

## ISSUER COMMENT

20 July 2020

### RATING

#### General Obligation (or GO Related) <sup>1</sup>

Aa2 No Outlook

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## Village of Munsey Park, NY

### Annual Comment on Munsey Park

#### Issuer Profile

The Village of Munsey Park is located on Long Island in Nassau County, New York, approximately 25 miles east of New York City. The county has a population of 1,356,564 and a high population density of 4,732 people per square mile. The county's median family income is \$129,807 (1st quartile) and the May 2020 unemployment rate was 12% (3rd quartile) <sup>2</sup>. The largest industry sectors that drive the local economy are health services, retail trade, and finance/insurance.

We regard the coronavirus outbreak as a social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy. We do not see any material immediate credit risks for Munsey Park. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Munsey Park changes, we will update our opinion at that time.

#### Credit Overview

Munsey Park's credit position is very good. Its Aa2 rating slightly exceeds the median rating of Aa3 for US cities. Key credit factors include a robust financial position, very small debt and pension liabilities, a very strong wealth and income profile and a sound tax base.

**Finances:** The village has a robust financial position, which is relatively favorable when compared to the assigned rating of Aa2. Munsey Park's fund balance as a percent of operating revenues (63.6%) is far above the US median, and saw an impressive increase from 2015 to 2019. In addition, the cash balance as a percent of operating revenues (63.8%) is much higher than other Moody's-rated cities nationwide.

**Debt and Pensions:** Overall, the debt and pension liabilities of the village are exceptionally low and are a credit strength when compared to its Aa2 rating. The net direct debt to full value (0.0% rounded) is materially below the US median, and did not change between 2015 and 2019. Furthermore, Munsey Park's Moody's-adjusted net pension liability to operating revenues (0.34x) favorably is materially lower than the US median.

**Economy and Tax Base:** The village has an exceptionally healthy economy and tax base overall, which are aligned with its Aa2 rating. The median family income equals a robust 338% of the US level. Additionally, the full value per capita (\$471,011) is above other Moody's-rated cities nationwide, and saw an impressive increase from 2015 to 2019. However, the total full value (\$1.3 billion) is below the US median.

The coronavirus is driving an unprecedented economic slowdown. We currently forecast US GDP to decline significantly during 2020 with a gradual recovery commencing toward the end of the year. Local governments with the highest exposure to tourism, hospitality, healthcare, retail, and oil and gas could suffer particularly severe impacts.

**Management and Governance:** New York cities have an institutional framework score <sup>3</sup> of "A", which is moderate. 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. 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 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

Most cities across New York will continue to benefit from fundamentally strong economies positioned for long term growth. However, the negative impacts of coronavirus pandemic will vary significantly by region depending on how long it takes for economic activity to return to normal or near-normal. The pandemic is causing significant declines to economically sensitive revenues such as sales taxes and hotel/motel taxes. 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 state run plan. OPEB liabilities across the state are generally higher than the national average; however, total unfunded liabilities are only slightly above average.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for the most updated credit rating action information and rating history.

## EXHIBIT 1

Key Indicators [4](#) [5](#) Munsey Park

	2015	2016	2017	2018	2019	US Median	Credit Trend
<b>Economy / Tax Base</b>							
Total Full Value	\$768M	\$843M	\$861M	\$942M	\$1,280M	\$1,904M	Improved
Full Value Per Capita	\$283,239	\$310,363	\$314,440	\$346,737	\$471,011	\$94,106	Improved
Median Family Income (% of US Median)	343%	338%	353%	338%	338%	111%	Stable
<b>Finances</b>							
Available Fund Balance as % of Operating Revenues	38.9%	50.0%	66.0%	70.9%	63.6%	34.6%	Improved
Net Cash Balance as % of Operating Revenues	39.4%	48.7%	64.3%	83.7%	63.8%	39.6%	Improved
<b>Debt / Pensions</b>							
Net Direct Debt / Full Value	0.2%	0.1%	0.1%	0.1%	0.0%	1.1%	Stable
Net Direct Debt / Operating Revenues	0.72x	0.54x	0.44x	0.31x	0.23x	0.84x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.2%	0.1%	0.1%	0.1%	0.1%	1.9%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.65x	0.50x	0.39x	0.29x	0.34x	1.56x	Stable

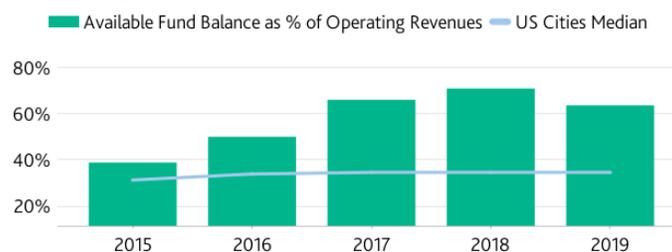
  

	2015	2016	2017	2018	2019	US Median
<b>Debt and Financial Data</b>						
Population	2,715	2,719	2,739	2,719	2,719	N/A
Available Fund Balance (\$000s)	\$739	\$978	\$1,262	\$1,481	\$1,233	\$8,028
Net Cash Balance (\$000s)	\$749	\$951	\$1,229	\$1,748	\$1,237	\$9,530
Operating Revenues (\$000s)	\$1,901	\$1,954	\$1,911	\$2,088	\$1,938	\$23,172
Net Direct Debt (\$000s)	\$1,368	\$1,064	\$845	\$645	\$440	\$19,139
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$1,241	\$974	\$742	\$608	\$655	\$35,448

Source: Moody's Investors Service

## EXHIBIT 2

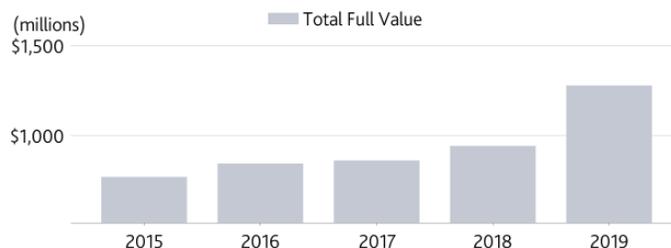
## Available fund balance as a percent of operating revenues increased from 2015 to 2019



Source: Issuer financial statements; Moody's Investors Service

## EXHIBIT 3

## Full value of the property tax base increased from 2015 to 2019



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

## EXHIBIT 4

## Moody's-adjusted net pension liability to operating revenues decreased from 2015 to 2019



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

## Endnotes

- 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.
  - 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.
- 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 \(September 2019\)](#) methodology report for more details.
  - 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.
  - The medians come from our most recently published local government medians report, [Medians - Tax base growth underpins sector strength, while pension challenges remain \(May 2019\)](#) which is available on Moody's.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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