



OFFICE OF THE SUPERVISOR
TOWN OF RAMAPO
237 Route 59
Suffern, New York 10901
(845) 357-5100 Fax: (845) 357-3877

Christopher P. St. Lawrence
SUPERVISOR

MOODY'S: RAMAPO IS IN GREAT FISCAL SHAPE

August 25, 2008

Moody's Investment Service is among the world's most respected and widely used source for credit rating by municipalities and businesses.

Moody's Investment Service has assigned the Town of Ramapo an Aa3 rating to its \$19.9 million Public Improvement Serial Bonds, which reflects the *Town's sizable tax base and manageable debt burden. Moody's expects the Town's financial operations to remain healthy due to its adherence to prudent budgeting and fiscal discipline.* Over the past two fiscal years, the Town has improved the financial condition of its General Fund. Fiscal 2007 marked the Town's second consecutive General Fund balance operating surplus, with the Unreserved Fund balance increasing to \$3.9 million. The Town's positive operating results follow a combined \$2.2 million General Fund balance reduction in 2004 and 2005 due to revenue pressures and sizable increases in health insurance claims. *In an effort to achieve expenditure savings, the Town has since transitioned from its self-funded plan to the New York State Empire Plan.*

The 2008 Budget is balanced, anticipating a 9.5% reduction in state aid and lower mortgage tax receipts. Several months into the fiscal year, the Town anticipates positive operations with softening mortgage tax receipts offset by conservative sales tax estimates. Also of note is the fact that the Town is fully reserved for its compensated absences liability, offsetting the potential impact of large one-time payments. *Moody's expects the Town's \$13.2 billion tax base to remain healthy, supported by the settlement of outstanding tax appeals, most notably with Con Edison and Mirant New York.* There are currently no significant tax appeals outstanding. Additionally, a recent agreement with local utilities limits the extent of property depreciation. *The Town's tax base has grown an average of 11.9% annually over the past five years, compared to 5.1% state and 9.1% national median growth rates over the same timeframe.*

Moody's expects that the Town's direct debt burden will remain low due to a rapid amortization rate (65% within ten years) and continued tax base expansion. Future borrowing plans include an estimated \$15 million for open space and economic development.

“This endorsement from an Independent Wall Street Rating Agency affirms that Ramapo's conservative fiscal planning is paying big dividends ***now and in the future.***” On Tuesday, August 19th, Ramapo's \$19.98 million Public Improvement Serial Bonds were purchased by Morgan Stanley, at a net interest cost of 4.25%. Ramapo received the benefit of a “Flight to Quality”, Wall Street is paying better interest rates for high grade bonds such as Ramapo's.