Submitted by the Public Information Committee of the Board of Trustees of the Village of Garden City

Village of Garden City Financial Condition

Recently, several statements have appeared in the local press, in various publications and on private websites criticizing the Board of Trustees' fiscal oversight and offering opinion on the condition of the Village's finances. The Public Information Committee wishes to respond in this Public Information Statement, with a particular focus on matters related to Village's general fund bonded debt obligations and their relationship to the Village's overall fiscal health.

- First, and most importantly, **Garden City's financial condition is SECURE.** In connection with its review of the Village's last bond offering, on May 5, 2010, Moody's Investor Services **upgraded** Garden City's municipals public improvement bonds to **Aaa** — the **HIGHEST POSSIBLE RATING, favorably citing among other positives the Village's low direct debt burden.** In fact, Moody's raised the rating level of our previously outstanding debt from Aa1 to Aaa.

- There has never been any "per day" borrowing. For the fiscal year June 1, 2010 to May 31, 2011, the Board of Trustees approved bonding of $4.6 million for capital improvements such as road repairs, parking lots and crosswalks. Once they are issued, these bonds will be paid off over **TEN** years. By way of analogy, if you take out a $500,000 mortgage for your home, payable over 30 years, you are not borrowing $ 1,400 per day in year one; your debt payments reflect the lifespan of the debt.

- The current Village general debt - including the $4.6 million for capital improvements authorized in 2010 but not yet issued - is less than 3% of what is permitted by New York State law, an amount well below the percentage of its debt limitation carried by the Village in prior years.

- In fact, although no one would ever consider using the amount legally available, the Village is permitted to bond over $400 million more than its current level of borrowing.

- At May 31, 2010, the end of our last fiscal year, we had outstanding approximately $9,300,500 of general fund, taxpayer supported debt. By way of comparison, in 2001 the aggregate amount outstanding was $9,525,000, representing 4.94% of the then permissible debt limitation under state law.

- The Village has **not** seen repetitive, excessive spikes in its tax rates. During the **five years** from fiscal 2005-2006 through the current fiscal year 2010-2011, the Village tax rate has increased an **aggregate 15.4%**, inclusive of compounding year to year increases. During the same period, the **Cost of Living Index has increased an aggregate of 15.0%,** on the same basis. The actual approved budget for the current fiscal provided for a year-to-year expense increase of 1.7% over the prior year. The actual tax increase was 2.2%. This included all debt payments for general fund obligations.

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• As part of the budget planning process last Spring, and as recommended by the Citizens Budget Review and Advisory Committee, the Village decided it would be fiscally prudent to issue new bonds to take advantage of low interest rates to complete long term capital projects.

• At May 31, 2011, we anticipate that our general fund debt represented by outstanding bonds will be $12,725,500, which will include the $4,600,000 of new bonds referenced above for completed or approved projects.

• Because of normal tiered payoffs of our debt, by the end of our fiscal year on May 31, 2014, we will have reduced these outstanding general fund bonds to $8,465,500. By the end of fiscal year 2015, the amount will have been reduced to be $7,120,500.

• The Village may well determine to utilize the municipal debt market in coming years to achieve needed infrastructure improvements, including necessary work on the Village water tower. To date our use of borrowing has been prudent and measured, and it will continue to be managed in accordance with the highest standards of fiscal oversight. Again, **Garden City's financial condition is SECURE.**

• We were one of the first Villages to adopt resolutions and join with the New York Conference of Mayors and Village Administrators (NYCOM) to demand that State level officials address the burden of state mandates, including the pension and health systems that increase our costs. The Village's position (completely in accord with NYCOM) is that property tax caps must be preceded by changes to state mandates.

• In order to maintain the quality of our main commercial district, in this fiscal year the Village Board decided to completely renovate several of our larger parking lots, which, when added to roadways renovated during the year, will result in an equivalent total of 4.9 miles of new paved areas.. Last fiscal year the Village paved 1.15 miles of roads. In fact, the Village paved a far greater area than in prior years; we believe that preserving our commercial area is an important step in obtaining commercial based taxes and reducing the burden on homeowners.

Budget proposals for the 2011-2012 fiscal year will be examined by The Board of Trustees in public working sessions, currently scheduled for February 10th, 12th and 17th. All residents are invited to attend and hear for themselves a full explanation of the planning and decision making process that results in the annual expense and revenue plan, and that ultimately sets the basis for the Village tax rate.

The Public Information Committee
Trustee Andrew J. Cavanaugh
Trustee Donald T. Brudie
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