

# Moody's upgrades Beekman, NY's issuer and GOLT ratings to Aa2

**Rating Action** | 5 min read

13 Feb 2023 Moody's Investors Service



## Related Entities



Beekman (Town of) NY

New York, February 13, 2023 -- Moody's Investors Service has upgraded the Town of Beekman, NY's issuer and the outstanding general obligation limited tax (GOLT) ratings to Aa2 from Aa3. This action concludes the review for possible upgrade initiated on November 3, 2022 in conjunction with the release of the US Cities and Counties Methodology. The town has approximately \$4.0 million in debt outstanding as of December 31, 2021.

## RATINGS RATIONALE

The upgrade to Aa2 of Beekman's issuer rating reflects its strong and improving reserves and liquidity position driven by years of conservative budgeting and strict financial oversight. The rating also incorporates the town's stable and healthy local economy with below-average property wealth and strong resident income profile, and modest long-term liabilities and fixed costs.

The absence of distinction between the GOLT rating and the issuer rating reflects both the town's ability to override the property tax cap and the faith and credit pledge supporting debt service.

The town's local economy remains healthy supported by strong resident income equal to 138% of the national median. While the \$91,844 full value per capital has gradually improved it remains below similarly rated peers. The town is largely rural and residential tax base southeast of Poughkeepsie has stabilized in value after several years of declines. Development within the tax base is moderate with nearly 200 individual homes are under development.

The financial position is likely to remain strong and stable in the near term given conservative budget management and a sound fund balance policy. The town has maintained surplus operations over the last five years, leading to a strong available fund balance of \$2.7 million across all governmental funds, a strong 44.6% of revenues in fiscal 2021. Fiscal 2022 will continue its positive operating trend, and management expects modest fund balance increase by the end of the year. The tax levy has remained level over the last three years without the drawdown of its available reserves. 2023 budget will continue its conservative budgeting practices and management aims to maintain balanced operations. Additionally, the town was allocated approximately \$1.5 million of ARPA funding, which will be used for infrastructure and capital improvements. The town adopted a formal fund balance policy to maintain unassigned fund balance at or above 20% of total expenditures.

Beekman's total leverage is expected to remain modest given limited future borrowing plans. The total long-term liabilities as of fiscal 2021 is at 122% of total revenues, well below the state and national medians. Management anticipates to fund the majority of capital projects through designated capital reserve funds and ARPA funding and keeps the financing level at a minimum level. The town has issued short-term debt (Bond Anticipation Notes) over the past two years for various capital projects, management expects the BAN will be paid off in the near future given its robust reserve level. The town has one cost-sharing multi-employer pension plan and funds OPEB plan on a pay-go basis. The total fixed costs is 7% of total revenues and will remain modest.

#### RATING OUTLOOK

Outlooks are usually not assigned to local governments with this amount of debt outstanding.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Continued trend of stable financial operations
- Significant economic growth and improved resident income and wealth levels
- Declining in leverage as percentage of total revenue

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Deterioration of reserves and liquidity
- Material growth in long-term liabilities and fixed costs
- Contraction of the economic base and property wealth levels

#### LEGAL SECURITY

Payment of principal and interest on the town's general obligation bonds is backed by the town's full faith and credit supported by the town's authority to levy such ad valorem property taxes as may be necessary to pay the bonds, as limited by New York State's legislative cap on property taxes (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

#### PROFILE

The Town of Beekman is located in Dutchess County (Aa2 stable) approximately 15 miles southeast of Poughkeepsie City, NY (Ba1 RUR). As of 2021, the town's population was

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#### 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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