MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 rating to Onondaga County's (NY) $67.9M GO bonds; outlook is stable

Global Credit Research - 07 Jun 2013

Aa1 rating and stable outlook apply to $377.9 million of outstanding rated long-term debt

New York, June 07, 2013 --

Moody's Rating

Issue: General Obligation (Serial) Bonds, 2013; Rating: Aa1; Sale Amount: $67,870,000; Expected Sale Date: 06-17-2013; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a Aa1 rating and stable outlook to Onondaga County's (NY) $67.9 million General Obligation (Serial) Bonds, 2013. Concurrently, Moody's affirmed the Aa1 rating on the county's $377.9 million of outstanding parity debt. The bonds are secured by a General Obligation pledge as limited by the Property Tax Cap - Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011). Proceeds from the $67.9 million of bonds will be used to fund various capital projects including highway, water, and sewer improvements.

SUMMARY RATINGS RATIONALE

The Aa1 rating reflects the county's well-managed financial operations with satisfactory reserve levels that are expected to remain stable in the near term, sizable and diverse economic base with new signs of growth, and an above average but manageable debt position. The stable outlook reflects the expectation that reserve levels will remain stable as the economy recovers despite some expenditure pressures and the county's increased exposure to economically sensitive sales tax revenues.

STRENGTHS

-Sizable and diverse economy

-Strong management maintains reserves within county policy

CHALLENGES

-Significant exposure to economically sensitive sales tax revenue

-Expenditure pressures driven by pension and healthcare increases

OUTLOOK

The stable outlook reflects the expectation that reserve levels will remain stable as the economy recovers despite some expenditure pressures and the county's increased exposure to economically sensitive sales tax revenues.

WHAT COULD MAKE THE RATING GO UP

-Significant improvement of reserve position

-Increased financial flexibility that provides additional cushion against economically sensitive revenues

WHAT COULD MAKE THE RATING GO DOWN

-Significant increase in the debt burden that limits financial flexibility

-Diminishment of reserve position

The principal methodology used in this rating was General Obligation Bonds Issued by US Local Governments published in April 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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