

Rating Action: Moody's assigns Aa2 to the Village of Croton-on-Hudson, NY's \$4.9 million Public Improvement Refunding (Serial) Bonds, 2019

25 Feb 2019

New York, February 25, 2019 -- Moody's Investors Service has assigned a Aa2 rating to the Village of Croton-on-Hudson, New York's \$4.9 million Public Improvement Refunding (Serial) Bonds, 2019. Moody's maintains a Aa2 rating on the village's outstanding general obligation limited tax (GOLT) debt and the village's Aa2 issuer rating.

We consider the village's GO debt to be GOLT because of limitations under New York State law on property tax levy increases. The issuer rating is equivalent to the village's hypothetical general obligation unlimited tax rating; there is no debt associated with this security.

RATINGS RATIONALE

The Aa2 issuer rating reflects the village's moderate and stabilizing tax base favorably located in Westchester County (Aa1 negative) and strong financial position supported by conservative fiscal policies. The rating also reflects ongoing draws on fund balance for capital expenses, and elevated fixed costs.

The absence of distinction between the GOLT rating and the issuer rating reflects the village board's ability to override the property tax cap and the village's pledge of its faith and credit to pay debt service.

RATING OUTLOOK

Moody's does not generally assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Reduction in leverage or fixed costs
- Material tax base expansion
- A trend of operating surpluses, leading to growth in reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Material growth in leverage or fixed costs
- Tax base contraction
- A trend of operating deficits, leading to declines in reserves and liquidity

LEGAL SECURITY

All of the village's bonds are secured 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

Proceeds of the bonds will be used to retire approximately \$5.25 million of the village's outstanding debt.

PROFILE

The Village of Croton-on-Hudson is in the Town of Cortlandt (Aa2) in Westchester County (Aa1 negative), approximately 35 miles north of New York City. The village had approximately 8,250 residents as of 2017.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in

December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

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