Village of Garden City, NY

Annual Comment on Garden City

Issuer Profile

The Village of Garden City is located on western Long Island in Nassau County, New York, approximately 25 miles east of New York City. The county has a population of 1,363,069 and a high population density of 4,755 people per square mile. The county’s median family income is $123,898 (1st quartile) and the December 2018 unemployment rate was 3% (1st quartile). The largest industry sectors that drive the local economy are health services, retail trade, and finance/insurance.

Credit Overview

Garden City’s credit position is outstanding and its Aaa rating far exceeds the median rating of Aa3 for cities nationwide. Notable credit factors include a robust financial position, a very strong wealth and income profile and a considerable tax base. The rating also reflects an exceptionally light debt burden and a moderate pension liability.

Finances: The village has a robust financial position. Garden City’s cash balance as a percent of operating revenues (33.7%) approximates the US median, and increased significantly from 2014 to 2018. Fund balance as a percent of operating revenues (27.9%) is a little weaker than the US median.

Economy and Tax Base: The economy and tax base of the village are exceptionally healthy and are in line with its Aaa rating position. The median family income equates to a robust 267.8% of the US level. Garden City’s full value per capita ($284,484) is materially above the US median, and increased from 2014 to 2018. The total full value ($6.5 billion) exceeds other Moody’s-rated cities nationwide.

Debt and Pensions: Overall, the debt and pension liabilities of the village are low. The net direct debt to full value (0.3%) is materially below the US median, and remained the same between 2014 and 2018. The Moody’s-adjusted net pension liability to operating revenues (1.3x) approximates the US median.

Management and Governance: New York cities, towns and villages have an Institutional Framework score of A, which is moderate. Institutional Framework scores measure a sector’s legal ability to increase revenues and decrease expenditures. New York Cities operate within a state-imposed property tax cap, which limits the ability to increase their operating levy by the lesser of 2% or CPI (before adjusting for exemptions and rollovers). However, this cap can be overridden at the local level, without voter approval. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. New York State has public sector unions and the additional constraint of the Triborough Amendment, which limits the
ability to cut expenditures. Unpredictable expenditure fluctuations tend to be moderate, or between 5-10% annually.

**Sector Trends - New York Cities**

New York cities, towns and villages will benefit from the state’s improving economy, although economic growth varies significantly across regions. Local governments continue to be pressured by revenue constraints, including limitations on property tax growth, flat state aid, and reliance on economically sensitive sales tax and mortgage tax revenues. Local governments will continue looking at ways to limit expense growth including contract negotiations with collective bargaining groups and shared services with other local governments. Pension liabilities are not a pressure for New York local governments due to the well-funded nature of the state run plan.

## EXHIBIT 1

### Key Indicators | Garden City

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<tr>
<td>Total Full Value</td>
<td>$5,938M</td>
<td>$5,726M</td>
<td>$5,942M</td>
<td>$6,276M</td>
<td>$6,457M</td>
<td>$1,867M</td>
<td>Improved</td>
</tr>
<tr>
<td>Full Value Per Capita</td>
<td>$263,424</td>
<td>$253,650</td>
<td>$263,760</td>
<td>$276,526</td>
<td>$284,484</td>
<td>$89,200</td>
<td>Improved</td>
</tr>
<tr>
<td>Median Family Income (% of US Median)</td>
<td>284%</td>
<td>267%</td>
<td>268%</td>
<td>268%</td>
<td>268%</td>
<td>113%</td>
<td>Weakened</td>
</tr>
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| Finances
| Available Fund Balance as % of Operating Revenues | 13.7% | 22.7% | 24.9% | 28.2% | 27.9% | 33.9% | Improved |
| Net Cash Balance as % of Operating Revenues | 17.1% | 25.6% | 27.8% | 31.5% | 33.7% | 36.9% | Improved |

| Debt / Pensions
| Net Direct Debt / Full Value | 0.3% | 0.3% | 0.4% | 0.3% | 0.3% | 1.1% | Stable |
| Net Direct Debt / Operating Revenues | 0.35x | 0.33x | 0.39x | 0.38x | 0.33x | 0.88x | Stable |
| Moody's-adjusted Net Pension Liability (3-yr average) to Full Value | 1.2% | 1.5% | 1.5% | 1.4% | 1.2% | 1.8% | Stable |
| Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues | 1.28x | 1.46x | 1.50x | 1.46x | 1.27x | 1.51x | Stable |

| Debt and Financial Data
| Population | 22,543 | 22,575 | 22,531 | 22,698 | 22,698 | N/A |
| Available Fund Balance ($000s) | $7,586 | $13,753 | $14,491 | $16,395 | $16,612 | $7,419 |
| Net Cash Balance ($000s) | $9,412 | $15,460 | $16,217 | $18,322 | $20,044 | $8,404 |
| Operating Revenues ($000s) | $55,170 | $60,507 | $58,309 | $58,177 | $59,438 | $21,930 |
| Net Direct Debt ($000s) | $19,389 | $19,850 | $22,891 | $21,847 | $19,751 | $18,580 |
| Moody's Adjusted Net Pension Liability (3-yr average) ($000s) | $70,442 | $88,363 | $87,449 | $84,886 | $75,237 | $32,507 |

*Source: Moody’s Investors Service*
EXHIBIT 2
Available fund balance as a percent of operating revenues increased from 2014 to 2018

Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3
Full value of the property tax base increased from 2014 to 2018

Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4
Moody's-adjusted net pension liability to operating revenues was stable from 2014 to 2018

Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes
1 The rating referenced in this report is the issuer’s General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government’s underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.

2 The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.

The largest industry sectors are derived from the Bureau of Economic Analysis. Moody’s allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.

3 The institutional framework score assesses a municipality’s legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See US Local Government General Obligation Debt (December 2016) methodology report for more details.

4 For definitions of the metrics in the Key Indicators Table, US Local Government General Obligation Methodology and Scorecard User Guide (July 2014).

Metrics represented as N/A indicate the data were not available at the time of publication.

5 The medians come from our most recently published local government medians report, Medians - Property values key to stability, but pension burdens remain a challenge (March 2018) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody’s GO methodology and the associated scorecard.
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REPORT NUMBER 1157273