

CREDIT OPINION

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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.

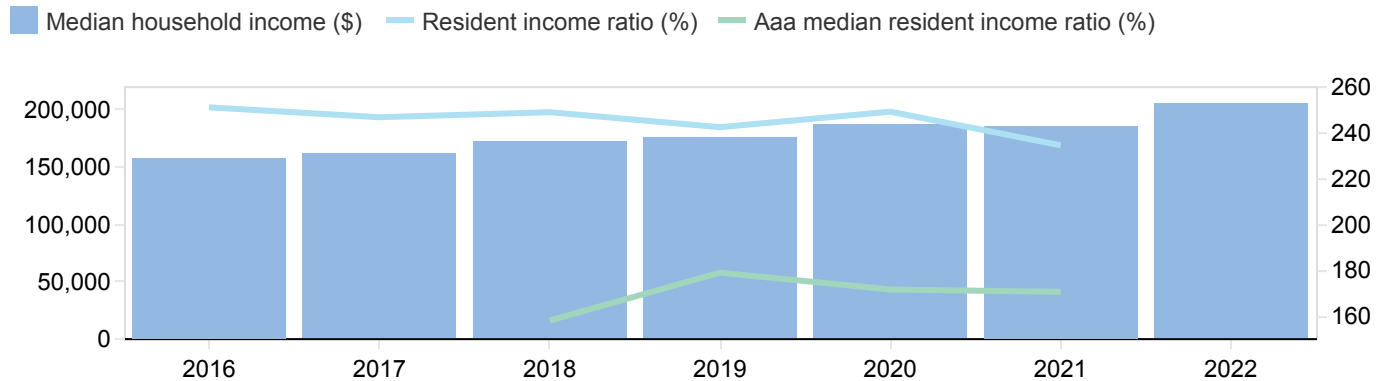
The village's financial position and reserves are expected to remain strong. At the close of fiscal 2023 the village held \$70.5 million in available fund balance, equal to 81.6% total revenue. About 79% of the village's revenue is derived from governmental funds with the remaining 21% coming from the 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%).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

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.

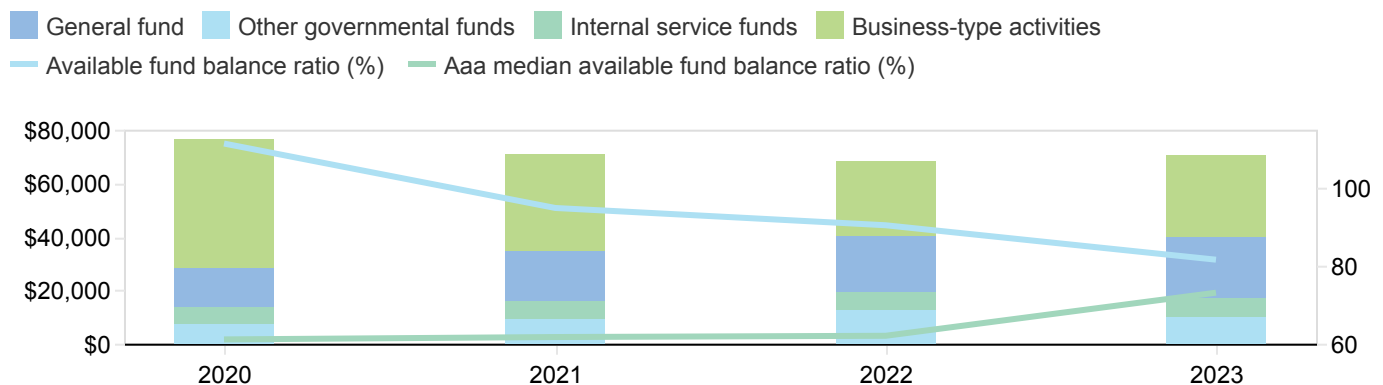
Garden City's long term liabilities are moderate and expected to remain stable. The current issuances will provide financing for PFAS remediation, which, net grant and settlement funds, will total about \$20 million for the local share and is the most significant project the village has in its five year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

Exhibit 2

Resident Income

Source: Moody's Investors Service

Exhibit 3

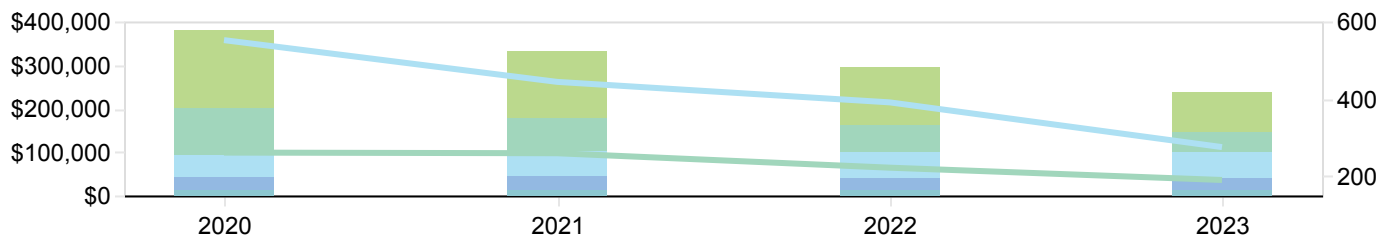
Fund Balance

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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