



## 2013 FISCAL PROFILE

# CITY OF WHITE PLAINS

### Overview

The City of White Plains is the Westchester County seat and is located about 22 miles north of New York City. With a 2010 U.S. Census population estimated at 56,853, and an estimated daytime population well over that, the City serves as a major commuter hub and focus of activity for the suburbs. White Plains is the headquarters for many corporations, and it is a major regional retail shopping center.

The City has undergone a period of strong economic development and growth throughout the downtown and surrounding areas. White Plains' largest taxpayers include two public utilities and several retail outlets and corporate offices. The City's largest employers are a diverse mix of medical and education institutions, manufacturers, retailers and hospitality providers. Although the property values of downstate cities were especially hard hit during the housing market crash, the high percentage of nonresidential properties gave White Plains an economic cushion to weather the recent financial downturn. Even so, the City's full value of property has continued to decline into 2013, and while cities statewide show slight recovery, White Plains may find dealing with the loss of so much property value a challenge in the future.

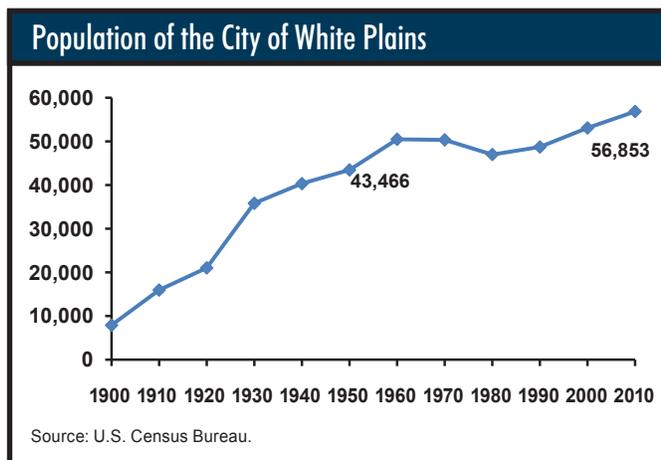
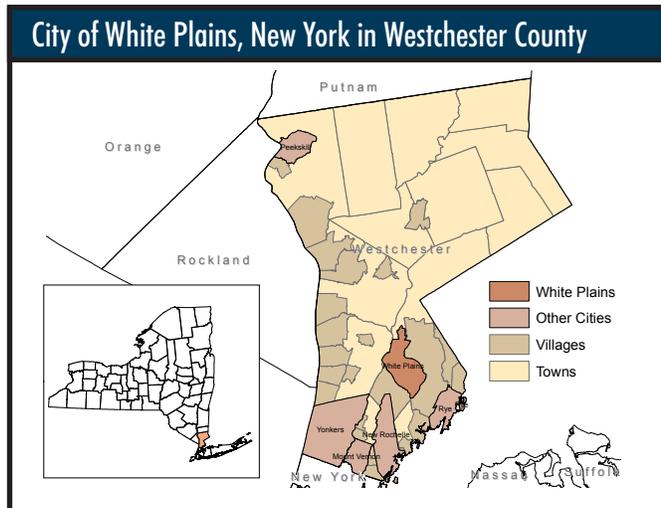
- White Plains' total revenues, on an average annual basis, increased 4.5 percent from 2001 to 2011, compared to 3.3 percent for all cities in New York. City expenditures increased by 5.1 percent over this period, compared to a growth rate of 3.6 percent for all cities.
- White Plains' unemployment rate was 6.5 percent in 2012, lower than the statewide average of 8.5 percent.
- The City's median household income (\$76,164) is nearly double the median city's average household income (\$38,699). Similarly, the percentage of White Plains children living in poverty (13.6 percent) is less than half that of the median city (28 percent).
- White Plains' economic indicators, while considerably better than those of many other cities in New York, are still relatively low compared with Westchester County as a whole.
- The full value of property in the City dropped by 29 percent between 2008 and 2013, after more than doubling from 2002 to 2008.

## Population and Economic Factors

The population of the City of White Plains has grown over 30 percent since 1950, even though the City suffered a loss of population through the 1970s that matched that of Westchester County during that period.

In general, the City's demographic and economic factors compare favorably with other cities statewide and with the State as a whole. The City's annual unemployment rate was 6.5 percent in 2012, compared to 8.5 percent for the State. The City's median household income (\$76,164) is 33.7 percent higher than the State median household income (\$56,951), and nearly double the average income of the median city (\$38,699).<sup>1</sup> The rate of poverty among White Plains children under age 18 (13.6 percent) is below the statewide rate (20.3 percent) and much lower than the median city rate of 28.1 percent; the City of White Plains ranks 4th lowest among the 61 cities in New York State for children living in poverty.<sup>2</sup>

Although the City's households appear better off than those in other cities statewide, Westchester County households are on average more advantaged than White Plains households, with a higher median income (\$80,725), an even lower child poverty rate (11.5 percent), a higher median home value (\$547,000), and a greater homeownership rate (62.1 percent).

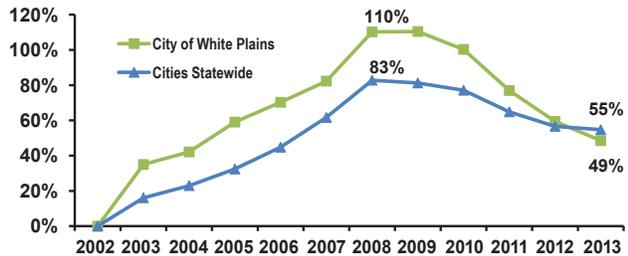


## Tax Base

White Plains has a diverse property tax base due to significant commercial and retail activity. According to 2007-2011 Census estimates, the City's homeownership rate is 53.4 percent, above the median city rate of 50.5 percent, and the median home value is \$518,500, well above the median for all cities of \$99,700, and even above the statewide median of \$301,000. Vacancies, at 5.3 percent, are about half of the State median rate of 10.7 percent.

Having already been well above average, the full value of property in White Plains more than doubled during the housing boom from 2002 to 2008. But downstate cities like White Plains, which typically saw the largest increases during the boom, were also hit hardest in the housing crash, and the City's full value plummeted quickly after. Even in 2013, as statewide city housing values have begun to level off, the full value for White Plains properties continues to fall: the City's full value had dropped 29 percent between 2008 and 2013.

### Cumulative Percentage Change in Full Property Value, 2002-2013



Source: Office of the State Comptroller.

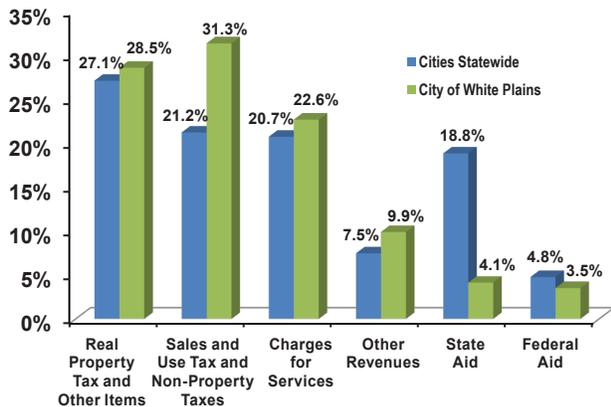
### Revenues and Expenditures<sup>3</sup>

White Plains collected \$174 million in revenues in 2011, over 55 percent more than in 2001, reflecting an average annual increase of 4.5 percent. This compares to a 3.3 average annual rate for all cities in the State.<sup>4</sup>

Property taxes and related items accounted for 28.5 percent of the City's revenues in 2011, slightly higher than the average for all cities in the State (27.1 percent).<sup>5</sup> Property tax revenues also grew from 2001 to 2011 at a much faster rate (5.3 percent annually, on average), than for all cities (3.7 percent). The cap on growth in the property tax levy could affect the City's ability to continue relying on similar increases to this revenue source in the future.

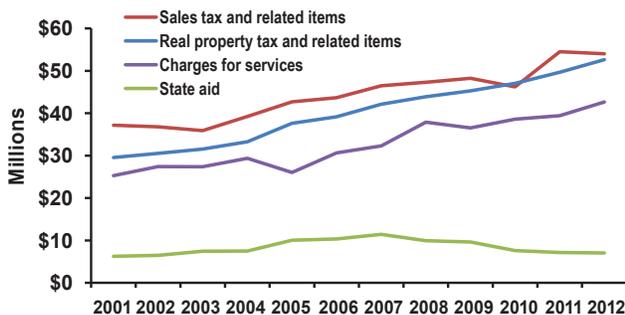
White Plains received 31.3 percent of its revenue from the sales tax and related items in 2011, significantly higher than the 21.2 percent for all cities in the State. The sales tax, along with other non-property taxes, is the revenue source that the City has depended on most heavily for the last decade. Sales tax revenue grew by 46.6 percent (or

### Percentage of Revenues by Source, 2011



Source: Office of the State Comptroller.

### Major Revenues 2001 to 2012



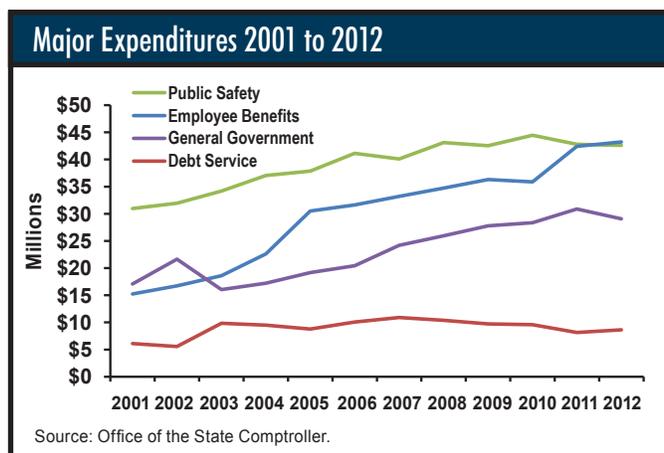
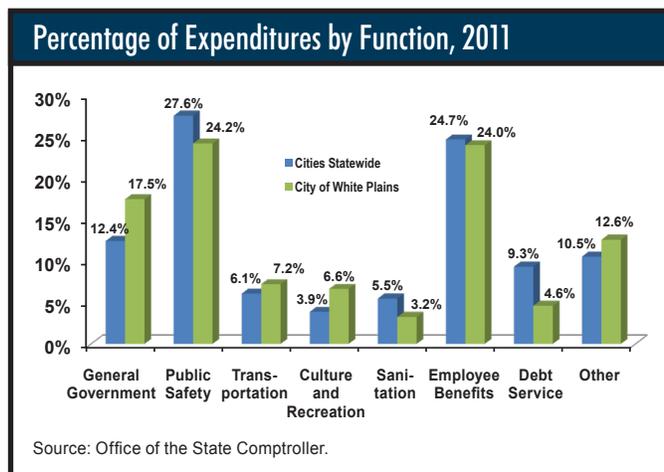
Source: Office of the State Comptroller.

3.9 percent annually, on average) from 2001 to 2011, but the volatility of this revenue source was shown in 2010 during the economic slowdown, when the sales tax revenues dropped 4.2 percent before recovering in 2011.

State aid comprised 4.1 percent of the City's revenues in 2011, notably lower than the 18.8 percent for all cities statewide. Where other cities statewide saw an increase of 4.8 percent annually, State aid to White Plains in 2011 and 2012 is similar to the amounts the City received a decade ago. The City received \$133 in State aid per capita in 2011 and \$124 per capita in 2012, significantly lower than the \$223 and \$196 per capita that went to the median city in 2011 and 2012, respectively. From 2001 to 2007, the portion of aid comprising mortgage recording tax revenues (MRT), which is dependent on home sales and refinancing, more than tripled; however, this source dropped 75 percent from 2007 to 2011 with the collapse of the housing market. MRT comprised half of White Plains' total State aid in 2006, but just 19.6 percent in 2011.

Another major source of State aid is revenue sharing, which was expanded with the establishment of the Aid and Incentives for Municipalities (AIM) program in the middle of the last decade. However, due to its higher-than-average wealth, White Plains does not receive as much AIM as many cities. From 2010 to 2012, AIM represented about 3 percent of total annual revenue.

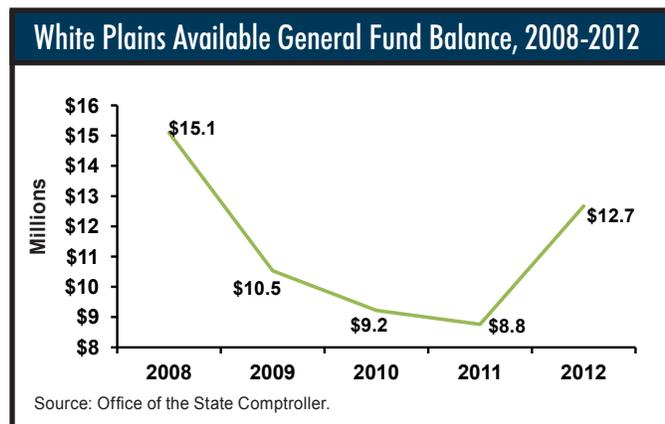
White Plains' expenditures grew at an average annual rate of 5.1 percent between 2001 and 2011, compared to 3.6 percent for all cities statewide. As with most cities, White Plains' 2011 expenditures for public safety (police and fire services, etc.) and employee benefit costs (health insurance and pension contributions, etc.) are a significant amount of its budget, together accounting for nearly half of total expenditures. Public safety expenditures increased about 38 percent overall from 2001 to 2011, but leveled off for 2012 with a more restricted budget. Employee benefit expenditures have nearly tripled in the last decade and have gone from comprising about 14 percent of total expenditures in 2001 to 24 percent in 2011.



## Current Budget Condition

Between 2008 and 2011, the City's available fund balance in the general fund dropped from \$15.1 million (12 percent of total expenditures) to \$8.8 million (6.4 percent of total expenditures).<sup>6</sup> In 2010, the City implemented internal cost saving measures, including the consolidation of administrative functions, workforce reductions, wage freezes and Citywide reductions in various operational accounts,<sup>7</sup> and adopted an additional 0.25 percent sales tax increase to build

up its contingency and tax rate stabilization fund.<sup>8</sup> Use of the reserve requires a two-thirds super-majority vote of the common council and upon recommendation of the mayor can be used to, among other things, offset certain property tax increases. The 2012-13 budget included the use of \$5 million and the 2013-14 budget appropriates another \$5.1 million from this fund.<sup>9</sup> The City has adopted budgets with property tax increases under their tax levy limit for 2012-2013 and 2013-2014, the first two years the tax cap law has been in place. In 2012 the available fund balance increased to \$12.7 million or 9.2 percent of general fund expenditures, higher than the 7.1 percent for cities statewide.



## Bond Ratings and Debt

In June 2013, Moody's Investors Service affirmed its Aa1 rating for the City and revised its outlook to stable from negative.<sup>10</sup> Moody's says the rating reflects White Plains' large, diverse and affluent tax base, as well as its average debt burden. The revision of the outlook reflects the City's demonstrated ability to restore reserve levels, a movement toward structural balance and its ending of the practice of issuing debt for short-term, non-capital purposes.

With total outstanding debt of \$100.3 million at the 2011 fiscal year end, White Plains had exhausted 13.1 percent of its constitutional debt limit. In 2012, outstanding debt rose to \$106.6 million.<sup>11</sup> The City's per capita debt (\$1,764) in 2011 was well above that of the median city (\$1,369). Debt service costs as a percentage of revenue (4.7 percent) were well below the median city's (8.9 percent) in 2011. Moody's expects the City's debt position to remain manageable given its average debt burden, an average amortization schedule and modest future borrowing plans.<sup>12</sup>

## Fiscal Stress Monitoring System

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In June 2013, OSC instituted a Fiscal Stress Monitoring System (FSMS) as a way to help identify fiscal stress in local governments and school districts by evaluating a number of financial and environmental indicators.

Thus far, OSC has assigned fiscal stress scores to municipalities with fiscal years ending December 31, 2012. Since White Plains' fiscal year ends on June 30, a fiscal stress score has not yet been assigned to the City.

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](http://www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring2013.pdf).

<sup>1</sup> Throughout this report, references to all cities or to the median city exclude New York City.

<sup>2</sup> American Community Survey, 5-Year Estimates, 2007-2011.

<sup>3</sup> Revenue and expenditure data exclude the capital projects fund, and proceeds of debt and other sources/uses (interfund transfers).

<sup>4</sup> White Plains reported \$183.5 million in revenues and \$175.1 million in expenditures in 2012 to OSC. Complete financial data for 2012 is not yet available for a comparison of all cities statewide.

<sup>5</sup> Revenues from property taxes and related items in cities include: real property taxes, special assessments, gains from the sale of tax-acquired properties, interest and penalties, miscellaneous tax items, and payments in lieu of taxes.

<sup>6</sup> For this purpose, "available fund balance" is all fund balance that is not restricted, committed, or appropriated.

<sup>7</sup> 2013-14 White Plains Adopted Budget.

<sup>8</sup> The authorization for the additional sales tax rate has been extended to August 31, 2015 (Chapter 44 of the Laws of 2013). Chapter 74 of the Laws of 2010, and subsequent special acts extending the period for the additional tax, have stated that the estimated revenue from this 0.25 percent sales tax increase must be placed into a "contingency and tax stabilization reserve fund." (See General Municipal Law Section 6-e.)

<sup>9</sup> 2013-14 White Plains Adopted Budget.

<sup>10</sup> Moody's Investors Service, Ratings Update, May 10, 2013 and June 18, 2013.

<sup>11</sup> 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.

<sup>12</sup> Moody's Investors Service, June 18, 2013.

## White Plains vs. All Cities and New York State

Population 2010: 56,853	City of White Plains	All Cities (excluding NYC)		New York State
		Median	Aggregate	
<b>Demographic Statistics</b>				
Percentage Change in Population, 1950-2010	31%	-20%	-25%	31%
Percentage Change in Population, 2000-2010	7.1%	0.5%	-1.4%	2.1%
Median Household Income, 2011	\$76,164	\$38,699	N/A	\$56,951
Child Poverty Rate, 2011	13.6%	28.1%	N/A	20.3%
Unemployment Rate, 2012	6.5%	N/A	N/A	8.5%
<b>Property Value Statistics</b>				
Median Home Value, 2011	\$518,500	\$99,700	N/A	\$301,000
Owner-Occupied Housing Units, 2011	53.4%	50.5%	35.9%	54.8%
Property Vacancy Rate, 2011	5.3%	10.4%	10.0%	10.7%
Percentage of Property Value that is Tax Exempt, 2011	34.6%	32.3%	35.4%	26.2%
<b>Revenue and Tax Statistics</b>				
State Aid per Capita, 2011	\$132.64	\$222.79	\$380.14	N/A
Available General Fund Balance as a Percentage of Expenditures, 2011 <sup>(a)</sup>	6.4%	10.9%	7.3%	N/A
Constitutional Tax Limit Exhausted, 2012	20%	44%	N/A	N/A
Cash Ratio, 2011 <sup>(b)</sup>	148%	170%	111%	N/A
Debt Service as a Percentage of Revenues, 2011	4.7%	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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