



2013 FISCAL PROFILE

CITY OF RYE

Overview

The City of Rye was settled in 1660 and is the oldest permanent settlement in Westchester County. Rye was first incorporated as a village in 1904 and then chartered as a city in 1942. Between 1950 and 1970, the population of the City increased by 34 percent, and it has remained relatively stable at just under 16,000 since then.

Located on Long Island Sound near the Connecticut border, approximately 25 miles northeast of midtown Manhattan, Rye is primarily a residential suburban community. The typical Rye homeowner is a business executive or professional who is employed in New York City. The typical Rye house is valued at over \$1 million. Rye has strong public and private services, including an excellent school system, a vital retail shopping sector and recreational facilities that include parks, beaches, golf and yacht clubs, and nature centers.

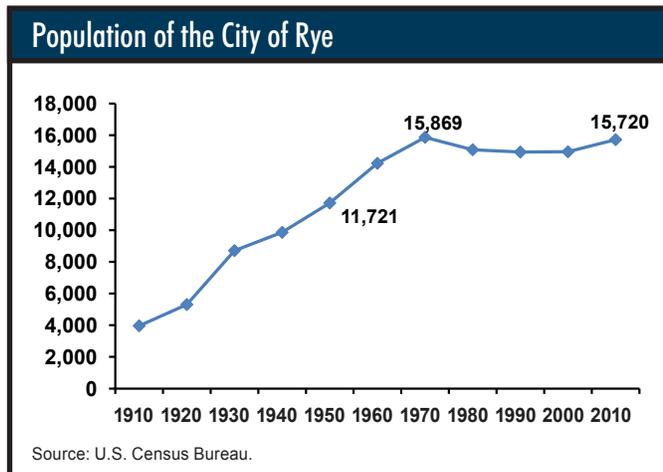
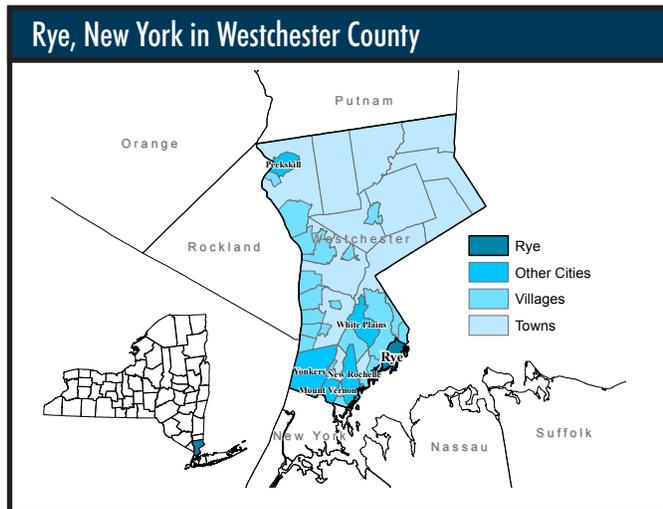
Rye has an appointed City Manager who administers most of the government departments and prepares the annual budget, which is adopted, with or without amendment, by the elected City Council. The City has a Mayor who is a member of the Council.

- Rye's total revenues, on an average annual basis, increased 5.7 percent from 2001 to 2011, compared to 3.3 percent for all cities. City expenditures increased by 5.9 percent over this period, compared to a growth rate of 3.6 percent for all cities in New York.
- The City's median household income (\$142,469) is significantly higher than that of the median city in the State (\$38,699). Only 1 percent of Rye's children live in poverty, compared to 28 percent for the median city.
- Rye has the highest median home value of any city in the State, over \$1 million. It also has a high rate of owner occupancy and a low property vacancy rate.
- The full value of property in the City doubled from 2002 to 2010, as Rye experienced robust growth in the value of its property longer than other cities statewide. Although the City's full value of property dropped by 12 percent between 2010 and 2012, it rose by 7 percent in 2013.

Population and Economic Factors

From 1950 to 2010, Rye's population increased by 34.1 percent. However, this growth occurred before 1970, and the City's population actually declined by 1 percent from 1970 to 2010. In 2010, Rye's population was 15,720.¹

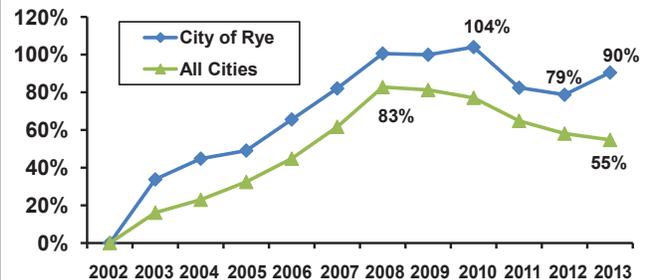
The United States Bureau of Labor Statistics does not calculate an unemployment rate for Rye. However, in 2012, Westchester County's rate was 7.2 percent compared to 8.5 percent for the State. The City's median household income (\$142,469) was two and a half times the statewide median household income (\$56,951), and more than triple the median city's household income (\$38,699).² The rate of poverty among children under the age of 18 is 1.0 percent, much lower than the statewide rate of 20.3 percent and the median city rate of 28.1 percent. Rye has the second lowest rate of child poverty of any city in the State.³



Tax Base

The full value of property in Rye had an average annual increase of 6.0 percent from 2002 to 2013, higher than the average annual growth of 4.0 percent for all cities in the State. In the period between 2002 and 2008, cities across the State saw a significant increase in full value. Those rates began to fall in 2009 and have continued to decline through 2013. Rye's full value declined only slightly in 2009, before peaking at more than double its 2002 level in 2010. It then declined by 12 percent over the next two years. However, unlike for other cities, Rye's full value began to rise again in 2013, increasing by 7 percent.

Cumulative Change in Full Value, 2002-2013



Source: Office of the State Comptroller. Includes only cities that have reported 2013 full value data.

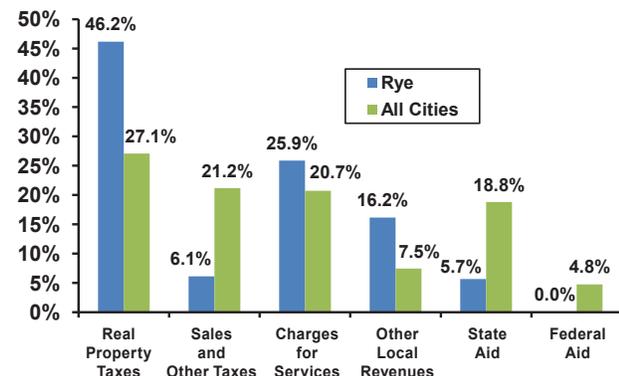
The homeownership rate in Rye is well above the median for cities in New York (73.6 percent vs. 50.5 percent), median home values at over \$1 million are the highest for any city in the State, and Rye's vacancy rates are much lower than for the median city (5.4 percent vs. 10.4 percent). In 2012, Rye exhausted 13 percent of its constitutional tax limit (CTL), much lower than for the median city (44 percent).⁴

Revenues and Expenditures

Rye collected \$42.8 million in revenues in 2011, 69 percent more than in 2001, for an average annual increase of 5.7 percent over that period.⁵ This compares to a 3.3 percent rate for all cities in the State.⁶

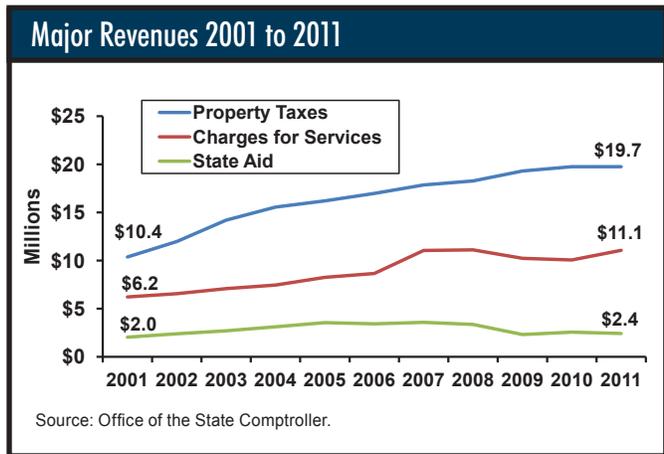
Property taxes accounted for 46.2 percent of the City's revenues in 2011, significantly higher than for all cities in the State (27.1 percent). Rye's property tax revenues grew at a rate (6.6 percent average annual increase) that was much faster than for all cities (3.7 percent). While the City has considerable room to further increase taxes under its CTL, the real property levy limit may constrain property tax revenue growth in the future. The City increased its property tax levy by less than the maximum allowable under the tax cap in 2012 and 2013.

Percentage of Revenues by Source, 2011

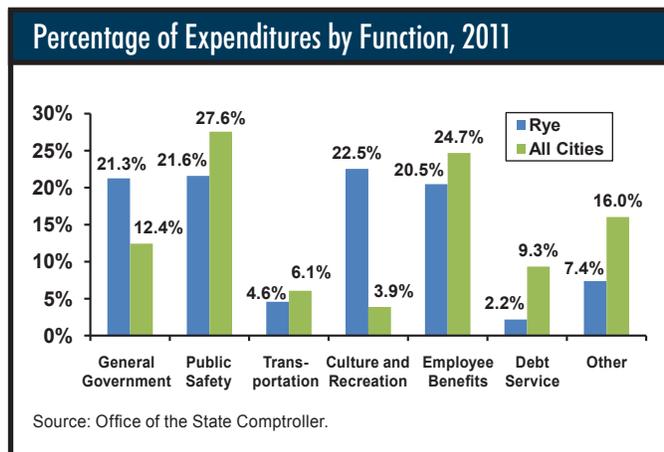


Source: Office of the State Comptroller.

In 2011, 25.9 percent of Rye's revenues were from charges for services. This was higher than the 20.7 percent share for all cities in the State. Charges for services grew at a 5.9 percent average annual rate from 2001 to 2011, faster than the 3.2 percent rate for all cities. The City owns a marina and golf course, which are largely funded through charges for services and contributed significantly to the higher than usual reliance by the City on these revenues.



Rye received 6.1 percent of its revenues from the sales tax, much lower than the 21.2 percent for all cities in the State. Sales tax revenue grew at a 4.6 percent average annual rate from 2001 to 2011, more than the 3.2 percent rate for all cities. Unlike many other cities in Westchester County, Rye does not impose its own sales tax, but receives an allocation and distribution from the County's sales tax revenue. This means that the City gets a share of any increase in sales tax collections for the whole County, but is unable to directly affect its sales tax revenue.



The City relies on State aid for 5.7 percent of its revenues, much less than the 18.8 percent share for all cities in the State. State aid to Rye increased at a 1.8 percent average annual rate from 2001 to 2011, while the increase for all cities was 4.8 percent. The City received \$172 in State aid per capita in 2011, lower than the \$223 per capita for the median city. Less than half of this State aid is from the Aid and Incentives for Municipalities program, which is a form of State revenue sharing. Most of the remaining is from the mortgage recording tax, which is distributed to the municipalities where it was collected.

Rye's expenditures grew at an average annual rate of 5.9 percent between 2001 and 2011, compared to 3.6 percent for all cities. As with most cities, public safety (police and fire services, etc.) and employee benefits costs (health insurance, retirement contributions, etc.) make up a large portion of expenditures, about 42 percent.

The City has a uniquely large expenditure for Culture and Recreation, 22.5 percent of total expenditures, in large part reflecting the operation of its golf course and marina. On the other hand, Rye's debt service costs are low – 2.2 percent of the total, compared to 9.3 percent for all cities.

Recent Developments

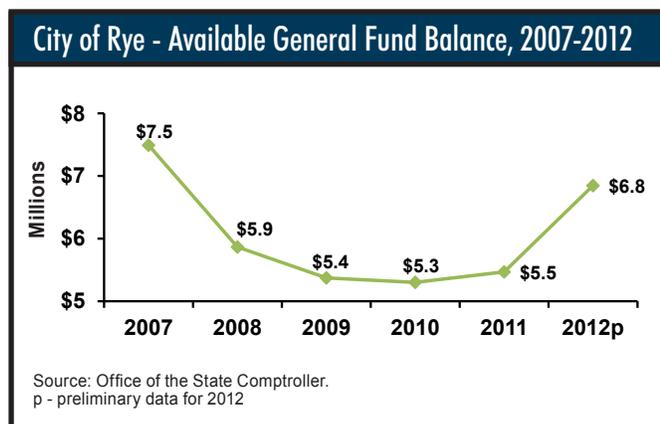
In late October 2012, Hurricane Sandy struck the New York City metropolitan area. Rye was seriously affected by the storm, experiencing widespread power outages and the effects of a high tidal surge. In particular, Rye Playland - a County-owned amusement park, suffered serious damage, especially to its boardwalk and ice rink. Damage was estimated at \$12 million, but the costs will be borne by Westchester County with some possible aid from the federal government.⁷

Even before Sandy, the City had begun two major flood mitigation and transportation projects, in part to repair damage from a 2007 storm. It was expected that each of these projects would approach or exceed \$1 million in costs, a majority of which will be reimbursed with federal, State, and County grants.⁸

Current Budget Condition

As with most municipalities in the State, Rye's available fund balance in its general fund declined during and after the 2008-09 recession.⁹ In 2010, the City's available fund balance in the general fund was down to \$5.3 million, or 18.3 percent of expenditures. It rose slightly to \$5.5 million in 2011, which was 17.6 percent of general fund expenditures. However, this was higher than the median city's 10.9 percent, and preliminary data shows that Rye's available fund balance rose significantly in 2012, to \$6.8 million, or 22.8 percent of general fund expenditures.

Rye's cash ratio was 293 percent in 2011, much higher than the 170 percent for the median city. The cash ratio is cash and short-term investments divided by liabilities; ideally, cash and investments should cover at least 100 percent of the liabilities.



Bond Ratings & Debt

On September 10, 2013, Moody's Investors Service affirmed the City of Rye's Aaa rating on its long-term general obligation (GO) debt. This application of Moody's highest-quality rating reflects the City's affluent residential tax base, low debt burden and healthy financial position with sound reserve levels. Moody's analysts were also impressed by the City's low debt burden and modest future borrowing plans. The only challenges that they found for the City were rising pension costs and that some unions had unsettled contracts. Moody's has rated Rye's GO debt at Aaa since at least 1998.¹⁰

Rye has debt service costs of only 2.2 percent of total revenue, compared to 8.9 percent for the median city. Outstanding debt as a percentage of full value is 0.3 percent, compared to 3.0 percent for the median city. In contrast, debt per capita for Rye is nearly the same as for the median city, \$1,326 and \$1,402 respectively. Rye's debt outstanding has been declining in recent years, from \$26.9 million at the end of 2007 to \$20.8 million at the end of 2011.

Fiscal Stress Monitoring System

In June 2013, the Office of the State Comptroller (OSC) instituted a Fiscal Stress Monitoring System (FSMS) as a way to help evaluate local governments and school districts relative to a number of financial and environmental stress indicators.

For fiscal year 2012, Rye has received a fiscal score of 3.3 percent and an environmental score of 10.0 percent. The threshold for the lowest level of fiscal stress is a score of 45 percent, while the lowest level of environmental stress starts at a score of 30 percent. Rye's scores are significantly below either of these thresholds.

For additional information and a description of the categories that comprise the FSMS, please access the OSC report located at: www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring2013.pdf

¹ United States Census Bureau, *Census of Population*.

² Throughout this report, references to all cities or to the median city exclude New York City.

³ United States Census Bureau, *American Community Survey, five-year estimates, 2008-2012*.

⁴ The Constitutional Tax Limit caps the total amount of property tax a city can levy at two percent of the five-year average of its full value with certain exclusions.

⁵ At the time of this report, final 2012 revenue and expenditure data was not available for most cities in New York, so 2011 data was used for comparative purposes.

⁶ For the purposes of this revenues and expenditures analysis, "all cities" does not include the City of Mechanicville (for which 2011 data was not available) or New York City.

⁷ newyork.cbslocal.com/2012/11/16/sandy-causes-millions-of-dollars-in-damage-to-historic-rye-playland/; <http://www.lohud.com/article/BH/20130919/NEWS02/309190067/Playland-s-main-boardwalk-Ice-Casino-repairs-cost-Westchester-8M-videos->.

⁸ City of Rye, *Official Statement*, June 2013.

⁹ For this purpose, "available fund balance" is all fund balance that is not restricted, committed, or appropriated.

¹⁰ Moody's, *New Issue*, April 1, 2013.

Rye vs. All Cities and New York State

Population 2010: 15,720	City of Rye	All Cities (excluding NYC)		New York State
		Median	Aggregate	
Demographic Statistics				
Percentage Change in Population, 1950-2010	34%	-20%	-25%	31%
Percentage Change in Population, 2000-2010	5.1%	0.5%	-1.4%	2.1%
Median Household Income, 2011	\$142,469	\$38,699	N/A	\$56,951
Child Poverty Rate, 2011	1.0%	28.1%	N/A	20.3%
Property Value Statistics				
Median Home Value, 2011	\$1,000,000+	\$99,700	N/A	\$301,000
Owner-Occupied Housing Units, 2011	73.6%	50.5%	35.9%	54.8%
Property Vacancy Rate, 2011	5.4%	10.4%	10.0%	10.7%
Percentage of Property Value that is Tax Exempt, 2011	16.7%	32.3%	35.4%	26.2%
Revenue and Tax Statistics				
State Aid per Capita, 2011	\$172.00	\$222.79	\$380.14	N/A
Available General Fund Balance as a Percentage of Expenditures, 2011 ^(a)	17.6%	10.9%	7.3%	N/A
Constitutional Tax Limit Exhausted, 2012	13%	44%	N/A	N/A
Cash Ratio, 2011 ^(b)	293%	170%	111%	N/A
Debt Service as a Percentage of Revenues, 2011	2.2%	8.9%	9.2%	N/A

(a) For these purposes, available fund balance is all fund balance that is not restricted, committed, or appropriated.

(b) Cash Ratio is combined funds cash and investments divided by current liabilities.

Source: U.S. Census Bureau; New York Department of Taxation and Finance; New York State Labor Department; Office of the State Comptroller.

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