



CITY OF GLEN COVE

2021

PROPOSED BUDGET

CITY OF GLEN COVE



**Honorable Mayor
Timothy J. Tenke**

City Council Members



**Danielle Fugazy
Scagliola**



**Dr. Eve Lupenko
Ferrante**



John Perrone



Marsha Silverman



**Gaitley Stevenson-
Mathews**



Rocco A. Totino

HOW THE CITY GOT TO WHERE WE ARE...

(HISTORY OF OUR FINANCIAL CONDITION)

According to the Office of the New York State Comptroller's Report of Examination issued January 2018 covering the period January 2013 – December 2016:

- ❑ *The Council has not adopted structurally balanced budgets*
- ❑ *The Council relied on non-recurring revenues, debt and interfund transfers to balance budgets and meet normal operating expenditures*
- ❑ *In total, City officials included \$6.2 million in non-recurring revenues in the City's budget from 2013 through 2016*
- ❑ *The budgeted non-recurring revenues as a percentage of the total budgeted revenues increased from 0.02 percent in 2013 to almost 10 percent in 2016*
- ❑ *The City also issued debt totaling \$4.9 million in fiscal years 2013, 2014 and 2015 to meet recurring operating expenditures such as tax certiorari refunds and separation payments. Such practices are imprudent and can negatively affect the City's financial condition...*

Additionally, beyond the coverage period of the Comptroller's report, in 2017, the City again relied on non-recurring revenues in the amount of \$5.4 million to balance the budget which then represented almost 11.5% of total budgeted revenues.

***** THIS IS NOT A PRUDENT PRACTICE AND HAS DIMINISHED THE FINANCIAL CONDITION OF THE CITY *****

NON-RECURRING REVENUES

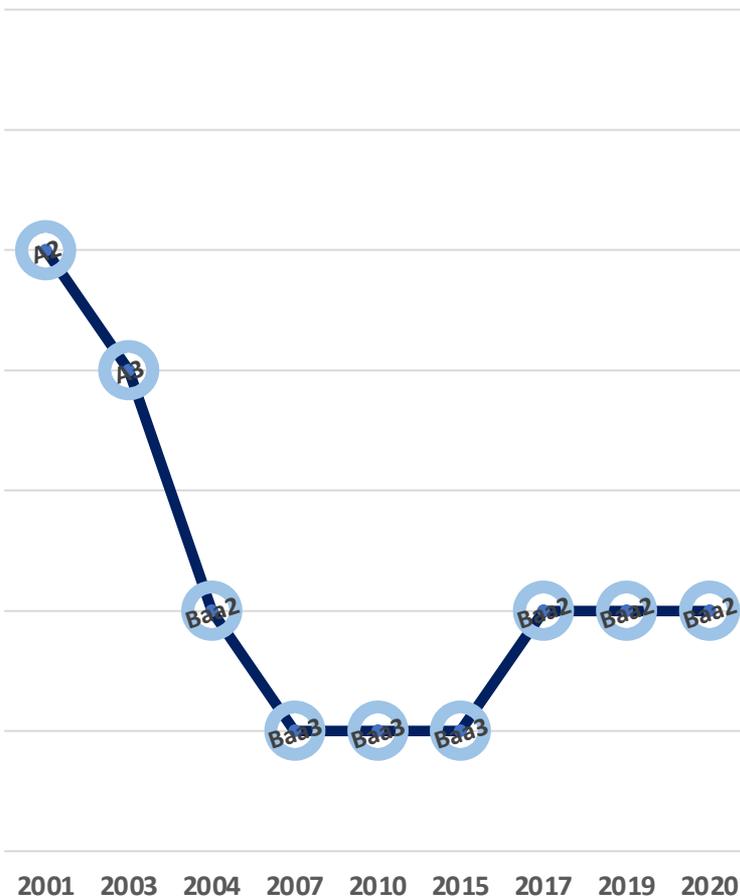
(ONE-SHOT AND GONE...)

Approximately \$13.1 million of non-recurring revenues have been used to balance the budgets from 2014 through 2018.

<input type="checkbox"/> 2014		
	Sale of City Property	\$250,000
<input type="checkbox"/> 2015		
	Settlement from Legal Proceedings	\$950,000
	Sale of City Property	\$410,000
<input type="checkbox"/> 2016		
	Sale of City Property (Waterfront)	\$3,500,000
	Non-Recurring Building Permits	\$1,100,000
<input type="checkbox"/> 2017		
	Sale of City Property (Waterfront)	\$3,863,186
	Non-Recurring Building Permits	\$1,500,000
<input type="checkbox"/> 2018		
	Non-Recurring Building Permits	\$1,500,000
TOTAL NON-RECURRING REVENUES		\$13,073,186

MOODY'S RATING HISTORY

2001 - 2020



- Moody's Upgrades the City to Baa2 from Baa3 rating in April 2017 and Outlook remains Positive

- Operating Surpluses in 2015 and 2016
- Elimination of Deficit Fund Balance end of 2016

ONE-TIME IMPROVEMENT TO FINANCIAL CONDITION ALL DUE TO ONE-SHOT REVENUES

- Moody's Affirmed the City's Baa2 rating in February 2019, while Outlook revised to Stable from Positive
- Moody's Affirmed the City's Baa2 rating in June 2020, while Outlook revised to Negative from Stable
 - CHALLENGES:**
 - DECLINING FINANCIAL POSITION
 - NO MORE NON-RECURRING REVENUES
 - FUND BALANCE REVERTS TO DEFICIT

2021 TAX CAP DETERMINATION

- ❑ The Property Tax Cap, which was established for fiscal years beginning in 2012, limits the City's ability to increase the property tax levy
- ❑ The total amount to be raised through property taxes is capped at the lesser of 2% or the rate of inflation and for fiscal year 2021, the allowable levy growth factor is limited to 1.56%
- ❑ Based on the tax cap calculation, the tax levy would be limited to a year over year increase of **only \$202,031** absent a City Council resolution to override the cap

TAX LEVY LIMIT CALCULATION

	2021	2020
Tax Levy Prior Year	31,072,297	30,496,535
Tax Base Growth Factor	1.00290	1.00210
Sub-total	31,162,407	30,560,578
Add: PILOTS Receivable Prior Year	2,327,331	2,120,208
Sub-total	33,489,738	32,680,786
Allowable Levy Growth Factor	1.01560	1.02000
Sub-total	34,012,178	33,334,401
Less: PILOTS Receivable Current Year	(2,737,850)	(2,327,331)
Add: Available Carryover from Prior Year	-	65,227
TAX LEVY LIMIT	\$ 31,274,328	\$ 31,072,297

FUND SUMMARY – ALL FUNDS

	GENERAL FUND	WATER FUND	DEBT SERVICE FUND	INSURANCE FUND	FERRY FUND	TOTAL
APPROPRIATIONS:						
Expenditures	41,710,362	2,955,378	7,842,554	985,000	2,275,000	55,768,294
Interfund Transfers	7,551,254	946,122				8,497,376
FUNDING REQUIRED	49,261,616	3,901,500	7,842,554	985,000	2,275,000	64,265,670
ESTIMATED REVENUES:						
Miscellaneous Revenues	15,707,520	3,901,500	302,178	985,000	2,275,000	23,171,198
Interfund Transfers			7,540,376			7,540,376
Real Estate Taxes	33,554,096					33,554,096
FUNDING SOURCES	49,261,616	3,901,500	7,842,554	985,000	2,275,000	64,265,670
REAL ESTATE TAX RATES						
Year	Property Class	Net Assessed Valuation	Rate Per \$100	Tax Levy		
2017	Residential (H)	3,278,526,375	0.656293	21,516,754		
	Commercial (N/H)	462,333,645	1.790068	8,276,087		
		3,740,860,020		29,792,841		
2018	Residential (H)	3,489,219,267	0.628343	21,924,262		
	Commercial (N/H)	466,102,410	1.740238	8,111,289		
		3,955,321,677		30,035,551		
2019	Residential (H)	3,759,473,512	0.597165	22,450,251		
	Commercial (N/H)	461,141,150	1.744864	8,046,284		
		4,220,614,662		30,496,535		
2020	Residential (H)	3,757,141,469	0.613317	23,043,199		
	Commercial (N/H)	460,889,572	1.742087	8,029,098		
		4,218,031,041		31,072,297		
2021	Residential (H)	3,763,589,844	0.665324	25,040,073		
	Commercial (N/H)	470,488,229	1.809614	8,514,023		
		4,234,078,073		33,554,096		

SUMMARY OF CHANGES GENERAL FUND

	<u>2020</u>	<u>2021</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
REAL ESTATE TAX RATE (PER \$100)				
Residential (Homestead)	0.613317	0.665324	0.052007	8.48% *
Commercial (Non Homestead)	1.742087	1.809614	0.067527	3.88% *
<u>APPROPRIATIONS:</u>				
Expenditures	39,505,078	41,710,362	2,205,284	5.58%
Interfund Transfers	7,404,266	7,551,254	146,988	1.99%
FUNDING REQUIRED	<u>46,909,344</u>	<u>49,261,616</u>	<u>2,352,272</u>	<u>5.01%</u>
<u>ESTIMATED REVENUES:</u>				
Miscellaneous Revenues	15,837,047	15,707,520	(129,527)	-0.82%
Interfund Transfers	-	-	-	0.00%
Real Estate Taxes	31,072,297	33,554,096	2,481,799	7.99% *
FUNDING SOURCES	<u>46,909,344</u>	<u>49,261,616</u>	<u>2,352,272</u>	<u>5.01%</u>
NET ASSESSED VALUATION				
Residential (Homestead)	3,757,141,469	3,763,589,844	6,448,375	0.17%
Commercial (Non Homestead)	460,889,572	470,488,229	9,598,657	2.08%
TOTAL NET ASSESSED VALUATION	<u>4,218,031,041</u>	<u>4,234,078,073</u>	<u>16,047,032</u>	<u>0.38%</u>

* The percentage change in tax rates may be higher or lower than the percentage change in tax levy because Net Assessed Valuations (the base on which the tax levy is computed) either increased or decreased from last year's assessment therefore providing a higher or lower base to compute the tax levy.

2021 TAX LEVY INCREASE

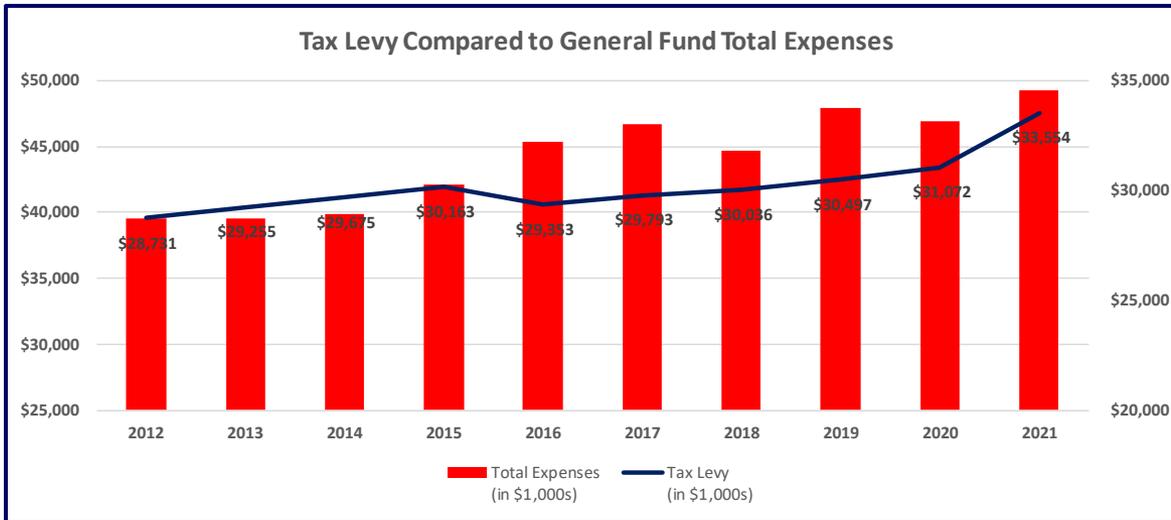
	Amount	Portion of Tax Rate Increase
Total 2021 Requested Net Increase Compared to 2020 Adopted Budget		
Loss of State & County Aid (COVID Related)	\$ 769,378	2.48%
Non-Discretionary Spending	\$ 2,363,758	7.61%
Total Pandemic and Non-Discretionary Spending	\$ 3,133,136	10.08%
Additional Departmental Budget Requests	\$ 2,981,807	9.60%
Total 2021 Requested Net Increase Compared to 2020 Adopted Budget	\$ 6,114,943	19.68% (A)

COMPONENTS OF TAX RATE INCREASE

Loss of State & County Aid (COVID Related)	\$ 769,378	2.48%
Non-Discretionary Spending Increases	\$ 2,363,758	7.61%
Additional Departmental Budget Requests	\$ 2,981,807	9.60%
Sub-total (see above)	\$ 6,114,943	19.68% (A)
Elimination of Department Compensation Related Requests (New positions and salary increases)	\$ (867,626)	-2.79%
All Other Budget Request and Adjustments (net impact of increases/decreases to offset loss in aid, non-discretionary costs and request denials)	\$ (2,116,951)	-6.81%
Abolished Positions (8) [6 active and 2 vacant positions included in 2020 budget]	\$ (648,567)	-2.09%
2021 Proposed Budget Tax Levy Increase	\$ 2,481,799	7.99%
Adjusted Base Proportion (2021 Residential Impact based on change in assessment valuations)		0.49%
2021 Proposed Budget Tax Rate Increase		8.48%

HISTORICAL BUDGET TREND ANALYSIS

TAX LEVY COMPARED TO GENERAL FUND TOTAL EXPENSES



2012 - 2014

- Tax Levy keeps pace with growing expenses

2015 – 2017

- Expenses grow \$4.7 million or 11.1%
- Tax Levy remains flat (slight decline of \$370k or 1.2%)

- Miscellaneous Revenues JUMP \$5.0 million or 42.3%

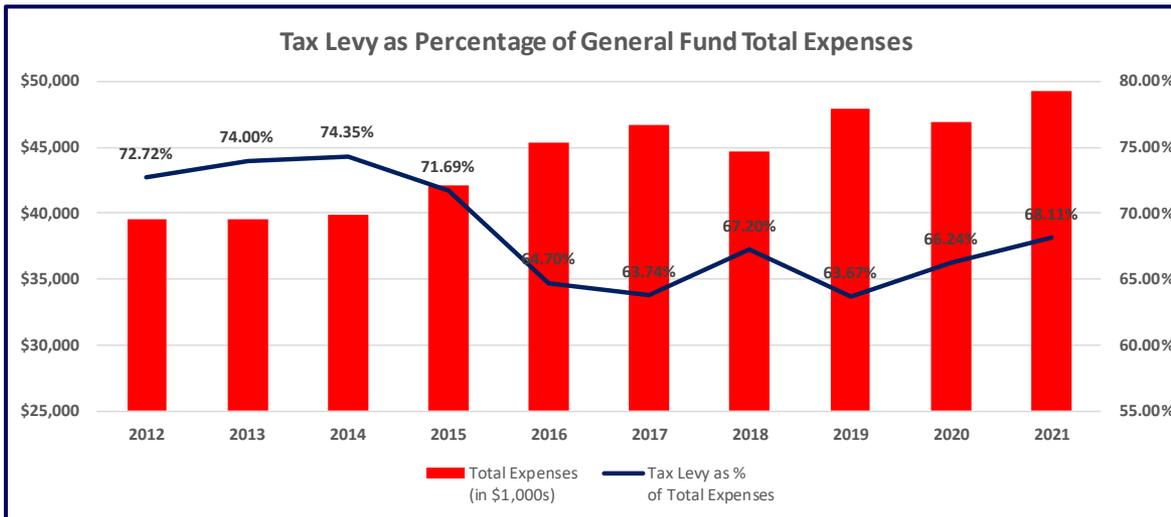
[DUE TO ONE-SHOT REVENUES]

2018

- No Material Changes

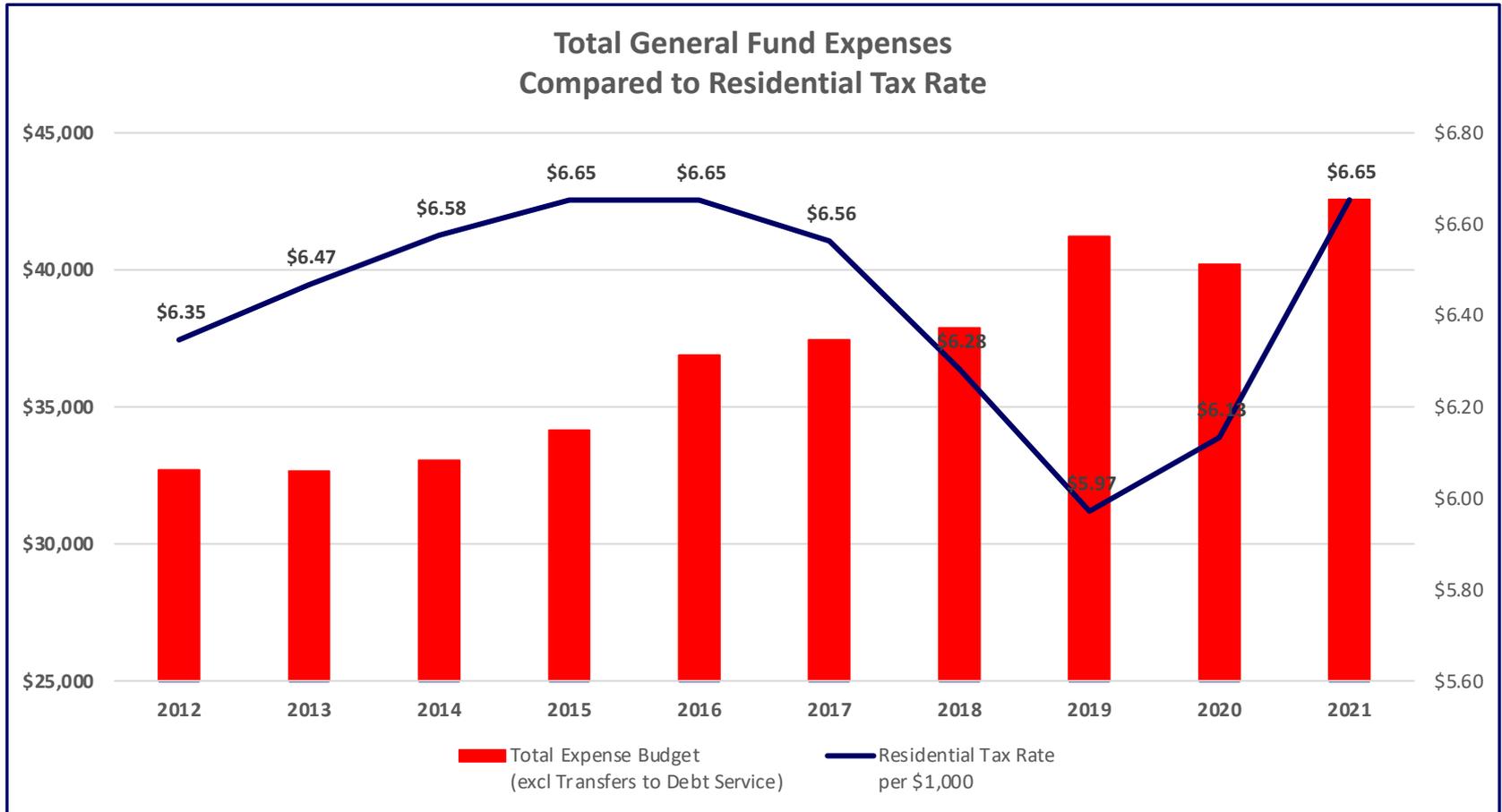
2019 – 2021

- Tax Levy back to keeping pace with growing expenses



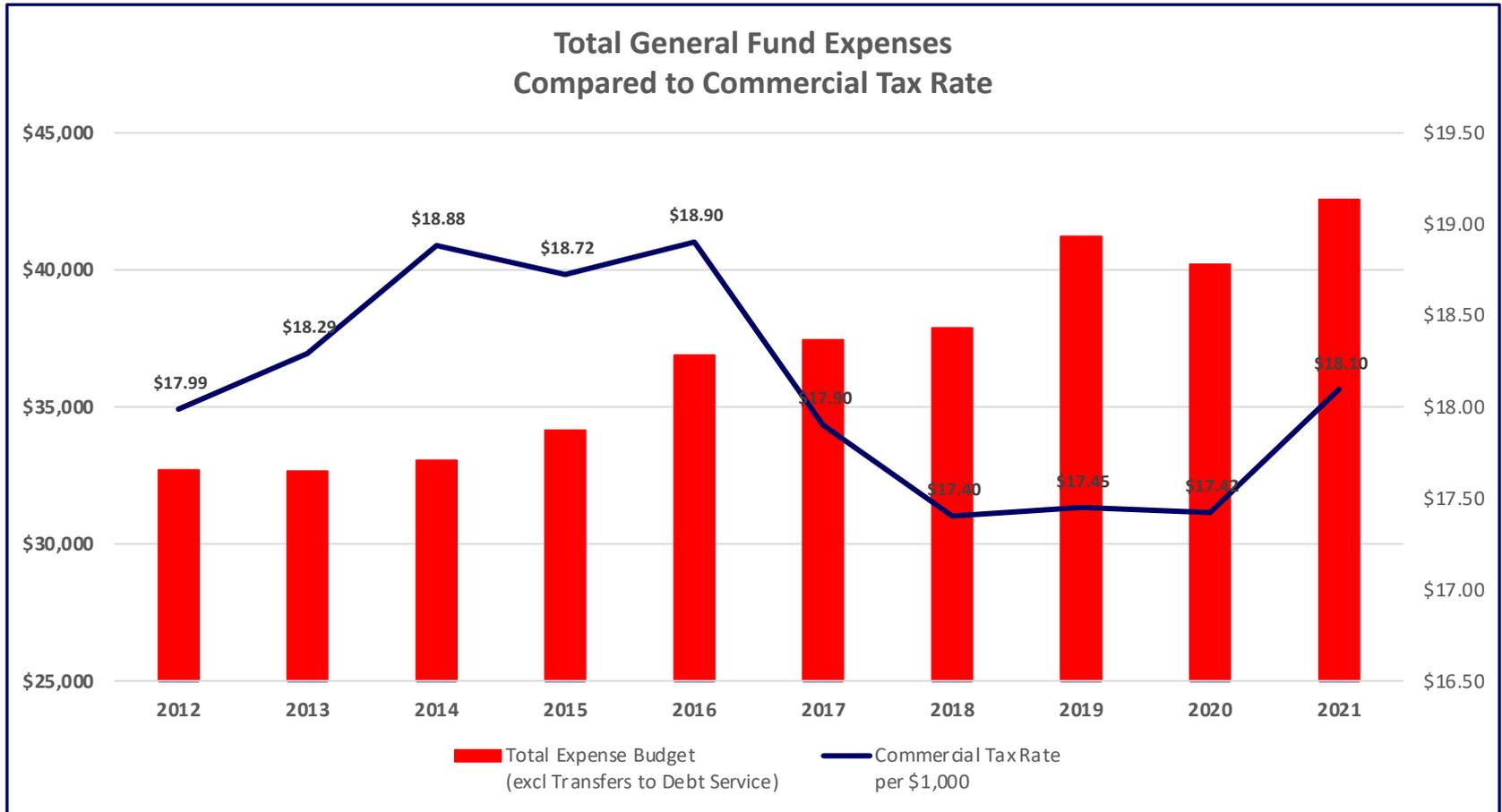
HISTORICAL BUDGET TREND ANALYSIS

RESIDENTIAL TAX RATE



HISTORICAL BUDGET TREND ANALYSIS

COMMERCIAL TAX RATE



TAX IMPACT ANALYSIS

	2020 Taxes	2021 Taxes	\$ Difference	% Difference
Residential	\$3,067	\$3,327	260.03	8.48%
Commercial	\$8,710	\$9,048	337.64	3.88%

Based on property with an assessed value of \$500,000

