody's typically does not assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Significant reduction in total liabilities
- Material increase in tax base
- Significant improvements in reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reduction in reserves or liquidity
- Increase in total long-term liabilities
- Material decline in tax base or resident incomes and wealth

LEGAL SECURITY

The 2022 bonds are backed by the village's general obligation pledge as limited by New York State's legislated cap on property taxes (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

USE OF PROCEEDS

The bulk of bond proceeds (\$8.4 million) will be used to redeem all or a portion of the outstanding bonds series 2012A, series 2013A and series 2014A. The remaining portion of the proceeds (\$743,580) will provide new money for various capital improvements to the village's facilities.

PROFILE

The village of Croton-on-Hudson is in the town of Cortlandt (Aa1) in Westchester County in New York's Hudson Valley, approximately 35 miles north of New York City (Aa2 stable). The village had approximately 8,327 residents as of 2020.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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