



**CITY OF RYE, NEW YORK**

# **Interim Financial Report**



**Six Months Ended June 30, 2018**

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Deputy City Comptroller  
July 26, 2018

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## **CITY OF RYE**

### **Department of Finance**

July 26, 2018

To Mayor Cohn, the City Council and City Manager:

We are pleased to present the City of Rye, New York interim financial reports as of and for the six months ending June 30, 2018, with comparative totals for 2015, 2016, and 2017. Along with the attached summary of revenues and expenditures, we will provide an analysis of the components of these items. The analysis will focus on 2018 results against 2017 results.

The report will focus on the General Fund, the City's chief operating fund. The General Fund constitutes the primary operating fund of the City, in that it includes all revenues and expenditures not required by law or policy to be accounted for in other funds.

It should be remembered that unlike our comprehensive annual financial report, interim financial reports are prepared for the use of management as internal documents. These interim financial reports are unaudited and are not prepared in compliance with Generally Accepted Accounting Principles (GAAP) in that they do not include all funds of the City, do not include all GAAP-required statements and schedules, do not include notes to the financial statements, and are not necessarily formatted in accordance with GAAP. Also the information for these months is not finalized and may require adjustments throughout the year.

The General Fund constitutes the primary operating fund of the city, in that it includes all revenues and expenditures not required by law or policy to be accounted for in other funds.

2018 General Fund revenues are up \$660,016 (2.3%) compared with 2017 revenues. This amount comes from the following items:

- ❖ Property tax revenues, which represents the largest component of the increase, increased \$610,977 (2.6%) which reflects our tax rate increase, offset by refunds to taxpayers due to tax certiorari and small claims assessment review settlements and a decrease in interest and penalties collected on property taxes. In 2016, The City began foreclosure proceedings against properties with delinquent taxes, resulting in the payment of those taxes, resulting in payments of penalties and interest. The City began this process again in July of 2018 and will see a spike in penalties and interest in the 3<sup>rd</sup> and 4<sup>th</sup> quarters.

## Financial Analysis of the City's General Funds – Continued

- ❖ Non-property taxes increased \$35,519 (6.3%) due to increases in sales and use tax of \$16,326 and increased utility taxes of \$17,535.
- ❖ Charges for services increased \$53,638 (5.3%) with increases in parking meter revenues of \$43,302 and recreation activity fees of \$24,212, negated by decreases in planning review fees of 23,651.
- ❖ Intergovernmental revenues increased \$19,847 (52.6%) attributed to a timing difference in billing Westchester County for prisoner transportation (\$11,709 in 2018 vs \$0 in 2017) and increased revenue from other governments for snow removal of \$7,232.
- ❖ Interest and investment income increased \$82,697 as a result of the Federal Reserve increases interest rates three times in 2017 and twice through the first 2 quarters of 2018, with two more expected by the end of 2018.
- ❖ Licenses and permit revenues decreased \$145,386 (6.9%) predominantly as a result of decreased building permit revenues. 2017 was an exceptional year for building permits and although down from 2017, 2018 building permit revenues are on pace to exceed 2018 budgeted amounts.
- ❖ Fines and forfeitures are down slightly \$2,959 (0.8%) primarily due to an increase in City ordinance and code violations of \$14,470 offset by a decrease in parking fines of \$12,197 and vehicle and traffic fines of \$4,673.
- ❖ Miscellaneous revenues increased \$15,640 (17.3%) primarily due to the sale of army surplus equipment in 2018 offset by loss of Medicare Part D subsidies received by the City, as this program ended in 2017.
- ❖ Sales and loss compensation increased \$129,544 led by increases in police overtime reimbursement of \$120,018, due to Con Edison projects in the City.
- ❖ State aid is down \$137,216 (18.1%) as a result of a decrease in 1<sup>st</sup> half mortgage tax revenues of \$139,040.

2018 General Fund expenditures are up \$1,459,407 (9.2%) compared with 2017 expenditures. This is predominantly a result of the timing of payment for the City's workers' compensation premium. The renewal date was January 1, 2018 for the 2018 policy and the renewal date for the 2017 premium was July 1, 2017. The result is an increase in employee benefits of \$1,248,287. On a positive note, the total 2018 General Fund workers' compensation expense should be down about \$30,000 versus 2017.

Other component of General Fund Expenditures are as follows:

- ❖ Overall salaries and wages decreased \$25,556 (0.4%) in 2018 compared to 2017. This is a result of retirements in late 2017 and the beginning of 2018, offsetting any administrative salary and contracted step increases.
- ❖ Equipment purchases decreased \$24,746 (10.3%). The City purchased 10 new parking paystations in 2017, replacing those installed in 2004. The cost of these machines was \$105,838, representing the majority of the decrease in equipment purchases in 2018. There were increased purchases of radio communication equipment of \$50,269, as budgeted, and police patrol equipment of \$30,384.
- ❖ Materials and supplies decreased \$90,475 (9.6%). This can be largely attributed to decreases in electricity costs of \$67,328, as the City reaps the benefits of switching to LED streetlights and tax certiorari payments of \$62,146, based on the timing of payment of settlements in 2017 versus 2018. These decreases were offset by increased salt and deicing costs of \$43,887, due to the extremely harsh winter of 2018.

## Financial Analysis of the City's General Fund - Continued

- ❖ Contractual costs were down \$98,719 (2.5%), with increases in contract agency costs (Rye Free Reading Room) of \$27,500 and miscellaneous service contracts of \$120,212, negated by decreases in legal fees of \$148,264, audit fees of \$45,416, due to the timing of payment to the City's auditors, and inter-fund service charges, as budgeted of \$36,311.
- ❖ Employee benefits and taxes increased \$1,462,407 (52.9%) mostly due to the aforementioned payment of the 2018 workers compensation premium in January of 2018. There were also increases in employee hospitalization and medical costs of \$123,439 and retiree health insurance costs of \$163,828.
- ❖ Transfers to other funds were up \$236,496 (13.4%), as planned and budgeted.

If any further information is required regarding the items above, please do not hesitate to reach out to the Finance Department.

Any questions or comments that can enhance the usefulness of this report are greatly appreciated. Going forward, the Finance Department would like to present these reports each year for the 2<sup>nd</sup> quarter and 3<sup>rd</sup> quarter. Of course, if there is any item that presents immediate concern, the Finance Department will share this information with City Management as soon as possible.

A very special thanks to Finance Department staff for their assistance in preparing this report. I would also like to thank the City's Finance Committee for their support and input relating to the preparation of this report.

Respectfully submitted,

Joe Fazzino  
Deputy City Comptroller

**City of Rye**  
**General Fund Revenues and Expenditures**  
**Results thru June 2018**  
**With Comparison of 3 Prior Years**

	2015	2016	2017	2018	2018 Revised Budget	% Variance to: Prior Year
<b>Revenues</b>						
Property Taxes	\$ 21,733,942	\$ 22,343,048	\$ 23,789,920	\$ 24,400,897	\$ 24,648,561	2.6%
Non-Property Taxes	545,719	536,153	564,279	599,798	2,775,000	6.3%
Charges for Services	1,076,789	995,281	1,014,445	1,068,083	1,674,806	5.3%
Intergovernment Charges	76,556	70,588	37,726	57,573	87,145	52.6%
Use of Money & Property	25,355	40,922	73,607	156,778	180,700	113.0%
Licenses & Permits	1,779,190	1,614,045	2,095,431	1,950,045	2,730,725	-6.9%
Fines and Forfeitures	271,654	344,997	391,167	388,208	660,200	-0.8%
Miscellaneous Revenue	47,091	65,458	90,147	105,787	94,100	17.3%
Interfund Revenue	243,729	242,904	243,879	243,654	442,584	-0.1%
Sales and Loss Compensation	75,969	693,282	55,118	184,662	176,000	235.0%
State Aid	799,869	764,084	759,624	622,408	2,864,424	-18.1%
Federal Aid	439	-	2,534	-	-	-100.0%
Transfers In Other Funds	-	-	-	-	25,000	0.0%
<b>Total Revenues</b>	<b>\$ 26,676,302</b>	<b>\$ 27,710,762</b>	<b>\$ 29,117,877</b>	<b>\$ 29,777,893</b>	<b>\$ 36,359,245</b>	<b>2.3%</b>
<b>Expenditures</b>						
Salaries and Wages	\$ 5,998,481	\$ 5,520,747	\$ 6,209,794	\$ 6,184,238	\$ 14,307,808	-0.4%
Equipment	113,712	73,643	239,866	215,120	672,085	-10.3%
Materials and Supplies	930,999	791,770	942,754	852,279	2,748,205	-9.6%
Contractual Costs	3,771,386	3,854,091	3,916,033	3,817,314	9,248,245	-2.5%
Employee Benefits	3,128,352	3,480,592	2,764,162	4,226,569	10,666,976	52.9%
Interfund Transfers Out	372,913	490,609	1,759,695	1,996,191	1,996,191	13.4%
<b>Total Expenses</b>	<b>\$ 14,315,843</b>	<b>\$ 14,211,452</b>	<b>\$ 15,832,304</b>	<b>\$ 17,291,711</b>	<b>\$ 39,639,510</b>	<b>9.2%</b>
<b>Net Income (Loss) OR</b>	<b>\$ 12,360,459</b>	<b>\$ 13,499,310</b>	<b>\$ 13,285,573</b>	<b>\$ 12,486,182</b>	<b>\$ (3,280,265)</b>	<b>-6.0%</b>
Net Increase (Decrease) in Cash						