

SECTION A: OVERVIEW AND DISCUSSION

City of Yonkers 2013 – 2016 Multi-Year Plan

Overview

For this preliminary release of the 2013 – 2016 Multi-Year Plan, we are using the 2013 Adopted Budget as our projection for 2013 and as the basis for our 2014 through 2016 fiscal year projections. When we do this exercise again for release on April 15, 2013 along with the Mayor’s 2014 Budget, we will include a current projection for 2013 based on eight to nine months of experience instead of using the adopted budget.

The 2013 Adopted Budget serves as the base year and includes current practices (i.e., pension amortization, bonding for certioraris, and utilization of fund balance). These practices are not included in projections for years 2014 through 2016, so as to avoid minimizing the structural deficits in those years, deficits resulting from the variance between recurring expenditures and recurring revenues.

It is important not to mask these projected structural deficits with non-recurring revenues, as the non-recurring revenues will eventually run out. It is also important not to include borrowing to pay for current operating costs to cover structural deficits. Borrowing for current costs, such as judgments and pension costs, again masks the problem and the repayment of this borrowing will utilize much needed resources for future operating expenses and capital improvements. It is the Mayor’s ultimate goal to bring recurring revenues and recurring expenditures into balance and return fiscal stability to the City.

In the meantime, the first step to a solution is quantifying the magnitude of these structural deficits and making all interested parties aware of the challenges facing the City. The use of “one-shots” is an intermediary approach to the City’s fiscal problems, and while they give us some breathing room, ultimately they do not correct the imbalance between revenues and expenditures.

Projections for the Board of Education (BOE) were provided by the BOE and are also preliminary: the BOE numbers will be less speculative after the 2012 year-end close and as they start to get a read on state aid. The only change made to the BOE’s projections was the removal of \$2 million of fund balance usage for 2014, to be consistent with the assumption that we would not use fund balances to close the gaps.

Below is a general discussion of overall revenues and expenditures and highlights for each fiscal year, along with the assumptions we used in formulating our projections. The next section, Section B: The Plan, has the details of the projections - the numbers –

City of Yonkers
2013 – 2016 Multi-Year Plan

including a summary of revenues and expenditures, details on the projected tax rates and the 2% constitutional tax limit calculations, and year-over-year comparisons.

The projected structural deficits are summarized in the following chart:

	FISCAL YEARS			
	(in millions)			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>REVENUES</u>				
City	\$670	\$ 674	\$ 688	\$ 703
BOE	286	276	285	296
Total	\$956	\$ 950	\$ 973	\$ 999
 <u>EXPENDITURES</u>				
City	\$442	\$ 490	\$ 513	\$ 526
BOE	513	546	617	660
Total	\$956	\$1,036	\$1,129	\$1,185
 <u>DEFICITS</u>				
	\$ -	\$ (86)	\$ (156)	\$ (187)

Multi-Year Plan Summary

Revenues:

The major sources of revenue for the City’s operations are Property Taxes (34%) and State Aid (39%), with City State Aid at 11% and BOE State Aid at 28% of total revenue. The remaining 27% of total revenues are comprised mainly of: Sales Tax (7%), the Income Tax Surcharge (4%), Water and Sewer revenues (4%), Parking Violations revenue (2%), Utilities Gross Receipts (1%), Real Estate Transfer Tax (1%), Payments for Prior Year Taxes (1%), and Payments in Lieu of Taxes, often called PILOTs (1%).

As mentioned above, neither City nor BOE Fund Balance is included in projections for 2014 – 2016. \$24 million of fund balance was used in 2013 to close the gap.

The major revenues mentioned above are projected to grow as follows:

Property Tax will increase 2% or approximately \$6.7 million annually.

City of Yonkers
2013 – 2016 Multi-Year Plan

State Funding is expected to remain flat for the City, while the BOE assumes their State Funding will increase \$5.1 million in 2014, \$8.7 million in 2015 and \$11.1 million in 2016. Again, the BOE’s projections of state aid are preliminary: the BOE’s numbers have not yet been verified with NYS.

Sale and Use Tax will increase 3% or approximately \$2.1 million per year.

Income Tax Surcharge will increase approximately \$3.3 million for 2014, and \$1.2 million per year for 2015 and 2016.

Metered Water Sales increase \$2.8 million, \$1.6 million and \$2 million for 2014, 2015 and 2016 respectively, and are partially offset by increased water costs. Estimates for increased costs are based on a report by NYC Water Board in their multi-year plan.

Parking Violations Bureau revenue is projected to grow approximately \$800,000 per year.

These revenue projections are summarized below:

	FISCAL YEARS			
	(in millions)			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>REVENUES</u>				
Property Tax	\$ 328	\$ 334	\$ 341	\$ 348
State Aid - City	\$ 109	\$ 108	\$ 108	\$ 108
State Aid - BOE	\$ 266	\$ 271	\$ 280	\$ 291
Sales Tax	\$ 66	\$ 68	\$ 70	\$ 73
Income Tax	\$ 36	\$ 40	\$ 41	\$ 42
Water/Sewer Revenues	\$ 36	\$ 40	\$ 42	\$ 45
Parking Violations	\$ 15	\$ 16	\$ 17	\$ 18

Expenditures:

The major uses of the City’s operating funds are the Board of Education (51% of total expenditures; 54% when their debt service is included), City Departmental Expenses (25% of total expenditures with the Police, Fire and Public Works departments comprising 20% of total), and Fringe Benefits (12%). Including the cost of Fringe Benefits with City Departmental Expenses, the total cost for the City’s departmental operations rises to 38% of total expenditures. The remainder of the expenditures is split over the

City of Yonkers
2013 – 2016 Multi-Year Plan

Debt Service (7% of total expenditures, but only 5% without BOE Debt Service) and Special Items (4%).

BOE Operating Expenses increase \$34.1 million for 2014, \$37.5 million in 2015 and \$44.4 million for 2016 based on their projection. As mentioned above, these increases assume no use of BOE fund balance.

City Departmental Expenses increase \$6.5 million in 2014, \$5.3 million in 2015 and \$5.6 million in 2016. 93% of the increase in departmental expenses is from increases in Police, Fire and Public Works departments. There is no provision for bargaining unit settlements or raises of any kind other than normal step increases in these projected expenditures.

Within departments, personal services (100's) increase 0.5% except for Police and Fire, which increase 2.0%, resulting in an overall increase of 1.5% for personnel costs. DPW's Supplies accounts (300's) increase \$0.9 million in 2014; most of the increase in Supplies was for salt for snow removal, which was cut \$600,000 in 2013 because of the amount of salt on hand, and for gas purchases for vehicles. DPW's Contractual accounts (400's) increase \$2.4 million in 2014, \$1.7 million in 2015 and \$2 million in 2016. These increases are partially based on the assumption that electricity prices will increase, but mostly due to the impact on Contractual expenses by the increase in water rates (mentioned above in the Revenue section).

Fringe Benefits increase \$29.3 million, \$10.5 million and \$0.8 million in 2014, 2015 and 2016 respectively.

84% of the increase from 2013 to 2014 is due to an increase in Retirement Expense of \$24.5 million as a result of not amortizing the allowable portion of pension costs, as compared to 2013, which included the amortization of \$17.3 million. In 2015, the retirement bill is expected to increase \$5.6 million. By 2016, one of the previously amortized borrowings will have been paid off. Also, retirement rates are expected to start going down by 2016. We are therefore projecting a decrease in 2016 of \$4.4 million.

Cost of Health Benefits is projected to increase approximately \$3.5 million per year, based on historical growth rate for this expense for the City.

The following table summarizes the projected retirement costs for 2013 through 2016:

City of Yonkers
2013 – 2016 Multi-Year Plan

RETIREMENT COSTS 2013 - 2016
(in \$millions)

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2013	\$11	\$31	\$41
2014	\$17	\$49	\$66
2015	\$18	\$53	\$72
2016	\$17	\$50	\$67

Debt Service increases \$3.2 million for 2014, \$39.4 million for 2015 and \$4.7 million for 2016, with increase of debt service for BOE being the major driver in 2015: \$34 million increase year over year.

Special Items includes Tax Certiorari Payments and the Larkin Garage Guarantee. Tax Certiorari Payments increase \$9.5 million from 2013 to 2014, as we assumed we will not bond for these costs in projecting 2014 - 2016, as has been the practice in the past. Expense for Larkin Garage Guarantee decreases \$2.5 million from 2013 to 2014 as this was a one-time payment, and therefore partially offsets increase in 2014 for Tax Certiorari Payments.

These expenditure projections are summarized below:

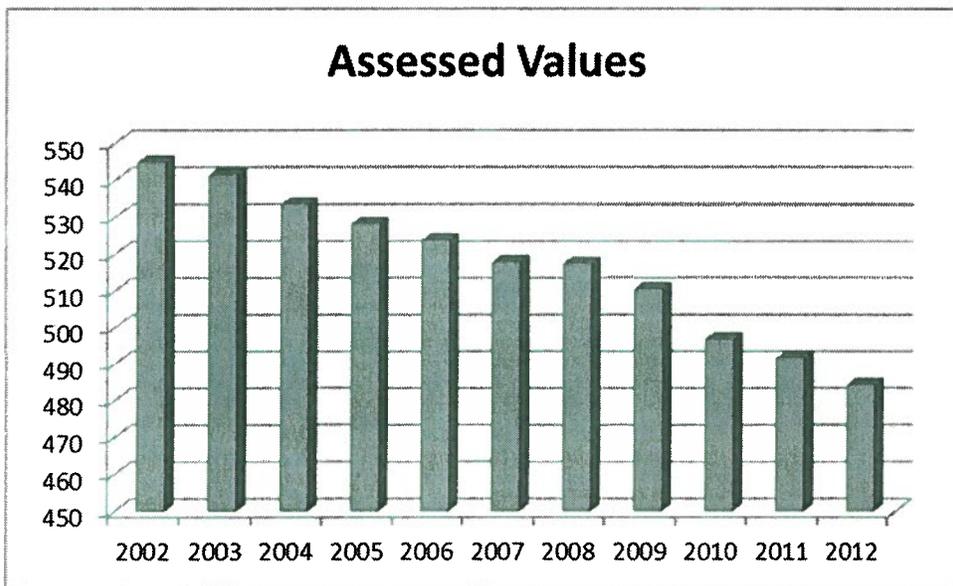
	FISCAL YEARS			
	(in \$millions)			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>EXPENDITURES</u>				
BOE including Debt Service	\$ 513	\$ 546	\$ 617	\$ 660
Departmental Expenses	\$ 240	\$ 247	\$ 252	\$ 258
Fringe Benefits	\$ 118	\$ 147	\$ 158	\$ 159
Special Items	\$ 36	\$ 43	\$ 43	\$ 44
City Debt Service**	\$ 48	\$ 53	\$ 59	\$ 65

** Does not include BOE Debt Service

City of Yonkers 2013 – 2016 Multi-Year Plan

Areas of Concern

2% Constitutional Tax Limit: As mentioned above, the Property Tax will increase 2% or approximately \$6.7 million annually in this 4 year plan. In addition to the constraint of the 2% Tax Cap and the need for a supermajority of the City Council to override the Tax Cap, the City may be closing in on the 2% Constitutional Tax Limit over the next few years, if current assessed valuation trends continue. Assessed values have been decreasing approximately 1.15% per year for the last decade and 1.64% per year since 2008.

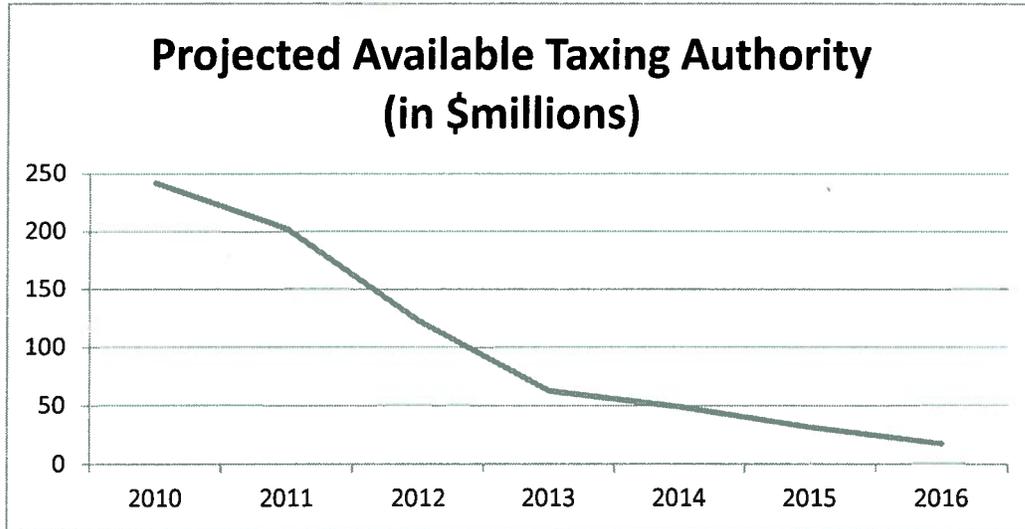


Should the City Council decide to override the Tax Cap, they need to be aware of the remaining Constitutional Tax Margin, which has decreased from \$242 million in 2010 down to \$63 million in 2013. The City is permitted by NYS to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the City.

Even if we increase Property Taxes just 2% annually, this constraint may become a significant concern by 2016, as the remaining Constitutional Tax Margin is projected to decrease from \$63 million in 2013 down to \$18 million by 2016, if the tax base continues to erode and taxes continue to grow. From 2002 to 2011, total assessed values decreased 11% while property taxes increased 62%, resulting in an

City of Yonkers 2013 – 2016 Multi-Year Plan

increase of 82% in the tax rate for the same period. Besides the impact on tax rates that the erosion of the tax base has, once we reach the 2% Constitutional Tax Limit, the City will have exhausted its ability to raise Property Taxes, the City's main revenue source after state aid.



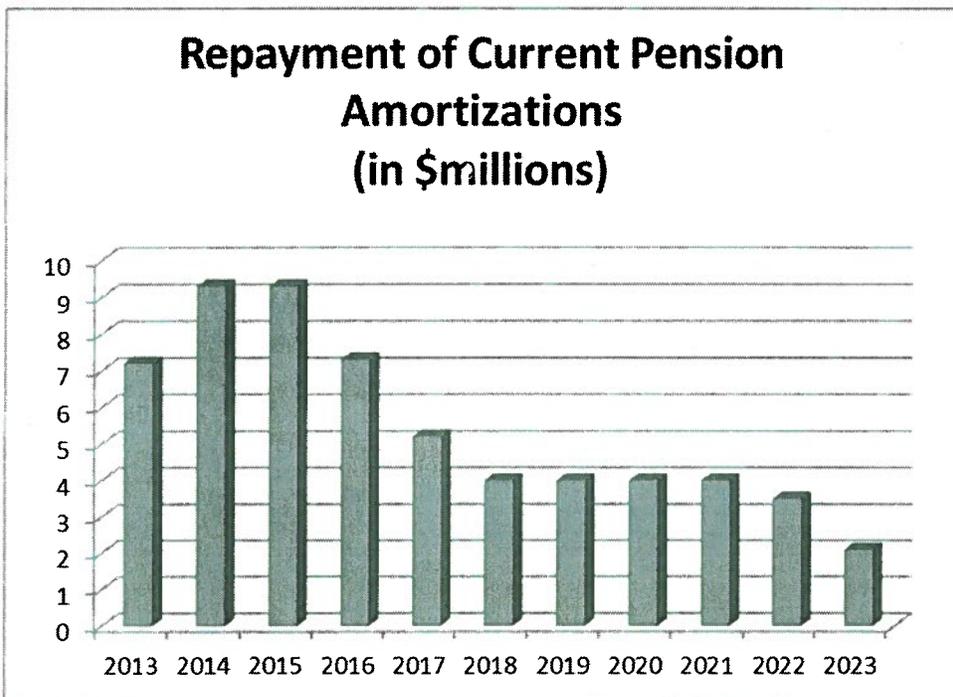
Pension Amortization: The City has amortized pension costs in the past, to mitigate the larger than normal payments to the retirement system in any one year resulting from years when employees took early retirement incentives. Presumably, the costs of the early retirement incentives were offset by past and future savings from the elimination or downgrading of positions vacated. The payments extend 10 years from the initial year of payment, with the exception of the amortization for the 2010 ERS retirement incentive, which is amortized over 5 years.

The current payments including interest for these previous borrowings from the pension system for years prior to 2012 will cost the City \$6.8 million in 2013, \$7.1 million in 2014 and 2015, and \$5.1 million in 2016 (one of the earlier borrowings will be paid off in 2015) and there will be payments going forward until all bills are paid off, with interest, for a total of \$24.7 million. The City has now added the amortization for 2012 (\$10.8 million) and 2013 (17.3 million). Payments for these borrowings will add \$2.3 million, \$2.8 million and \$3.0 million to the annual pension costs for fiscal years 2014, 2015 and 2016 respectively, and will be paid off over the next ten years for a total of 35.1 million including interest.

City of Yonkers 2013 – 2016 Multi-Year Plan

The total amount that will be paid, including interest, just based on previous years' amortizations and including the amortizations for 2012 and 2013, will be approximately \$59.8 million. Any future amortizations of retirement bills will be added on top of these existing layers and extend ten years out from the initial year, payable at the prevailing interest rates at the time of amortization.

So, while the following chart shows annual payments for existing amortizations declining, should we have to continue to amortize part of our retirement costs, this chart will look very different with higher annual payments rather than decreasing annual payments and, even with the discontinuation of the borrowing once rates decrease, the tail of remaining payments will extend out much further.



To recap current borrowings from the pension system and required payments:

- Amount owed pension system including interest for pre-2012 amortizations total \$24.7 million through 2021.
- Amount owed on \$10.8 million for 2012 amortization at 5% will amount to approximately \$14 million through 2022 with interest.
- Amount owed on \$17.3 million for 2013 amortization at 3.75% will amount to approximately \$21.1 million through 2023 with interest.

City of Yonkers 2013 – 2016 Multi-Year Plan

- Total amount of principal and interest payments on current obligations to repay the pension system through 2023 is approximately \$59.8 million.

Bonding for Tax Certioraris Payments: The City bonded \$65 million to pay for previous years' tax certioraris payments. These payments can be bonded with principal and interest paid over ten years, as opposed to paying in full at the time of judgment. Similar to the pension amortization program the City opted to join, the decision to bond for these judgments is resulting in accumulated debt that will take years to pay off. Once the city-wide revaluation is complete, filings for these judgments should decrease significantly, eliminating the need to borrow for these payments. In the meantime, utilizing this option to bond for tax certioraris increases the City's annual debt service and reduces available resources for future capital investments.

Financing the Capital Improvement Program (CIP): Given the constraints of the 2% Tax Cap, and the drain on resources to pay for increasing fringe benefits, it will be a challenge to fund the CIP, especially as the necessary improvements to the BOE's schools and facilities alone are projected to cost \$1.7 billion. With regard to the BOE's expected investment over the next few years, and the associated increase of \$34 million in debt service for these capital improvements in 2015, we need further analysis of the CIP plan (i.e., what is needed to bring current structures up to required standards; how much of proposed capital improvements is for expansion based on expected increases in enrollments; and how were these enrollment projections developed?), as well as a review of alternatives, including the Public-Private Partnership (P3) and revisiting the calculation of state funded building aid for Yonkers' schools through the petition for assistance from our state delegates.

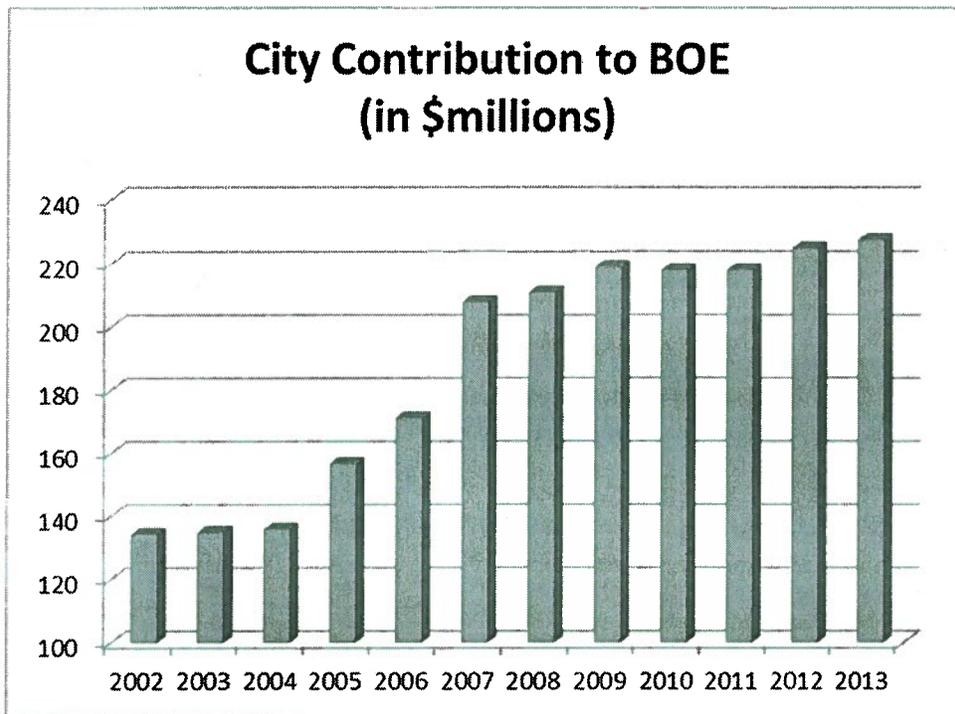
Oversight of the BOE: As the expenses for the BOE have eclipsed City spending (with debt service, BOE's expenditures for 2013 constitute 54% of the total budget), more oversight is needed of the BOE operations, accounting and capital plans. As summarized in the following table of projected deficits, the contribution to the overall deficit by the BOE's projected shortfalls grows from almost one half of the deficit - 49% - to claim 73% of the \$186 million gap by 2016.

	FY2014	FY2015	FY2016
Municipal:	\$44	\$51	\$50
Education:	\$42	\$104	\$136
Projected Gap	\$86	\$156	\$186

City of Yonkers 2013 – 2016 Multi-Year Plan

At the Mayor's Meeting in Syracuse, all mayors present voiced their concerns about spending for their school districts, as well as the lack of control they have over school district spending and the resulting impact on their tax levies. There was concern as to how our urban cities can provide increasing financial support to school districts without the commensurate oversight and accountability to match the increasing city contributions.

Since 2002, the City's contribution to the Yonkers BOE has increased by \$93 million from \$134 million to \$227 million in 2013.



Gap Closing Measures

Exactly how we finally address these looming structural deficits will be decided by the administration in conjunction with the various stakeholders. These stakeholders include: the public and their representatives in the City Council; the employees and their union representatives, for those employees in bargaining units; local businesses and property owners and the state, mainly through the NYS Comptroller and our delegates in Albany. Therefore, the following gap closing measures are provided only as an illustration in an attempt to identify and quantify possible means to a solution. Only

City of Yonkers 2013 – 2016 Multi-Year Plan

recurring revenues and recurring expenditure savings are included as we want to address the structural deficit. When formulating the budgets for these years, it may be necessary to include some non-recurring revenues and expense savings, in order to close the budget gap (as opposed to the structural deficit). It is likely that a combination of increases in revenues (taxes and fees) and spending cuts, or at least some form of cost containment, will be required to close the structural deficit.

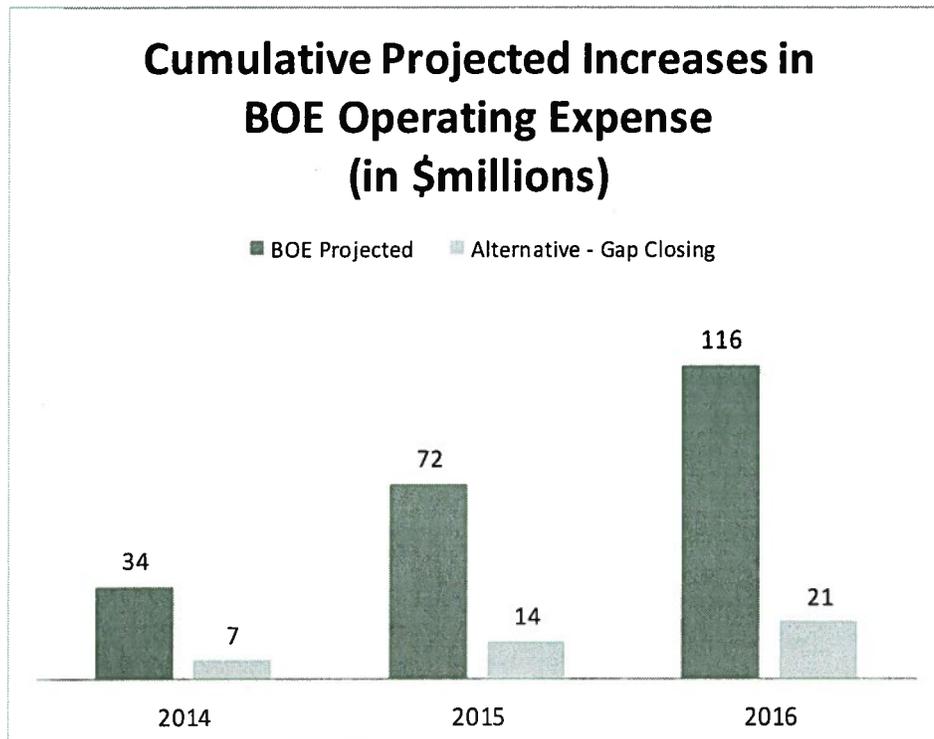
1. Income Tax Surcharge: This city income tax based on an individual's state income tax, was introduced as part of the solution by the Control Board. While the tax rate was later decreased, it is currently at 15% and could be increased to 19.25%, generating an additional \$10 million in revenue annually.
2. Real Estate Transfer Tax: This tax was bumped up to 3.0% from 1.5% of the conveyance amount by the Control Board. Returning this tax up to 3.0% of the transaction amount would generate an additional \$6 million annually.
3. Property Tax: Each 1% increase in the Property Tax garners an additional \$3.3 million. These increases are compounded by subsequent increases in the Property Tax.
4. Employee Contributions to Health Care Costs: The various bargaining units have different contribution rates, so it is difficult to estimate the impact of increasing the contribution rates, but a contribution rate similar to that paid by some NYS employees would yield significant savings to the City.
5. Public-Private Partnership (P3) for the BOE's Educational Facilities Plan : The BOE staff advises that the P3 feasibility study currently in progress will give us a better idea of the cost of traditional bonding as well as the cost of a P3 model. A P3 model may offer significant cost savings. Regardless of the cost of the P3 model, if we chose to use such a mechanism, it is likely that the first portion of an availability payment would not come due until sometime in 2015 and a full payment might not be due until 2016. So, there may be some short-term benefits just because the P3 allows us to hold payment until completion of the project.

City of Yonkers 2013 – 2016 Multi-Year Plan

6. Containing the Growth in the BOE's projected Operating Costs: While only a preliminary projection, the BOE's forecasted growth in operating expenses (not including the BOE's debt service) is dramatic: \$34.1 million higher in 2014, and then \$37.5 million more in 2015 and finally another \$44.4 million added on for 2016. The City may be forced to limit financial support to within the maintenance of effort agreement (MOE).

Limiting the City's contribution to the MOE will decrease the projected deficits by \$34 million in 2014, \$72 million in 2015 and \$116 million in 2016. Cuts in projected growth of this magnitude would assist greatly in reducing the projected deficits, but would also require dramatic cuts to BOE's planned operating expenses and possible use of fund balance or further reliance on state aid to mitigate the impact of these reductions.

Even limiting the year-over-year increase in BOE operating expenses to an amount sufficient to cover current operations with step increases and some adjustments for inflation, something like \$7 million per year, would provide significant savings from the projected figures as shown in chart below:



City of Yonkers 2013 – 2016 Multi-Year Plan

ASSUMPTIONS FOR MULTI-YEAR PLAN

Any forecast, and especially a multi-year plan projecting several years into the future, is molded by assumptions used in creating the forecast. Following are the assumptions used for this plan:

Revenue Assumptions:

No use of City or BOE Fund Balance for 2014 – 2016 (\$24M used in 2013).

Property Tax will increase 2% each year, as prescribed by the Property Tax Cap enacted by NYS. In calculating the Property Tax Margin, we assume total assessed valuations will decrease 1.3% per year, based on long-term average of 1.15% per year and recent (last four years) trend of 1.64% per year.

BOE State Aid will increase at approximately the same rate as the average of the immediately preceding four years.

Sale and Use Tax will increase 3% per year, based on 10 year historical average.

Utilities Gross Receipts will increase 2.5% per year, based on 2009 – 2011 median increase.

Income Tax Surcharge will increase 9% for 2014, to match the projected cash basis 2012 figure of \$39.6M. The 2012 projection will be adjusted down by \$3.4M for an accrual back to 2011. The 2013 estimate would be higher except for the impact of the reduced state income tax charge on the city's receipts, as our income tax is 15% of the state's income tax. For 2015 and 2016 we assume 3% growth.

Total City Departmental Revenue increases approximately \$1.5 million each year, or 5% annually, with 80% of increase from following three departments:

- Parking Violation Bureau grows 5% per year
- Parks Department grows 8% per year
- Building Department grows 3.5% per year

Metered Water Sales increase 10.8%, 5.7% and 6.7% for 2014, 2015 and 2016 respectively. Projected rate increases were taken from NYC Water Board Report for Upstate Customers. Per this report, the decreasing rate of increase is the result of lower

City of Yonkers 2013 – 2016 Multi-Year Plan

taxes on their facilities as a result of the property tax cap, resulting in lower operating costs for them and savings for their consumers.

Sewer Rents increase 10% per year based on median increase from 2002 to 2012.

BOE assumes their State Funding will increase 2.3%, 3.9% and 4.8% each year from 2014 to 2016. This needs to be verified with NYS as the impact of the increases is significant to the forecast.

Expenditure Assumptions:

No provision for bargaining unit settlements or raises of any kind other than normal step increases.

City Departmental Expenses increase 2.7%, 2.1% and 2.2% annually. Within departments, personal services increase 0.5% except for Police and Fire, which increase 2.0%, resulting in an overall increase of 1.5% for personnel costs. The Supplies and Contractual accounts (300s and 400s) increase 2.1% for all departments except DPW. DPW's Supplies accounts increase 13.7% in 2014, and 4.6% in 2015 and 2016. Most of the increase in Supplies was for salt for snow removal, and for gas purchases for vehicles, which was assumed to increase 5% per year. DPW's Contractual accounts increase 8.4% in 2014, 5.4% in 2015 and 6% in 2016. These increases are partially based on the assumption that electricity prices will increase 5% per year. The larger impact on Contractual expenses is due to the increase in water rates. The increase in water rates will increase the cost for water purchases by the Water Bureau by 10.8% in 2014, 5.7% in 2015 and 6.7% in 2016.

Fringe Benefits overall increase 25%, 7% and 0.5% in 2014, 2015 and 2016 respectively.

84% of the increase from 2013 to 2014 is due to an increase in Retirement Expense of 59% as a result of not amortizing the allowable portion of pension costs, as compared to 2013, which included the amortization of \$17.3 million. In 2015, the retirement bill is expected to increase 8.5%. By 2016, one of the previously amortized borrowings will have been paid off. Also, based on the Comptroller's four year plan, retirement rates are expected to turn around and start going down by 2016. We are therefore projecting a decrease in 2016 of 6%.

City of Yonkers 2013 – 2016 Multi-Year Plan

Social Security is calculated off of projected personal costs. We assume only 85% of costs are charged the full 7.65% so that 85% of personal services costs are multiplied by 6.2% and 100% of these costs are multiplied by 1.45%.

Workers' Compensation increases 10% per year based on trend from 2009 – 2011.

Health Benefits increases 7% per year, based on 10 year average growth.

Reserve for Uncollected Taxes increases 2%, based on percentage of Property Tax Levy.

Tax Certiorari Payments increase \$9.5 million from 2013 to 2014, and then remain at \$10 million per year for 2015 and 2016, as we assume we will not bond for these costs, as has been the practice in the past.

Expense for Larkin Garage Guarantee decreases \$2.5 million from 2013 to 2014 as this was a one-time payment.

BOE Operating Expenses increase 7%, 7.1% and 7.9% per year for 2014 to 2016 based on their projection. These increases assume no use of BOE fund balance. BOE salaries and benefits assume an overall increase of 5% a year (3-4% attributable to step/lane shifts, 1-2% to contractual and promotional raises) and the rehiring of approximately 75% of the instructional staff lost over the past three years. The projection assumes a straight line rehiring of about 62 teachers a year, required due to growth in the student population and for maintenance of a basic education. The City may opt to only fund the BOE at the MOE level, given the City's current financial distress.

Debt Service increases 4.5% for 2014, 52.9% for 2015 and 4.2% for 2016, with increase of debt service for BOE being major driver in 2015. Debt service for the BOE spikes in 2015. This assumes that bond sales of approximately \$400 million will occur in 2014 in order to support a first phase of the Educational Facilities Plan. Per the BOE, the debt service rate utilized in the forecast is based on the last sale of bonds by the City.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2013 ADOPTED BUDGET REVIEW

CITY/SCHOOL BUDGET

\$955.8 million - \$26.0 million or 2.8% increase over Adopted FY 2012 Budget.

TAX RATE

\$677.01 per \$1000 of assessed valuation: 3.4% increase over FY 2012 adopted rate.

REVENUES

Property Taxes: Forecast at \$327.8 million. \$12.3 million increase over FY 2012.

Sales Tax: \$66.4 million - \$3.3 million or 5.3% increase over Adopted FY 2012 Budget.

Income Tax Surcharge: Gross yield \$36.3 million – a \$1.2 million or 3.1% decrease from the 2012 Adopted Budget based on reduction in NYS Income Tax rates.

Real Estate Transfer Tax: Gross Yield \$6.1 million - \$0.6 million or 10.1% higher than 2012 Adopted Budget.

State Aid to Localities set at a level contained in the FY 2012 Adopted Budget for New York State at \$108.2 million plus a \$1.2 million spin-up for a total of \$109.4 million. All spin-ups have been exhausted at this point.

DEPARTMENTAL

Mayor appointed positions: 1873; increase of 29 positions over FY 2012 Adopted Budget.

Reflects current salary per contract agreement.

All labor contracts are expired.

Consumable supplies and contractual expenses decrease by \$1.0 million or 2% from 2012 Adopted.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2013 ADOPTED BUDGET REVIEW (continued)

OPERATING CAPITAL

Provides \$209,787 in appropriations for capital projects or purchases.

FRINGE BENEFITS

Retirement Cost based on estimates from NYS Retirement System: \$41.5 million.

Health/Dental/Life insurance projected at \$46.8 million; slightly less than the FY 2012 Adopted Budget.

BOARD OF EDUCATION

Total operating budget \$490.4 million – increase of \$12.6 million or 2.6% over FY 2012 Adopted.

City contribution to BOE - \$227.3 million.

DEBT SERVICE

Projected Debt Service of \$71.2 million of which \$23.0 million is for Education Fund. Debt Service increases \$5.9 million from 2012 Adopted Budget or 9.0% over 2012.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2014 PROJECTED BUDGET REVIEW

CITY/SCHOOL BUDGET

\$1.04 billion - \$80.3 million or an 8.4% increase over the Adopted FY 2013 Budget.

TAX RATE

\$699.80 per \$1000 of assessed valuation: 3.37% increase over FY 2013 adopted rate. This rate assumes we cover deficit without increasing Property Taxes and also assumes a 1.3% decrease in total assessed valuation.

REVENUES

Property Taxes: Forecast at \$334.4 million; \$6.6 million or 2% higher than Adopted FY 2013.

Sales Tax: \$68.4 million; \$2.0 million or 3.0% increase from 2013 Adopted Budget.

Income Tax Surcharge: Gross yield \$39.6 million – a \$3.3 million or 9.0% increase from the 2013 Adopted Budget based on 2012 actual cash receipts (the 2012 accounting figure was reduced by \$3.4 million for an accrual into 2011).

State Aid to Localities of \$108.2 million set at a level contained in the FY 2012 Governor's Budget for New York State. State Education funding increases \$5.1 million or 2.1% over the 2013 Adopted Budget. State Funding for VLTs remains the same at \$19.6 million.

DEPARTMENTAL

Mayor appointed positions: 1873, same as 2013 Adopted Budget.

No salary increase projected.

Consumable supplies and contractual expenses increase by \$3.7 million or 7% over the 2013 Adopted Budget.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2014 PROJECTED BUDGET REVIEW (continued)

OPERATING CAPITAL

Provides \$209,787 in appropriations for capital projects or purchases, same as 2013 Adopted.

FRINGE BENEFITS

Retirement Cost is based on estimate of retirement rate without benefit of amortizing expense. In 2014 pension costs would jump from the amortized rates of approximately 14% for ERS and 20% for PFRS up to the full, unamortized rates of approximately 24% for ERS and 34% for PFRS resulting in an increase in costs for this year of approximately \$24.5 million, depending on salary and overtime expenditures.

Health/Dental/Life Insurance projected at \$50.1 million, \$3.3 million increase over FY 2013 Adopted Budget or 7% increase.

BOARD OF EDUCATION

Total operating expense of \$524.5 million. This operating figure is an increase of \$34 million or 7% over the FY 2013 Adopted Budget. This projected expense does not include \$21.1 million of BOE debt service. With their debt service, the total projected cost for the BOE for 2014 is \$545.6 million.

In order to fund BOE Budget at this level, including their debt service, the City would have to contribute \$269.4 million; an increase of \$42.1 million over FY 2013 Adopted Budget.

DEBT SERVICE

Projected costs for Debt Service of \$74.4 million, \$3.2 million or 4.5% over the Adopted FY 2013 Budget.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2015 PROJECTED BUDGET REVIEW

CITY/SCHOOL BUDGET

\$1.13 billion - \$93.2 million or a 9% increase over FY 2014 Projected Budget.

TAX RATE

\$723.35 per \$1000 of assessed valuation: 3.36% increase over FY 2014 projected rate. This rate assumes we cover deficit without increasing Property Taxes and also assumes a 1.13% decrease in total assessed valuation.

REVENUES

Property Taxes: Forecast at \$341.1 million; \$6.7 million or 2% increase over FY 2014.

Sales Tax: \$70.5 million, a \$2.1 million increase or 3% over the projection for FY 2014.

Income Tax Surcharge: Gross yield \$40.8 million; \$1.2 million increase or 3% growth over FY 2014 projection. No change in rate.

State Aid to Localities of \$108.2 million set at a level contained in the FY 2012 Governor's Budget for New York State. State Education funding increases \$8.8 million or 3.5% over the 2014 Projected Budget. State Funding for VLTs remains the same at \$19.6 million.

DEPARTMENTAL

Mayor appointed positions: 1873, same as 2013 Adopted Budget and 2014 Projected Budget.

No Projected Salary increase for FY 2015.

Consumable supplies and contractual expenses increase by \$2.3 million or 4% over the 2014 Projected Budget.

OPERATING CAPITAL

Provides \$209,787 in appropriations for capital projects or purchases.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2015 PROJECTED BUDGET REVIEW (continued)

FRINGE BENEFITS

Retirement Cost increases \$5.6 million as rates for ERS and PFRS increase to approximately 25% and 36% respectively.

Health/Dental/Life insurance projected at \$53.6 million; \$3.5 million over FY 2014 or a projected 7% increase.

BOARD OF EDUCATION

Total operating budget \$561.9 million – increase of \$37.5 million over FY 2013 projected budget or a 7.1% increase. This projected expense does not include \$54.8 million of BOE debt service. Including debt service, the total projected cost for the BOE is \$616.8 million.

In order to fund BOE Budget at this level, including their debt service, the City would have to contribute \$331.8 million; an increase of \$62.4 million over FY 2014 projected budget and \$104.5 million over the adopted level for FY 2013.

DEBT SERVICE

Projected costs for Debt Service of \$113.7 million which includes \$54.8 million for the BOE. This projection is \$39.4 million or 52.9% higher than the FY 2014 projection. Of the \$39.4 million increase, \$33.7 million is for the increase in BOE debt service.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2016 PROJECTED BUDGET REVIEW

CITY/SCHOOL BUDGET

\$1.19 billion - \$56.2 million or a 5% increase over FY 2015 Projected Budget.

TAX RATE

\$747.68 per \$1000 of assessed valuation: 3.36% increase over FY 2015 projected rate. This rate assumes we cover deficit without increasing Property Taxes and also assumes a 1.3% decrease in total assessed valuation.

REVENUES

Property Taxes: Forecast at \$347.9 million, \$6.8 million or 2% over FY 2015.

Sales Tax: \$72.6 , a \$2.1 million increase vs. FY 2015: 3% growth trend projected.

Income Tax Surcharge: Gross yield \$42.0 million, \$1.2 million increase or 3% growth over FY 2015.

State Aid to Localities of \$108.2 million set at a level contained in the FY 2012 Governor's Budget for New York State. State Education funding increases \$11.1 million or 4.2% over the 2015 Projected Budget. State Funding for VLTs remains the same at \$19.6 million.

DEPARTMENTAL

Mayor appointed positions: 1873, same as 2013 Adopted and 2014 and 2015 Projected Budgets.

No projected salary increase for all unions for FY 2016.

Consumable supplies and contractual expenses increase by \$2.6 million or 5% over the 2015 Projected Budget.

OPERATING CAPITAL

Provides \$209,787 in appropriations for capital projects or purchases.

City of Yonkers
2013 – 2016 Multi-Year Plan

FY 2016 PROJECTED BUDGET REVIEW (continued)

FRINGE BENEFITS

Retirement Cost decreases \$4.4 million as rates for ERS and PFRS are projected to start decreasing in 2016 (but it depends on the rate of return for the NYS Pension System) and one of the borrowings will be paid off after 2015. This drop-off assumes we did not amortize in 2014, 2015 or 2016.

Health/Dental/Life insurance projected at \$57.3 million, \$3.8 million over FY 2015 or a 7% increase.

BOARD OF EDUCATION

Total operating expense of \$606.3 million – increase of \$44.4 million or 7.9% over FY 2015 projected budget. This projected expense does not include \$53.2 million of BOE debt service. With debt service, the total projected cost for the BOE for 2016 is \$659.5 million.

In order to fund the BOE at this level, including their debt service, the City would have to contribute \$363.5 million; an increase of \$31.7 million over FY 2015 projected budget and \$136.2 million over the adopted level for FY 2013.

DEBT SERVICE

Projected costs for Debt Service of \$118.5 million which includes \$53.2 million for the BOE. This projection is \$4.7 million or 4.2% higher than the FY 2015 projection.