

CREDIT OPINION

16 June 2020

 Rate this Research

Contacts

Katie Townsend +1.212.553.3761
Associate Lead Analyst
katie.townsend@moody.com

Robert Weber +1.212.553.7280
VP-Senior Analyst
robert.weber@moody.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Beekman (Town of) NY

New Issuer

Summary

The Town of Beekman (Aa3) NY benefits from a new financial management team and improved bookkeeping, financial reporting and independent auditing processes. The town continues to grow its reserves and liquidity. Its rural tax base outside Poughkeepsie has stabilized in value after several years of declines. Resident wealth and incomes are high. The town's long term liabilities and fixed costs are manageable.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action but could affect the town in 2020. The town depends on state aid and sales tax revenues for approximately 35.2% of its total revenue. The State of New York is currently experiencing significant declines and delays in sales tax and income tax revenue which, in the absence of federal assistance, will likely result in a decline in state aid to the town in 2020. Although the town expects to offset any decline in state aid through spending freezes and conservative revenue anticipation, a significant drop could result in a drawdown of reserves. The situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the town changes, we will update the rating and/or outlook at that time.

Credit strengths

- » Improved financial oversight and reporting practices
- » Several years of operating surpluses resulting in reserve and liquidity growth
- » Strong resident wealth and incomes
- » Low long term liabilities and manageable fixed costs

Credit challenges

- » Declining home values and limited economic development
- » Nominal reserves and liquidity

Rating outlook

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

Factors that could lead to an upgrade

- » Sustained tax base growth
- » Additional improvement to reserves and liquidity

Factors that could lead to a downgrade

- » Deterioration of tax base and/or local economy
- » Draws on reserves and liquidity

Key indicators

Exhibit 1

Beekman (Town of) NY	2014	2015	2016	2017	2018
Economy/Tax Base					
Total Full Value (\$000)	\$1,313,681	\$1,251,883	\$1,244,450	\$1,244,971	\$1,247,137
Population	14,557	14,529	14,480	14,433	14,473
Full Value Per Capita	\$90,244	\$86,164	\$85,943	\$86,259	\$86,170
Median Family Income (% of US Median)	162.8%	158.6%	157.7%	156.8%	150.7%
Finances					
Operating Revenue (\$000)	\$4,008	\$5,110	\$4,481	\$4,447	\$4,851
Fund Balance (\$000)	\$1,071	\$1,177	\$1,028	\$1,275	\$1,604
Cash Balance (\$000)	\$651	\$781	\$704	\$741	\$1,180
Fund Balance as a % of Revenues	26.7%	23.0%	22.9%	28.7%	33.1%
Cash Balance as a % of Revenues	16.2%	15.3%	15.7%	16.7%	24.3%
Debt/Pensions					
Net Direct Debt (\$000)	\$3,953	\$3,835	\$3,395	\$3,174	\$3,087
3-Year Average of Moody's ANPL (\$000)	\$3,264	\$3,789	\$3,789	\$3,598	\$3,367
Net Direct Debt / Full Value (%)	0.3%	0.3%	0.3%	0.3%	0.2%
Net Direct Debt / Operating Revenues (x)	1.0x	0.8x	0.8x	0.7x	0.6x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	0.2%	0.3%	0.3%	0.3%	0.3%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.8x	0.7x	0.8x	0.8x	0.7x

[1] 2019 total full value \$1,254,660,000

[2] 2016 data obtained from town's AUD

Source: Moody's Investors Service, audited financial statements, US Census Bureau

Profile

The Town of Beekman is located in [Dutchess County](#) (Aa2 stable) approximately 15 miles southeast of Poughkeepsie. As of 2018, the town's population was 14,473.

Detailed credit considerations

Economy and tax base: Stable, rural tax base outside Poughkeepsie

The Town of Beekman's \$1.25 billion tax base is expected to continue its trend of stable valuations. After several years of valuation declines the town's tax base for the past three years has been fairly stable. Development with the tax base limited with some small scale commercial development. The town, which is within commuting distance of Poughkeepsie, is largely rural and residential with

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

some agricultural presence. While the tax base is not likely to be materially impacted by coronavirus, there may be some declines over the next two years.

The town's median family income is very strong, equal to 138.6% and 150.7% of the state and US median respectively. Despite the strong resident wealth, home values within the town have decreased 16.3% since 2010. The 2018 median home value of \$302,600 is equal to 100.1% and 147.7% of the state and US median home values.

The coronavirus is driving an unprecedented economic slowdown. We currently forecast US GDP to decline significantly during 2020 with a gradual recovery commencing toward the end of the year. Local governments with the highest exposure to the tourism, healthcare, retail, oil and gas and international trade sectors could suffer particularly severe impacts.

Financial operations and reserves: Positive operations and reserve growth expected to continue

The Town of Beekman's reserves are anticipated to remain robust in proportion to its operating revenues. At the close of fiscal 2018 the town reported an available fund balance of \$1.6 million or 33.1% of operating revenues. Preliminary 2019 financials show another year of positive operations and reserve growth with an anticipated closing available fund balance of about \$2.3 million. Management attributes its strong financial performances to conservative revenue estimations for non-property tax items like sales and mortgage taxes and departmental income.

While non-property tax revenues have been robust in previous years, accounting for 35.2% of 2018 operating revenues, the town has been closely monitoring its revenues and expenses that may be vulnerable to Coronavirus-related downturn. Sales taxes in Dutchess County for the year are down significantly from the prior year by about 12.5% and May receipts declining 35% over the previous year according to the New York State Comptroller. However, with the recent reopening of many businesses, the decline should stabilize and improve over the summer months assuming no additional lockdowns. To combat declining sales tax revenues, which accounted for 23.9% of 2018 operating revenues, the town has enacted a spending freeze, curtailed some budgeted capital projects and is reviewing possible payroll reductions should the downturn continue into the end of year. Should state aid be reduced, the town intends to proportionally defer planned highway fund projections. Lower departmental income which primarily came from the town's recreation programs is offset by reduced expenses.

LIQUIDITY

Cash and investments at the end of fiscal 2018 represented \$1.2 million or 24.3% of operating revenues.

Debt and pensions: Manageable long term liabilities and fixed costs

The Town of Beekman's debt burden, 0.2% at the close of fiscal 2018, is anticipated to remain low in the near to medium term. The town's future issuance plans and capital needs are fairly limited. The town anticipates issuing around \$300,000 towards the end of 2020 as the guarantor of the water district. Over the next couple of years the town will rehabilitate its town hall and make infrastructure repairs to a bridge. Costs of these projects will be determined by the town's ability to solicit grant money.

DEBT STRUCTURE

All of the town's debt is fixed rate. Amortization of existing debt is rapid with 87.8% retired within the next ten years.

DEBT-RELATED DERIVATIVES

The town is not a party to any swaps or derivatives.

PENSIONS AND OPEB

The town's pension and retiree healthcare (OPEB) liabilities are manageable at this time but could represent a long term credit challenge.

Exhibit 2

	Amount (\$ thousands)	% of Operating Revenues	Discount Rate
Operating Revenue	4,851		
Reported Unfunded Pension Liability	147	3.03%	7.00%
Moody's Adjusted Net Pension Liability	11,690	240.98%	3.96%
Reported Net OPEB Liability	1,463	30.16%	2.97%
Moody's Adjusted Net OPEB Liability	N/A	N/A	N/A
Pension Contribution	194	4.00%	-
OPEB Contribution	33	0.68%	-
Net Direct Debt	3,087	63.64%	-
Debt Service	425	8.76%	-
Total Fixed Costs	652	13.44%	-

[1] A positive pension tread water gap reflects a pension contribution less than the amount required to prevent the unfunded liability from increasing if all plan assumptions are realized. A negative tread water gap reflects a contribution greater than the amount required to keep the unfunded liability from increasing if all assumptions are realized.

Source: Moody's Investors Service, audited financial statements

The town participates in one multiple employer cost-sharing pension plan. While the plan is relatively well funded on a reported basis, adjusted for a more conservative assumed return on pension assets the unfunded liability is larger than the town's debt. Positively, the town made 100% of its 2018 required contribution to the plans, a total of \$194,000 representing 4.0% of operating revenues. The contribution was in excess of the "tread water indicator," a credit positive. Pension contributions will increase if the return on pension assets is below the currently assumed rate of 7.0%. Sharp declines in equity values over the last several months have made achievement of the assumed return unlikely in the current year.

Unlike pensions, the town's retiree healthcare (OPEB) liability is unfunded given that NYS law does not allow local governments to establish OPEB trusts. Despite this restriction the town's reported net OPEB liability is low at \$1.5 million (30.2% of operating revenues) with a conservative assumed discount rate of under 3%. The town's 2019 OPEB contribution totaled \$33,200, representing 0.7% of operating revenues.

Fiscal 2018 fixed costs, comprised of pensions, OPEB and debt service, totaled \$652,000 and represented a manageable 13.4% of operating revenues. Future increases in pension and OPEB contributions could result in higher future fixed costs.

ESG considerations

Environmental

Beekman is located in a county assessed to have high risk of extreme rainfall and flood events and water stress. The town has not historically incurred any material flooding and may benefit from a hilly topography.

Social

The population of Beekman has been relatively stable, totaling 14,473 in 2018 and a 1.0% decrease since 2010. The median age of the town is 44, which is slightly higher than the US median of 38 however the town's proportion of retirement age residents at 11.7% is lower than the national rate of 15.2%. The town has a higher rate of working age residents at 68.1% compared to 62% nationally. The town's poverty rate of 5.8% compares strongly to the US rate of 14.1%.

Governmental

New financial management in Beekman has overhauled the town's financial practices, with strong reporting and bookkeeping practices and greater, wider fiscal oversight of expenses. Whereas previously the town was late in submitting its audited information to the state comptroller, the new financial management are actively working to report in a timely matter. The increased transparency and conservative budgeting may well serve the town through the Coronavirus-related downturn.

New York cities have an Institutional Framework score of A, which is moderate. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. New York Cities operate within a state-imposed property tax cap, which limits the ability to increase their operating levy by the lesser of 2% or CPI (before adjusting for exemptions and rollovers). However, this cap can be overridden at the local level, without voter approval. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. New York State has public sector unions and the additional constraint of the Triborough Amendment, which limits the ability to cut expenditures. Unpredictable expenditure fluctuations tend to be moderate, or between 5-10% annually.

Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 3

Beekman (Town of) NY

Scorecard Factors	Measure	Score
Economy/Tax Base (30%)^[1]		
Tax Base Size: Full Value (in 000s)	\$1,254,660	A
Full Value Per Capita	\$86,690	Aa
Median Family Income (% of US Median)	150.7%	Aaa
Finances (30%)		
Fund Balance as a % of Revenues	33.1%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues	5.9%	A
Cash Balance as a % of Revenues	24.3%	Aa
5-Year Dollar Change in Cash Balance as % of Revenues	9.0%	A
Management (20%)		
Institutional Framework	A	A
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures (x)	1.0x	A
Debt and Pensions (20%)		
Net Direct Debt / Full Value (%)	0.2%	Aaa
Net Direct Debt / Operating Revenues (x)	0.6x	Aa
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	0.3%	Aaa
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	0.7x	Aa
	Scorecard-Indicated Outcome	Aa2
	Assigned Rating	Aa3

[1] Economy measures are based on data from the most recent year available.

[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication

Source: Moody's Investors Service, audited financial statements, US Census Bureau

© 2020 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S INVESTORS SERVICE DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S INVESTORS SERVICE CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$2,700,000. MCO and Moody's investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454