

Rating Action: Moody's upgrades the City of Oswego, NY's GOs to A1

23 Jan 2019

New York, January 23, 2019 -- Moody's Investors Service has upgraded the City of Oswego, NY's general obligation limited tax debt and long-term issuer ratings to A1 from A2.

We consider the city's GO debt to be GOLT because of limitations under New York State law on property tax levy increases. The issuer rating is equivalent to the city's hypothetical general obligation unlimited tax rating; there is no debt associated with this security.

RATINGS RATIONALE

The upgrade to A1 reflects the city's strong and improving financial position supported by conservative budgeting and new fiscal policies, positive economic development trends and steady tax base growth, and manageable debt burden. The rating also incorporates above average tax base concentration, reliance on economically-sensitive sales tax revenues, and weak resident wealth and incomes.

The absence of distinction between the GOLT rating and the issuer rating reflects the common council's ability to override the property tax cap and the city's pledge of its faith and credit to pay debt service.

RATING OUTLOOK

Moody's does not generally assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Tax base expansion
- Reduced exposure to sales tax revenue
- Reduction in fixed costs

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Tax base contraction
- A trend of operating deficits, leading to declines in reserves and liquidity
- Material growth in overall leverage or fixed costs

LEGAL SECURITY

All of the city's bonds are secured by the city's 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).

PROFILE

The City of Oswego is located on the southwest shore of Lake Ontario, 35 miles northwest of the City of Syracuse. The population was 17,880 as of 2016.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

REGULATORY DISCLOSURES

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