

# HIGH TAXES, LOW GROWTH & MISSED OPPORTUNITIES

## *A Multi-Part Report by Concerned Geneva Taxpayers*

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### INSTALLMENT FOUR: REVENUE AND EXPENSE

To assess the financial health of any organization, most people focus on both its revenues and expenses. What can be done to increase revenue? What can be done to control or reduce costs? When looking at the costs of a governmental unit, governing philosophy and politically difficult choices are in play. Ultimately these involve questions for the voting public to decide, but, as elsewhere, are often inordinately influenced by the most aggressive of the advocates participating.

A review of five municipal budgets (the City, the Town, Canandaigua, Auburn and Ithaca) disclosed some interesting information. Of course, there are a number of variables that impact both the revenue and expense categories in the budgets of these cities/towns, and a meaningful examination of all relevant information was beyond the scope of this Report.

As seen in the following table, there are significant differences from one municipality to the next in 2023 budget size and the contributions to it of the two revenue items separately identified (1):

	<u>The City</u>	<u>The Town</u>	<u>Canandaigua</u>	<u>Auburn</u>	<u>Ithaca</u>
2023 Budgets (2)	\$18.9MM	\$ 1.4MM	\$18.7MM	\$43.5MM	\$71.0MM
Population (3)	12,812	3,478	10,576	26,866	32,108
Property Tax (4)	49.4%	1.1%	34.7%	29.4%	42.6%
Sales Tax (4)	21.7%	48.9%	30.2%	26.9%	24.1%

(1) Information in government budgets is susceptible to misunderstanding and/or misinterpretation when one is not directly involved in its preparation; all of the budgets reviewed are online and can be reviewed independently of this Report.

(2) Auburn's fiscal year runs from July 1<sup>st</sup>; all other municipalities listed are on a calendar year basis. Information provided relates only to the municipality's "General Fund" and does not include information on the municipality's Water, Sewer or other Funds.

- (3) Based on the 2020 U.S Census. Of course, these numbers are simply headcounts, and say nothing, for example, about demographics or other factors relevant to this discussion.
- (4) Percentages given are the revenue item's percentage of the General Fund budget. The balance of these cities' General Fund revenues was a combination of municipal fees, rents and other charges, contractual arrangements, state aid, and other miscellaneous sources.

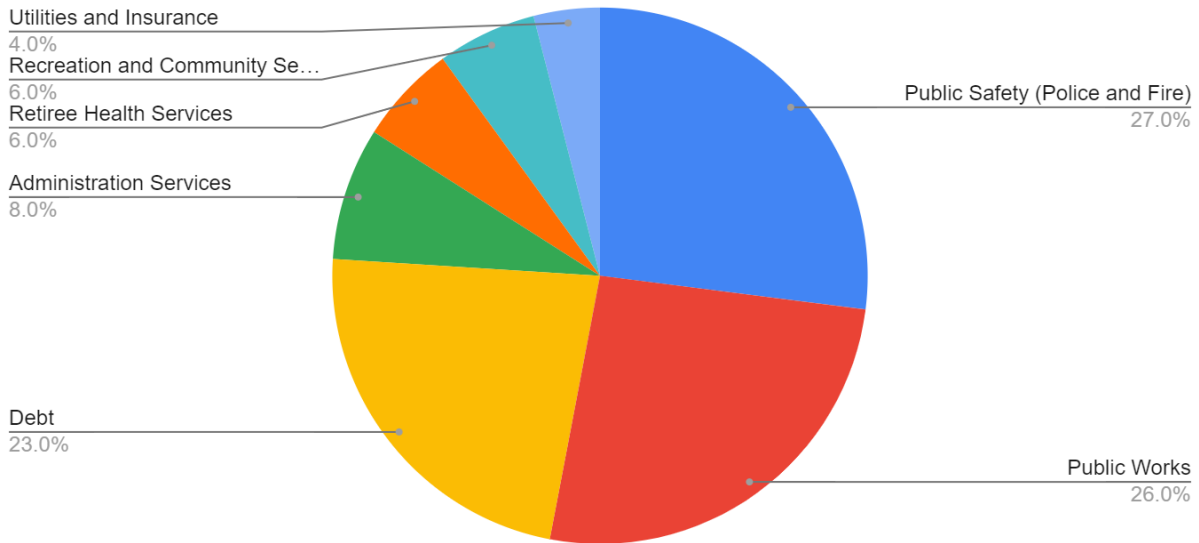
As previously noted in the first installment of this Report, 56% of the City's assessable property is exempt from the City's municipal property tax. The bulk of this property is associated with Hobart William Smith Colleges and Finger Lakes Health, both of which entities have (or have had) agreements with the City to pay something for the benefit of services used. It is also true that both of these institutions contribute in many ways to the Geneva community. Nevertheless, it seems reasonable to ask whether the amounts being paid are fair or reasonable given all relevant circumstances and in light of what other similarly situated institutions are paying elsewhere?

In this regard an interesting article just appeared in The Chronicle of Higher Education, "In Ithaca, Cornell Isn't Paying Its Fair Share". This article points out that, although Cornell University has agreed to pay that city \$4MM/year for services used, its property tax bill would be approximately \$33MM if its properties were subjected to the city's property tax. This is a huge policy issue affecting cities that host these institutions, and one that directly impacts the fiscal health of Geneva.

On the expense side, perhaps one of the most important issues relating to the City operating costs is that spending does not appear to have been reduced proportionately to the City's decline in population, or to accommodate a lack of any meaningful increase in its property tax base.

Over the years, and due to factors like inflation and the increased demands on government, budgets in general have increased significantly. For the year 2024, the City's General Fund budget is \$19.123MM (slightly increased on approval); another \$8.801MM is budgeted for water and sewer services. And, where do the General Fund dollars go? As might be expected, the devil is in the detail, but we do have information of a general nature, as shown in the following pie chart:

## 2024 Budgeted Expenditures



What does this tell us? Frankly not as much we need to know. While a lot of State-mandated information is made available in the budget, it would be helpful to know, for example, what percent of the police budget is consumed with police work at the City's institutions of higher learning and in the Town under the concept of "mutual aid"? The same question should be asked of the fire department. Also, what is the actual outstanding balance of the City's debt, and, as a general proposition, how does Geneva's headcount compare to municipalities of comparable size?

When compared to other municipalities in New York State, expenditures per citizen do not appear to be an issue, and this argument has been made. Nevertheless, it would seem that this approach ignores the impact of Geneva's transition towards a city of renters in its existing housing stock, and the demographics that have resulted. The City's poverty rate has continued to increase, and the deterioration of its housing stock appears largely unchecked. So, rather than comparing the City's expenditures to those of other similarly-sized communities, especially more affluent communities, a more pertinent question would seem to be: **What can we afford?**

Revenue and expense are target-rich areas for discussion, and fully vetting the City's budget is beyond the scope of this Report. However, debt and debt service are particular areas of concern. Debt service for the year 2024 is budgeted at \$2.646MM for debt attributable to the General Fund (about 13.8% of its budget), \$1.268MM for debt attributable to the Water Fund (about 36.5% of its budget), and \$2.110MM for debt attributable to the Sewer Fund (about 40.1% of its budget), totaling \$6.024MM for the 2024 fiscal year, or about 21.6% of all budgeted expense for the three Funds combined. With a constitutional debt limit and projected capital improvements already identified, there would appear to be little room for any major initiative directed at improving population demographics or other key issues with the City's housing stock.

*Next: Installment Five – The Town*

*Concerned Geneva Taxpayers is a small group of individuals with a mission of informing the public about aspects of the financial crisis that is engulfing the City of Geneva and threatening to further limit the quality of life here. More on the organization can be found at [www.concernedgenevataxpayers.org](http://www.concernedgenevataxpayers.org).*