

MOODY'S ASSIGNS A Aaa RATING TO THE CITY OF RYE'S \$5.39 MILLION GO BONDS

MOODY'S AFFIRMS THE Aaa RATING ON THE CITY'S OUTSTANDING \$11.34 MILLION IN PREVIOUSLY ISSUED DEBT

Rye (City of) NY
Municipality
New York

Moody's Rating
Issue

Rating

| | |
|--|----------------------------------|
| General Obligation Public Improvement Serial Bonds, 2002 | Aaa |
| Sale Amount | \$5,389,500 |
| Expected Sale Date | 12/12/02 |
| Rating Description | General Obligation Unlimited Tax |

NEW YORK, December 11, 2002 - Moody's has assigned a Aaa rating to the City of Rye (NY's) \$5.4 million Public Improvement (Serial) Bonds, 2002. The bonds are secured by an unlimited tax pledge and the proceeds will be used to finance various capital improvements. At this time, Moody's also affirms the Aaa rating on the City's \$11.34 million in previously issued long-term debt. The rating reflects affluent residential tax base, favorable debt position, and maintenance of a strong financial position despite recent drawdowns.

WELL-MAINTAINED FINANCIAL POSITION DESPITE BUDGETED DRAWDOWNS

Moody's anticipates the City will retain a trend of well-maintained financial operations stemming from effective fiscal oversight and historically excellent property tax collections. The General Fund balance stood at \$4.7 million, or an ample 27.5% of General Fund revenues at year-end 2001, a \$2 million decline from the previous year. The draw on reserves was planned, including \$639,000 used to fund capital projects, to moderate the ample reserve position. Management is expecting a General Fund balance of \$3.4 million, or a still healthy 18% at year-end 2002, reflecting the budgeting of a \$1.35 million decline in reserves. To stabilize at this level appropriation of fund balance was eliminated from the FY03 budget as the town instituted a sizeable levy increase to meet rising expenditure demands. The property tax collection rates are excellent averaging above 99% over the last five years, an important factor given that property taxes comprise 60% of revenues. The ability of management to maintain expenditure growth within expected revenue targets, thus ensuring structural balance, will continue to be an important credit consideration going forward, especially in light of rising benefit cost requirements.

AFFLUENT AND ESTABLISHED RESIDENTIAL COMMUNITY

Moody's anticipates that the City of Rye's economy will remain stable given its proximity to Metro New York and its affluent established residential community. The tax base grew by an average annual rate of 12.4% over the last five years and currently is sizeable at \$3.5 billion. Although the city is nearly fully developed, Moody's expects continued future increases in the tax

base from increasing market values. The City's substantial 2001 full value per capita of \$235,331 is well above regional and national norms, reflecting the high concentration of wealth in the city.

FAVORABLE DEBT LEVELS WITH AVERAGE PAYOUT

Moody's believes that the City's debt burden will remain favorable given modest future borrowing plans, an average amortization schedule (50% retired in ten years), and expected tax base appreciation. The City's direct burden is low at 0.6% of full valuation, increasing to 1.6% when overlapping debt obligations of Westchester County (Moody's rated Aaa), Rye Neck (Moody's rated Aa3) and Rye City (Moody's rated Aaa) school districts are incorporated. The City plans to issue \$2.03 million to finance the construction of a firehouse. Proceeds of the current offering will finance various capital improvements.

KEY STATISTICS:

2000 Population: 14,955
2002 Full valuation: \$3.5 billion
2002 Full value per capita: \$235,331

Direct debt burden: 0.6%

Overall debt burden: 1.6%

Payout of principal (10 years): 50%

FY01 General Fund balance: \$4.78 million (27.5% of General Fund revenues)

Expected FY02 General Fund balance: \$3.4 million (18.1% of General Fund revenues)

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