



Rating Action: Moody's assigns Aa2 to the Village of Croton-on-Hudson, NY's GOLT Bonds

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New York, September 07, 2023 -- Moody's Investors Service has assigned a Aa2 rating to the Village of Croton-on-Hudson, NY's proposed \$2.3 million Public Improvement (Serial) Bonds, 2023. Moody's maintains the village's Aa2 issuer and general obligation limited tax (GOLT) ratings. The village will have approximately \$32.9 million in long-term debt outstanding including the new issuance.

RATINGS RATIONALE

The Aa2 issuer rating reflects the village's healthy financial position with strong reserves and liquidity levels and stable local economy. The village benefits from its strategic location in Westchester County, NY (Aa1 stable) which attracts commercial activity and new employment opportunities in the area. While the village is largely built out and is not likely to substantially grow in the near future, this is offset by strong resident wealth and income.

The rating also incorporates the village's elevated but manageable leverage and fixed costs, largely driven by pension and OBEP liabilities.

We consider the outstanding debt to be GOLT because of limitations under New York State (Aa1 stable) law on property tax levy increases. The lack of distinction between the Aa2 GOLT rating and the Aa2 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 RATING

- Material decline in leverage
- Maintenance of strong reserves and liquidity
- Sustained local economy

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Significant increase in leverage
- Trend of structurally imbalanced operations leading to declines in reserves
- Erosion of local economy

LEGAL SECURITY

The 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 bonds will provide new money to permanently finance various capital projects and equipment for the village.

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 8,289 residents as of 2021 (American Community Service).

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moodys.com/rating-definitions>.

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