

RatingsDirect®

Summary:

Endicott Village, New York; General Obligation

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Credit Profile

US\$2.067 mil GO pub imp (serial bnds) 2023 dtd 08/23/2023 due 08/15/2043

<i>Long Term Rating</i>	A/Stable	New
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Endicott Vill pub imp rfdg bnds ser 2022 due 01/15/2033

<i>Long Term Rating</i>	A/Stable	Affirmed
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Endicott Vill GO (AGM)

<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
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Many issues are enhanced by bond insurance.

Credit Highlights

- S&P Global Ratings assigned its 'A' rating to Endicott Village, N.Y.'s approximately \$2.1 million general obligation (GO) public improvement bonds, series 2023.
- S&P Global Ratings also affirmed its 'A' rating on the village's existing GO debt.
- The outlook is stable.

Security

The village's faith-and-credit pledge secures the bonds. We understand Endicott Village is issuing \$13.2 million in bond anticipation notes (BANs) at the same time, which we have not been asked to rate. The notes are also secured by the village's faith-and-credit pledge.

The proceeds of the bonds, together with \$152,000 available funds of the village, will permanently finance \$2.2 million in BANs maturing Aug. 24, 2023.

The proceeds of the unrated BANs, together with \$222,000 of the village's available funds, will roll over \$9.3 BANs maturing Aug. 24, 2023, and provide \$4.3 million in financing road and sidewalk improvements, water and wastewater infrastructure and equipment.

Credit overview

Endicott Village is a primarily residential community within the town of Union and partially within the Binghamton metropolitan statistical area. The 10 leading taxpayers account for about 20% of the tax base, including an industrial area known as Huron Campus, a 130-acre complex formerly owned by IBM. Tenants include BAE Systems, an aerospace company; Imperium3, a lithium-ion battery manufacturer; IBM; and Ubiquity Solar, which recently announced plans to develop solar panel manufacturing at the site. These companies support the tax and employment bases. Other commercial and multifamily developments, as well as investments in the village center, have supported nearly 9% growth in market value over the past three years. Endicott Village residents also have access to leading employers in health care and education sectors. However, wealth and income indicators remain well below the

national average and low relative to those of peers.

Endicott Village benefits from stable revenues, with property taxes account for 51% of general fund revenues, followed by the village's share of sales taxes, which account for 27% of revenues. Endicott Village has produced an operating surplus each year since 2019, including the most recent fiscal 2022. While our analysis of fiscal 2022 financial performance is based on final draft audit results, management expects the audit to be finalized within the next month and with no material changes. The village ended fiscal 2022 with a \$911,635 surplus, and unassigned general fund reserves equal to \$4.3 million, or 26% of operating expenses. Management attributes its recent track record of positive results to Endicott Village's revenue profile and conservative approach to budgeting as well as continued growth in property tax receipts.

We view Endicott Village's debt and liability profile as weak, with manageable debt service, but with sizable unfunded other postemployment benefit (OPEB) liabilities funded on a pay-as-you-go basis, required by state statute, including a \$41.8 million OPEB liability. New York State prohibits the accumulation of assets against the OPEB liability, thereby increasing financial risk because Endicott Village cannot plan for higher contributions with amounts set aside in a dedicated fund. Nevertheless, we do not expect pension costs will increase given the high funded ratios. Following this issuance, the village has \$27.6 million in debt direct debt outstanding.

The rating further reflects our view of Endicott Village's:

- Limited local economy, with below-average wealth and income levels, that is primarily residential, with modest growth over the past decade;
- Stable revenues and conservative budgeting practices driving strong performance and improving unassigned reserves, which stand at 26% of expenses at the end of fiscal 2022 according to the village's final draft audit results;
- Standard financial management policies and practices under our Financial Management Assessment, including monthly budget-to-actual updates, an annually updated capital plan, and adherence to state requirements regarding debt and reserves; and
- High OPEB liabilities, with legal inability to prefund an OPEB trust.

Environmental, social, and governance

Physical risk factors are slightly elevated due to Endicott Village's location on the Susquehanna River flood plain. The village's airport and wastewater treatment plant are particularly susceptible to flooding. River flooding greatly affected the village in 2006 and 2011, and it received Federal Emergency Management Agency-mitigation funding due to flooding at the wastewater treatment plant. Endicott Village has explored the construction of a flood wall along part of the river but found it unfeasible. In addition, there has been a multidecade-long environmental cleanup effort regarding industrial solvents found in groundwater near former industrial sites, which the village reports are 90% remediated. In addition, the lack of New York State statutory authority for local governments to prefund OPEB contributions through a dedicated trust raises risk management, culture, and oversight risks for New York municipalities, as these costs could escalate and create budgetary pressures. The village is managing these risks for now, and we view social risks relative to its economy, management, financial measures, and debt and liability profile as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that Endicott Village will maintain balanced budgetary operations and available reserves at or above current levels. The village's limited additional capital needs further support the rating.

Downside scenario

We could lower the rating if finances were to deteriorate, evidenced by weakened available reserves.

Upside scenario

We could raise the rating if economic metrics were to improve, coupled with the establishment of more-formal financial management policies.

Endicott, New York--Key credit metrics				
	Most recent	Historical information		
		2022	2021	2020
Very weak economy				
Projected per capita EBI % of U.S.	70			
Market value per capita (\$)	41,080	37,788	38,583	37,708
Population (no.)	13,206	13,206	12,581	12,704
County unemployment rate(%)		3.8	5.3	8.3
Market value (\$000)	542,498	499,023	485,417	479,039
Ten largest taxpayers % of taxable value	20.1			
Adequate budgetary performance				
Operating fund result % of expenditures		5.6	6.7	2.4
Total governmental fund result % of expenditures		(4.3)	(0.8)	2.0
Very strong budgetary flexibility				
Available reserves % of operating expenditures		26.1	31.4	20.4
Total available reserves (\$000)		4,277	4,564	3,596
Very strong liquidity				
Total government cash % of governmental fund expenditures		20	39	35
Total government cash % of governmental fund debt service		684	927	995
Adequate management				
Financial Management Assessment	Standard			
Very weak debt & long-term liabilities				
Debt service % of governmental fund expenditures		2.9	4.2	3.5
Net direct debt % of governmental fund revenue	98			
Overall net debt % of market value	7.1			
Direct debt 10-year amortization (%)	44			
Required pension contribution % of governmental fund expenditures		5.4		
OPEB actual contribution % of governmental fund expenditures		0		
Strong institutional framework				

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019

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