

CREDIT OPINION

18 January 2024



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Village of Garden City, NY

Update to credit analysis

Summary

The [Village of Garden City, New York](#) (Aaa stable issuer and GOLT, MIG 1 short-term) will continue to benefit from its proximity to New York City and the high demand for its residential and commercial property. The village's financial position is healthy with ample reserves and liquidity. The village's credit profile is bolstered by conservative fiscal management and formal policies that help to mitigate elevated leverage and an above-average fixed costs ratio driven in part by a high unfunded OPEB liability.

Credit strengths

- » High resident incomes and full value per capita
- » Strong reserves and liquidity
- » Conservative fiscal management

Credit challenges

- » Moderate leverage and fixed costs

Rating outlook

The stable outlook reflects the expectation that the village's conservative fiscal management will maintain a healthy financial position and continue to manage a high leveraged position.

Factors that could lead to an upgrade

- » N/A

Factors that could lead to a downgrade

- » Significant deterioration of reserves and liquidity
- » Increase in leverage
- » Significant weakening of local economy
- » Multi-notch downgrade of the village's issuer rating (BANs)

Key indicators

Exhibit 1

Garden City (Village of) NY

| | 2020 | 2021 | 2022 | 2023 | Aaa Medians |
|---|-------------|-------------|-------------|-------------|-------------|
| Economy | | | | | |
| Resident income ratio (%) | 248.9% | 234.2% | N/A | N/A | 173.0% |
| Full Value (\$000) | \$6,881,042 | \$7,233,555 | \$7,670,751 | \$7,638,900 | \$8,668,233 |
| Population | 22,384 | 23,087 | 22,871 | N/A | 35,992 |
| Full value per capita (\$) | \$307,409 | \$313,317 | \$335,392 | N/A | \$225,444 |
| Annual Growth in Real GDP | -3.5% | 4.8% | 2.5% | N/A | N/A |
| Financial Performance | | | | | |
| Revenue (\$000) | \$68,579 | \$74,429 | \$75,365 | \$86,408 | \$101,177 |
| Available fund balance (\$000) | \$76,425 | \$70,616 | \$68,159 | \$70,502 | \$58,570 |
| Net unrestricted cash (\$000) | \$93,021 | \$93,778 | \$85,532 | \$83,307 | \$82,803 |
| Available fund balance ratio (%) | 111.4% | 94.9% | 90.4% | 81.6% | 61.7% |
| Liquidity ratio (%) | 135.6% | 126.0% | 113.5% | 96.4% | 88.4% |
| Leverage | | | | | |
| Debt (\$000) | \$81,624 | \$90,246 | \$87,425 | \$85,610 | \$71,733 |
| Adjusted net pension liabilities (\$000) | \$107,336 | \$75,898 | \$61,944 | \$47,818 | \$120,941 |
| Adjusted net OPEB liabilities (\$000) | \$177,175 | \$151,744 | \$132,305 | \$90,671 | \$14,374 |
| Other long-term liabilities (\$000) | \$12,239 | \$12,377 | \$12,840 | \$13,607 | \$3,750 |
| Long-term liabilities ratio (%) | 551.7% | 443.7% | 390.8% | 275.1% | 263.2% |
| Fixed costs | | | | | |
| Implied debt service (\$000) | \$3,072 | \$5,845 | \$6,330 | \$6,106 | \$4,989 |
| Pension tread water contribution (\$000) | \$3,304 | \$4,942 | \$3,494 | \$3,117 | \$3,389 |
| OPEB contributions (\$000) | \$3,577 | \$3,946 | \$4,048 | \$3,992 | \$523 |
| Implied cost of other long-term liabilities (\$000) | \$924 | \$876 | \$868 | \$897 | \$245 |
| Fixed-costs ratio (%) | 15.9% | 21.0% | 19.6% | 16.3% | 11.6% |

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area [issuer specific] Metropolitan Statistical Area.

Sources: US Census Bureau, *Garden City (Village of) NY's financial statements* and Moody's Investors Service, US Bureau of Economic Analysis

Profile

Garden City is located within the [Town of Hempstead](#) (Aaa stable) in [Nassau County](#) (Aa3 positive) approximately 25 miles and 35 minutes by train east of New York City. The village's population is around 22,500.

Detailed credit considerations

Garden City will continue to benefit from a robust local economic profile and conservative fiscal management which have resulted in very strong reserves. Garden City benefits from its commuter proximity to New York City and high resident incomes and property wealth, as reflected in the village's full value per capita. The village is largely suburban residential. The redevelopment of commercial properties, expansion of [NYU Langone Hospitals](#) (A2 positive) and continued residential property improvement have contributed to revenue growth. High demand for residential and commercial property within Garden City are a significant strength and source of stability.

The village's financial position and reserves are expected to remain strong. At the close of fiscal 2023 the village held \$70.5 million in available fund balance, equal to 81.6% total revenue. About 79% of the village's revenue is derived from governmental funds with the remaining 21% coming from the village's business type activities: water, tennis and pool funds, all of which had positive operations in 2023. The village primarily derives its governmental revenue from property tax (78%).

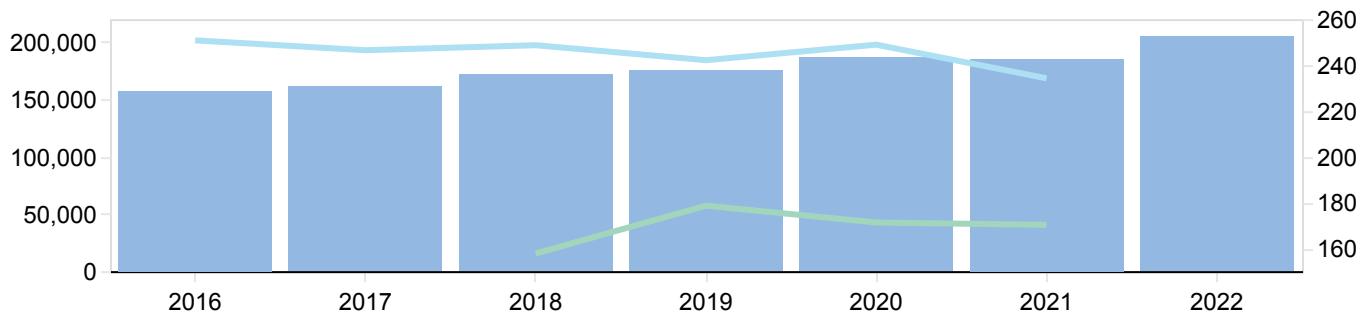
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Fiscal 2024 expenditures are tracking closely to budget and revenues are in excess of budget due to the receipt of grants and federal reimbursements, supporting the stable outlook. For the past several years the property tax levy has not been increased in consideration of the healthy operations and revenue growth occurring outside of any tax increases.

Garden City's long term liabilities are moderate and expected to remain stable. The current issuances will provide financing for PFAS remediation, which, net grant and settlement funds, will total about \$20 million for the local share and is the most significant project the village has in its five year capital plan.

Exhibit 2
Resident Income

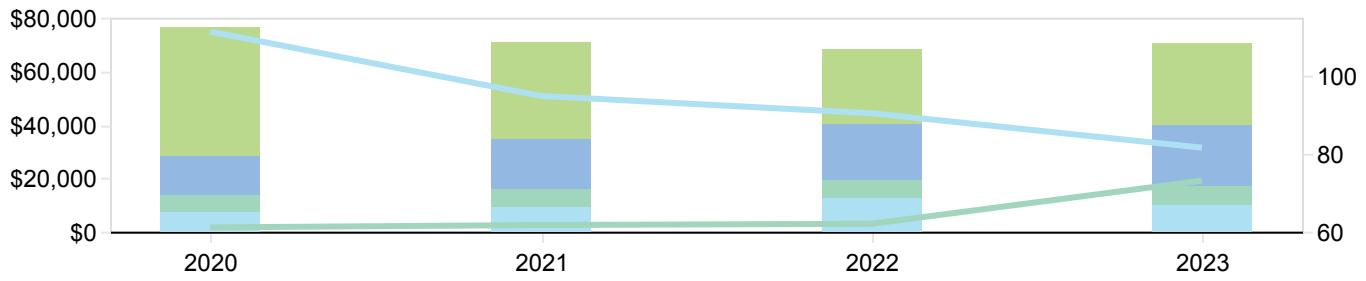
■ Median household income (\$) ■ Resident income ratio (%) ■ Aaa median resident income ratio (%)



Source: Moody's Investors Service

Exhibit 3
Fund Balance

■ General fund ■ Other governmental funds ■ Internal service funds ■ Business-type activities
■ Available fund balance ratio (%) ■ Aaa median available fund balance ratio (%)

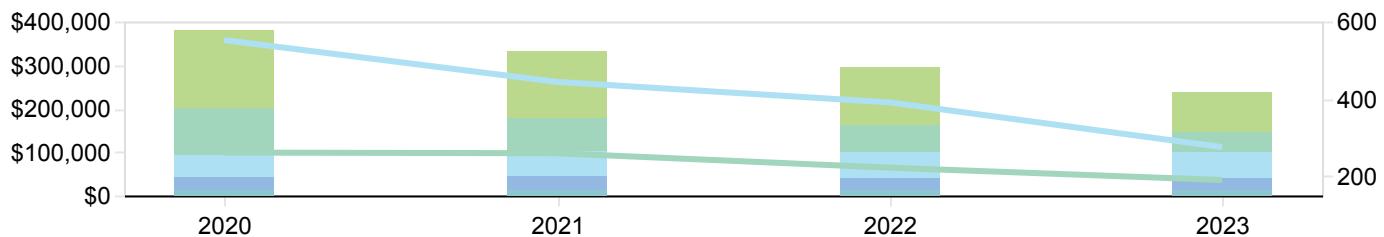


Source: Moody's Investors Service

Exhibit 4

Total Primary Government - Long Term Liabilities

Governmental Debt
 Business-Type Activity Debt
 Adjusted net pension liabilities
 Adjusted net other post-employment liabilities
 Other long-term liabilities
 Long-term liabilities ratio (%)
 Aaa median long-term liabilities ratio (%)



Source: Moody's Investors Service

ESG considerations

Environmental

The Village of Garden City's overall environmental issuer profile score is moderately-negative (E-3). All issuers in Nassau County have an elevated exposure to storms and water stress. The county maintains an active emergency management team and hazard mitigation plan to aid in navigating these challenges and works closely with all their local governments to help mitigate risks. The state and federal government have a long history of supporting local governments following extreme weather events. Exposure to other environmental risks such as carbon transition, natural capital, and pollution risks are low.

Social

The Village of Garden City's social issuer profile score is positive (S-1). Strong employment, low poverty, high resident income, high educational attainment, and low violent crime are positives. All municipalities in Nassau County have good access to basic services while risks associated with housing are neutral-to-low.

Governance

The Village of Garden City's governance issuer profile score is positive (G-1). Government operations are managed by certified and experienced professionals who are responsible for implementing policy objectives. This, plus a combination of a strong state-wide institutional framework and conservative budgeting, has allowed for stable and strong financial operations. Finally, management is generally prompt in publishing its budgets and audited financial statements. Monthly or quarterly interim statements are not available publicly.

Rating methodology and scorecard factors

The US Cities and Counties Rating Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 5

Garden City (Village of) NY

| | Measure | Weight | Score |
|--|---------|--------|-------|
| Economy | | | |
| Resident income ratio | 234.2% | 10.0% | Aaa |
| Full value per capita | 333,999 | 10.0% | Aaa |
| Economic growth metric | -0.4% | 10.0% | Aa |
| Financial Performance | | | |
| Available fund balance ratio | 81.6% | 20.0% | Aaa |
| Liquidity ratio | 96.4% | 10.0% | Aaa |
| Institutional Framework | | | |
| Institutional Framework | Aa | 10.0% | Aa |
| Leverage | | | |
| Long-term liabilities ratio | 275.1% | 20.0% | A |
| Fixed-costs ratio | 16.3% | 10.0% | A |
| Notching factors | | | |
| Additional Strength in Local Resources | 0.5 | | |
| Scorecard-Indicated Outcome | | | Aa1 |
| Assigned Rating | | | |
| | | | Aaa |

The Economic Growth metric cited above compares the five-year CAGR of real GDP for New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area [issuer specific] Metropolitan Statistical Area to the five-year CAGR of real GDP for the US

Sources: US Census Bureau, Garden City (Village of) NY's financial statements and Moody's Investors Service

Appendix

Exhibit 6 Key Indicators Glossary

| | Definition | Typical Source* |
|---|---|---|
| Economy | | |
| Resident income ratio | Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI | MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis |
| Full value | Estimated market value of taxable property in the city or county | State repositories; audited financial statements; continuing disclosures |
| Population | Population of the city or county | US Census Bureau - American Community Survey 5-Year Estimates |
| Full value per capita | Full value / population | |
| Economic growth metric | Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US | Real GDP: US Bureau of Economic Analysis |
| Financial performance | | |
| Revenue | Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions | Audited financial statements |
| Available fund balance | Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds | Audited financial statements |
| Net unrestricted cash | Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt | Audited financial statements |
| Available fund balance ratio | Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue | |
| Liquidity ratio | Net unrestricted cash / Revenue | |
| Leverage | | |
| Debt | Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements | Audited financial statements; official statements |
| Adjusted net pension liabilities (ANPL) | Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits | Audited financial statements; Moody's Investors Service |
| Adjusted net OPEB liabilities (ANOL) | Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits | Audited financial statements; Moody's Investors Service |
| Other long-term liabilities (OLTL) | Miscellaneous long-term liabilities reported under the governmental and business-type activities entries | Audited financial statements |
| Long-term liabilities ratio | Debt + ANPL + ANOL + OLTL / Revenue | |
| Fixed costs | | |
| Implied debt service | Annual cost to amortize city or county's long-term debt over 20 years with level payments | Audited financial statements; official statements; Moody's Investors Service |
| Pension tread water contribution | Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met | Audited financial statements; Moody's Investors Service |
| OPEB contribution | City or county's actual contribution in a given period | Audited financial statements |
| Implied cost of OLTL | Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments | Audited financial statements; Moody's Investors Service |
| Fixed-costs ratio | Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue | |

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US City and Counties Methodology](#).

Source: Moody's Investors Service

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