



CITY OF PEEKSKILL
OFFICE OF THE MAYOR

John G. Testa
Mayor

Fiscal Discipline, Professionalism Result In Peekskill Being One of the Most Financially Healthy Cities in Westchester.

New York State Comptroller Finds City Second Healthiest in Westchester County In Terms of Fiscal Stress; Performance is Better Than 75% of Other New York State Cities.

Long-Term, Pro-Growth Strategies, Strict On-Going Fiscal Policies Have Paid Off In Major Way for Peekskill and its Residents.

For Immediate Release

Tuesday, March 14, 2006

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PEEKSKILL, NY—Strict financial discipline, professionalism, a willingness to take risks and trust in the city's people have all paid off in terms of making Peekskill one of the financially healthiest cities in New York State, and the city with the second-lowest financial stress level in Westchester County.

These were the findings of the office of New York State Comptroller Alan G. Hevesi. "We looked at a number of different measures of fiscal stress," says Jeffrey Gordon, a spokesman for the comptroller's office. Peekskill did well by all the measures the office examined, he says.

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“From our analysis, Peekskill is not facing the kind of fiscal stress that many other cities across New York are facing,” Gordon says. Many different factors have contributed to this, he says. Among the most important were benefits from the outgrowth of planning and business development efforts and the tough financial policies adopted by the City several years ago. “Peekskill has had strong sales tax growth, below average debt levels and a strong cash position relative to other cities,” he says. “The city has benefited from a strong population growth as well as property value growth.”

“Taking care of Peekskill’s financial health for the long term is one of our City’s top priorities,” says Mayor John Testa. “A lot of people criticized us for the tough steps we took to help improve our financial picture, but our city’s citizens trusted us to make the right decision. The comptroller’s report shows that trust has paid off,” Testa says.

Some of the actions the City took were simple on the surface but hard to achieve in real life. Among the most important was a total commitment to have Peekskill both live within its financial means and to maintain an appropriate financial cushion, better known as a reserve fund, for its operations. “They are not operating at a deficit,” Gordon says. “Your revenues exceed your expenditures. You have an income and you try not to exceed your income.”

Because of this, Peekskill is among the financially healthiest cities in the state— notable for a community with its sometimes challenging economic demographics. “Based on our analysis of the fiscal factors we looked at, Peekskill doesn’t appear to be experiencing the stresses we saw in other cities,” Gordon says.

Numerous different factors were examined in the report, and Peekskill did well on every one.

Given that the report was looking at measures of financial stress, ratings of “below average” were the best ones to get. In all of the categories examined by the report, Peekskill’s performance was average or below average. The topics covered in the report included:

General Fund Revenue and Expenditure Per Capita (2000-2004). With a rating of 8.9%, Peekskill was far above the average rating of -1.1% and the median rating of 0.2%. What this figure means is that Peekskill’s revenues expanded far more rapidly than its expenditures. The city is in very good shape in this area, where many places in New York are not.

Revenue-related stress indicators. There are a number of financial statistics that help show how well a city is positioned to handle financial challenges. The comptroller’s survey found Peekskill had a strong showing in almost all areas. Its sales tax revenues increased by 37.1% between 2000 and 2004, yet were still a healthy 6.6% of total revenues. Intergovernmental revenues were just 24.9% as opposed to an average of 23.2%, while the percent of tax limit exhausted was a mere 4.6% against an average of 49.4%.

Fiscal stress from debt and other fixed costs. Debt is an inevitable part of operating an organization in today’s world. But Peekskill uses its credit card—ability to get long term loans from banks—far less than most of the other cities in the state. And Peekskill’s indebtedness itself has decreased significantly in recent years. At the same time, the city’s key expenditure areas, public safety and salary and fringe benefits, are under good control and do not take up an unusual share of the budget.

At \$572, Peekskill's per capita long term debt was just about half that of the average for New York's cities. As a percentage, the city's 1.3% was a third of the state average of 3.8%. Peekskill's public safety costs were 32.2%, compared to a 31% average for the state.

Operating Position Stress Indicators. Peekskill is maintaining a careful balance between spending an income, which is one of the most important measures of fiscal stress. The City has an operating surplus of 3.2%, which is far higher than the statewide city average of 0.4%. At the same time, its liabilities are just 46.7% of its liquidity, against 205.7% for the statewide average, which once again places Peekskill below average in stress and above average in financial health.

Finally, the long-term policies which helped make Peekskill the fastest-growing community in New York has also had a major impact on reducing financial stress. "What we found is often it's about population growth," Gordon says. "Generally cities that have lost population were found to have the highest levels of stress throughout a whole range of indicators," he says.

A copy of the full report is on the City of Peekskill web site at http://www.cityofpeekskill.com/latest_news.cfm

TABLES FROM STATEWIDE FINANCE REPORT

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General Fund Revenue and Expenditure Per Capita (2000-2004)							
	General Fund Revenue			General Fund Expenditure			Per Capita Difference
	2000	2004	Change	2000	2004	Change	Rev % Ch- Exp % Ch
	\$/Capita	\$/Capita	%	\$/Capita	\$/Capita	%	
Peekskill	\$932	\$1,321	41.8%	\$915	\$1,216	32.9%	8.9%
Mean	\$847	\$996	18.4%	\$835	\$995	19.5%	-1.1%
Median	\$804	\$943	18.5%	\$774	\$948	18.5%	0.2%
Standard Deviation	\$217	\$235	12.0%	\$208	\$238	9.8%	9.4%

Inflation			9.7%			9.7%	
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Summary of Revenue-Related Stress Indicators						
	Sales tax as a percent of revenue.	Sales tax revenue	Current Liabilities (General Fund)	Intergovernmental Revenues	Percent of Tax Limit Exhausted	Revenue Stress Level
	2004	% Change 2000-2004	As a % of Revenue (5-year Average)		2005	
Peekskill	6.6%	37.1%	44.5%	24.9%	4.6%	Average
Mean	16.3%	14.0%	18.2%	23.2%	49.4%	
Median	16.8%	11.5%	16.7%	22.6%	49.3%	
Standard Deviation	6.4%	16.1%	10.8%	7.0%	23.5%	

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Fiscal Stress From Debt and Other Fixed Costs: Summary of Indicators								
Debt Five Year Average (2000-2004)					Fixed Costs Five Year Average (2000-2004) (As a Percent of Expenditures)			
	Long Term Debt		Debt Service					
	\$/Capita	% of FV	% of Exp	Debt Stress Level		Public Safety Costs	Salary and Fringe Benefits	Fixed Costs Stress Level
Peekskill	\$572	1.3%	5.2%	Below Avg.	Peekskill	32.2%	56.6%	Avg.
Mean	\$1,037	3.8%	8.4%			31.0%	50.6%	
Median	\$1,034	3.2%	7.9%			32.1%	51.1%	
Standard Deviation	\$567	2.6%	3.8%			7.3%	7.7%	

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Summary of Operating Position Stress Indicators						
Operating Position Stress Indicators 2000-2004 (5-Year Average)						
		Unreserved Fund Balance		Liquidity		
	Operating Surplus/Deficit	Total	Appropriated	Cash and Investments as a Percent of		Operating Position Stress Level
	As a Percent of Expenditures			Current Liabilities	Monthly Expenditure	
Peekskill	3.2%	10.9%	0.0%	46.7%	286.3%	Below Average
Mean	0.4%	15.5%	4.6%	205.7%	232.0%	
Median	0.1%	13.6%	3.7%	106.5%	172.0%	
Standard Deviation	2.6%	15.9%	4.8%	282.4%	182.9%	

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Overall City Profile						
	Demographic Factors		Fiscal Stress Factors			
	Population Trend	Socio-economic Stress	Revenue Stress	Debt Stress	High Fixed Cost Stress	Operating Position Stress
Peekskill	14.9%			-		-

A blank in the cell indicates that the city falls within the average range on the indicators relative to the other cities. A single plus sign indicates that the city falls above average and a double plus sign indicates that the city falls substantially above the average. Similarly, a negative sign indicates that the city falls moderately below average, and two negative signs indicate a city falls well below average on the factor show.

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