

Standard & Poor's Reaffirms Dutchess County's Strong AA+ Bond Rating

Refinancing expected to save nearly \$800K for taxpayers

Poughkeepsie, NY... Dutchess County Executive Marc Molinaro announced today that Standard & Poor's Rating Services has reaffirmed Dutchess County government's AA+ bond rating, one of the highest ratings in New York State for county governments. Standard & Poor's issued the bond rating as the County prepares to refinance various bonds originally issued in 2004 and 2006 for lower interest rates. The reissue of the bonds will provide taxpayer savings estimated at approximately \$91,000 annually for an estimated \$797,000 in total budgetary savings.

"This bond refinancing is an important savings opportunity that is possible because of Dutchess County's strong AA+ bond rating," said County Executive Molinaro. "Standard & Poor's has again endorsed our conservative budgeting practices and recognized our work to be responsible stewards of our taxpayers resources. Working together, we have reestablished fiscal stability that has led to one of the top bond ratings in New York State." There is only one county statewide with a higher S&P bond rating.

Since taking office in 2012, County Executive Molinaro has worked closely with county departments and the Dutchess County Legislature to confront long-standing challenges and transform county government to be smaller, smarter and more effective. The results have been apparent: the 2015 adopted budget included the largest property tax levy reduction in more than a decade; the County's fund balance, which had fallen below 3% of budget, is now healthy at 9% of budget; employee contracts have been settled, and county services have been maintained for residents. These efforts have all contributed to Dutchess County's enviable bond rating.

In a summary of the rating rationale, available at <http://www.standardandpoors.com/ratings/en/us/>, Standard & Poor's noted several strengths that reaffirmed the AA+ rating including:

Strong economy

Standard & Poor's views Dutchess County's economy as strong, with access to the broad and diverse New York City metropolitan area. Projected per capita buying income is 114% of the U.S level.

Strong management

Standard & Poor's views the county's management as strong with good financial policies and practices. The county's conservative budgeting practices and budget monitoring, with regular reporting to the Legislature, are viewed as strengths.

Strong budgetary performance

The ratings report noted "Dutchess County's budgetary performance is strong in our opinion," with stable general fund operating results over the last three years. It was also noted the 2015 budget included a tax levy decrease.

Strong budgetary flexibility

Dutchess County's budgetary flexibility is strong with an available fund balance that is expected to improve in the near term. The report noted that management has never exceeded the state's 2% tax levy cap.

Very strong liquidity

Standard and Poor's opinion is that Dutchess County's liquidity is very strong, with total government available cash of 10.4% of total governmental fund expenditures and 1.9x governmental debt service in 2013. The report notes Dutchess County has strong access to external liquidity if necessary.

Very strong debt and contingent liability profile

Standard & Poor's views Dutchess County's debt and contingent liability profile as very strong. Overall net debt is low at 2.1% of market value and approximately 93.4% of the direct debt is scheduled to be repaid within 10 years, which Standard & Poor's views as positive credit factors.

The report referenced that future jail construction would require a significant amount of debt, yet noted "we expect management's conservative budgeting and long-term savings from the project to offset the projected increase in the long-term liabilities."

Outlook

Standard & Poor's qualified its ratings for Dutchess County government with a "stable" outlook, reflecting the strengths noted in the report. The stable outlook reflects Standard & Poor's view that "the county's consistently strong performance enhances stability." The report noted even with anticipated jail construction, Standard & Poor's does not expect the AA+ bond rating to change. The report went on to note that "sustainable improvement in local economic indicators and management's ability to maintain strong operating results and reserves despite additional costs associated with the jail project over the medium term could result in a higher rating."

"Thanks to effective collaboration between County Executive Molinaro and the Legislature, Dutchess County's finances are on the right track – and hardworking taxpayers are the winners," said Chairman of the Dutchess County Legislature Rob Rolison. "Together we have reduced the tax levy, responsibly streamlined government, and replenished the county's fund balance for the future. This latest bond-rating signal from S&P saves Dutchess County taxpayers on borrowing costs and is a direct result of our collective financial management."

Dutchess County Comptroller Jim Coughlan said, "The County's strong AA+ bond rating reflects the positive outlook for the County's finances. I commend County Executive Molinaro and his Administration for the continued commitment to fiscal prudence and best business practices that have led to this impressive bond rating."

Commissioner of Finance Heidi Seelbach noted, "Dutchess County Government has become well known for sound financial management and conservative budgeting practices, which makes our bonds very desirable in the investment community. It is clear we are on the right track here in Dutchess County and this bond refinancing will provide considerable savings for taxpayers."

County Executive Molinaro concluded, "We can be proud of Dutchess County's track record and the work we have done together to build such a strong credit rating and provide fiscal stability for county government and our taxpayers. There is more work ahead, but we are on the right path and remain focused on moving Dutchess County forward."

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