**New Issue: Rye (City of) NY**

# MOODY'S ASSIGNS A Aaa RATING TO THE CITY OF RYE'S (NY) $6.4 MILLION G.O. BONDS

## Aaa APPLIES TO $22.4 MILLION OF OUTSTANDING DEBT, INCLUDING CURRENT ISSUANCE

Municipality
NY

**Moody's Rating**

| ISSUE | RATING |
|---|---|
| General Obligation Public Improvement (Serial) Bonds, 2005 | Aaa |

| | |
|---|---|
| **Sale Amount** | $6,430,000 |
| **Expected Sale Date** | 12/15/05 |
| **Rating Description** | General Obligation |

**Opinion**

NEW YORK, Dec 13, 2005 -- Moody's Investors Service has assigned a Aaa rating to the City of Rye's (NY) $6.4 million Public Improvement (Serial) Bonds, 2005. At this time, Moody's also affirms the Aaa rating on approximately $16 million of previously issued parity debt. The bonds are secured by the city's unlimited property tax pledge. This highest-grade rating reflects the city's affluent residential tax base, favorable financial position reflecting conservative fiscal management, and modest debt burden. Proceeds of the bonds will finance various capital needs of the city.

AFFLUENT AND ESTABLISHED RESIDENTIAL COMMUNITY

Moody's anticipates that the City of Rye's economy will remain stable given it's proximity to employment opportunities in the New York metropolitan area and its affluent established residential community. The tax base grew by a healthy average annual rate of 13.3% over the last five years and currently is sizeable at $5.3 billion. Although the city is nearly fully developed, market appreciation and residential redevelopment through the teardown and replacement of existing homes continues to drive tax base expansion. The City's substantial 2005 full value per capita of $348,202 is well above regional and national norms, reflecting the high concentration of wealth in the city.

FINANCIAL OPERATIONS REMAIN HEALTHY; AMPLE RESERVES MAINTAINED

Moody's expects the city will continue to maintain satisfactory financial flexibility, given management's adherence to conservative fiscal management policies and historically excellent property tax collections. The city's formal fund balance policy requires a minimum undesignated General Fund balance equal to 5% of expenditures, although balances have been well in excess of this benchmark for the past ten years. While the city budgets fund balance as a revenue source annually, by policy these funds may be used only for non-recurring purposes. The fiscal 2004 budget appropriated approximately $2 million to fund capital expenditures. However, characteristically conservative budgeting resulted in revenues coming in 9.2% over budget in fiscal 2004, reflecting positive variances in sales tax (21.7% over budget), license and permits (23.2%) and state aid (32.1% over budget, primarily mortgage tax) revenues. In addition, expenditures came in nearly 7% below budget, reflecting expenditure savings throughout the budget. General Fund balance increased by $1.7 million, to a healthy $9.6 million, equivalent to 39% of General Fund revenues. Officials anticipate similar operating results in fiscal 2005, again driven in large part by an expected mortgage tax revenue surplus. Despite the appropriation of $2.6 million from General Fund balance to fund one-time expenditures, management expects fiscal 2005 operations will add approximately $1.3 million to General Fund balance at year-end. Fiscal 2006 proposed budget assumptions are conservative, including budgeting state aid at the previous year's level, projecting inflationary increases only when estimating sales tax revenues, and budgeting a 37.5% decrease in mortgage tax revenues compared with estimated actual revenues in fiscal 2005. Although the proposed budget allocates $1.5 million from reserves to finance capital expenditures, management expects fiscal 2006 ending undesignated fund balance will remain well ahead of the city's policy target.

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 (54.4% retired in ten years), and expected tax base appreciation. The City's direct burden is low at 0.4% of full valuation, increasing to 1.3% when overlapping debt obligations of Westchester County (Moody's rated Aaa/negative outlook), Rye Neck (Moody's rated Aa3) and Rye City (Moody's rated Aaa) school districts are incorporated. The largest project in the city's $31.9 million capital improvements plan (CIP) for fiscal years 2006-2010 is a new police/court facility, currently programmed at $19 million. This project is currently in the planning stages. The CIP is largely bond-funded (80.5%), with the remainder funded through pay-as-you-go financing (14.2%) and grants and aid (5.2%). There is no further borrowing anticipated until fiscal 2007.

KEY STATISTICS:

2000 Population: 15067

2005 Full valuation: $5.3 billion

2005 Full value per capita: $348,202

Direct debt burden: 0.4%

Overall debt burden: 1.3%

Payout of principal (10 years): 54.4%

FY04 General Fund balance: $9.6 million (39.0% of General Fund revenues)

Median Family Income: $133,231 (257.7% of state)

Per Capita Income: $76,566 (327.4% of state)

Post-Sale Parity Debt Outstanding: $22.4 million

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