



Gettysburg
HISTORIC CROSSROADS

Borough of Gettysburg
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FOR IMMEDIATE RELEASE

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BOROUGH RECEIVES A+ RATING

Standard and Poor's Financial Services, a nationally recognized statistical rating organization by the U.S. Securities and Exchange Commission, has issued an A+/Stable rating for the Borough of Gettysburg. The rating was issued in late May as the borough council considers taking advantage of historically low interest rates to issue General Obligation Bonds. If approved, proceeds from the bond would be used to refund a 2010 General Obligation Bond, saving the borough approximately \$170,000 in interest costs, and to borrow an additional \$4 million to complete various capital projects.

In issuing the rating, Standard and Poor's found "The stable outlook reflects our opinion of the borough's strong management, very strong reserves, and very strong liquidity."

A+ is considered an investment grade rating. The next highest rating is AA with AAA at the highest level. Levels below A are not considered to be investment grade. According to the S&P report, the borough benefits greatly from the economic stability provided by the Gettysburg National Military Park, but is hampered by the overall weak economy of the area. The report did note that "the borough's market value grew by 1.9% to \$385.3 million in 2015."

Among the factors cited by S&P in issuing the rating were strong management with good financial policies and practices, adequate budgetary performance with a small \$3,400 deficit for 2014, and very strong budgetary flexibility and liquidity. The report also noted the creation of a Debt Service Fund, adoption of a Fund Balance Policy and an increase in the borough's available fund balance to approximately \$1 million, all accomplished in 2015, as critical factors in securing the rating.

The A+/Stable rating will help the Borough secure favorable interest rates on future borrowing – good news for borough taxpayers. It is also an important factor for the Gettysburg Municipal Authority as it refinances a prior sewer bond with a pledge of the full faith and credit from the borough. The authority estimates it will save approximately \$750,000 in interest costs with the new bond.

Borough Council will take final action on the 2016 Bond at the June 13 council meeting. The financing for the proposed bond with the addition of \$4 million in new money to fund capital projects, primarily street and infrastructure repairs, has been designed so a tax increase will not be needed to cover the annual payments due over the 13-year term of the bond. Finance Director Nickie James said "the rating is certainly good news and a testament to the hard work of Council and Borough staff in the creation and implementation of a Fund Balance Policy. The General Fund currently maintains 3 months of operating expenses and the Debt Service Fund currently maintains 6 months of debt payments in their respective reserves in accordance with industry benchmarks and best practices. More importantly, the Fund Balance Policy put a mechanism in place to maintain this level of stability in the future". Borough Manager Charles Gable agrees the S&P rating is welcomed good news for the Borough but cautioned that "we will always have the challenge of balancing the level of services with increasing costs which may necessitate future tax increases. That said, any future increase would not be in association with this bond issuance".

Any questions about the rating or bond financing can be directed to Borough Manager, Charles Gable. The S&P report is available on the borough's website at www.gettysburg-pa.gov.