

**Supplement
dated June 11, 2018**

to

**Official Statement
dated May 31, 2018**

relating to

**CITY OF LONG BEACH
NASSAU COUNTY, NEW YORK**

**\$550,000
BOND ANTICIPATION NOTES – 2018 SERIES B
(the “Series B BANs”)**

**\$1,315,000
BOND ANTICIPATION NOTES – 2018 SERIES C (FEDERALLY TAXABLE)
(the “Series C BANs”)**

and

**\$4,000,000
TAX ANTICIPATION NOTES – 2018
(the “TANs”, and together with the Series B BANs and the Series C BANs, the “Notes”)**

Introduction

The Official Statement for the Notes is dated **May 31, 2018** (the “Official Statement”). The **City of Long Beach**, Nassau County, New York (the “City”) has prepared this Supplement dated **June 11, 2018**, to the Official Statement (the “Supplement”) to update information related to the City’s Adopted Budget for the fiscal year ending May 31, 2019 in the Official Statement.

Other than with respect to the information provided herein, this Supplement is not otherwise updating the Official Statement, which speaks as of its date. Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Official Statement.

The following sections and tables in Appendix A are replaced and superseded with the following:

Revenues

Property Taxes. The City derives a major portion of its General Fund revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance*” in Appendix B, herein). Based on preliminary, unaudited results, property taxes accounted for approximately 47.7% of total General Fund revenues for the fiscal year ended December 31, 2017.

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The following table sets forth total General Fund revenues and real property taxes during each of the last five audited fiscal years, the most recent unaudited fiscal year and the budgeted amounts for the current and upcoming fiscal years.

Property Tax Revenues

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2012	\$61,082,914	\$28,900,075	47.3%
2013	63,460,670	33,164,391	52.3
2014	65,800,710	33,533,614	51.0
2015	70,572,463	33,099,126	46.9
2016	71,118,801	34,170,461	48.0
2017 (Unaudited)	74,741,858	35,653,667	47.7
2018 (Adopted Budget)	81,798,874	37,186,369	45.5
2019 (Adopted Budget)	82,397,745	41,002,237	49.8

Source: Audited and Unaudited Financial Statements and Adopted Budgets of the City.

State Aid

The City receives financial assistance from the State. In its budget for the 2017-2018 fiscal year, approximately 7.6% of the revenues of the City are estimated to be received in the form of State aid, not including any Sandy reimbursements. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (see also “Market and Risk Factors”).

While the City has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the City. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

Reimbursements of submitted expenses through FEMA are paid to the State, which is responsible for the ultimate disbursement of funds to the City. The State has declared its intention of disbursing such funds as quickly as possible.

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The following table sets forth total General Fund revenues and State aid during each of the last five audited fiscal years, the most recent unaudited fiscal year and budgeted amounts for the current and upcoming fiscal years.

<u>Fiscal Year</u>	<u>State Aid</u>		<u>State Aid to Revenues</u>
	<u>Total Revenues</u>	<u>State Aid</u>	
2012	\$61,082,914	\$6,610,678	10.8%
2013	63,460,670	6,486,347	10.2
2014	65,800,710	5,497,389	8.4
2015	70,572,463	6,044,924	8.6
2016	71,118,801	6,444,947	9.1
2017 (Unaudited)	74,741,858	6,545,707	8.8
2018 (Adopted Budget)	81,798,874	6,244,676	7.6
2019 (Adopted Budget)	82,397,745	5,967,745	7.2

Source: Audited and Unaudited Financial Statements and Adopted Budgets of the City.

Results of Operations and Deficits

2012-2013 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2013, the City ended said fiscal year with a General Fund surplus of \$851,163, a Water Fund deficit of (\$231,322), and a Sewer Fund deficit of (\$2,055,985).

2013-2014 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2014, the City ended with a General Fund surplus of \$9,928,964, a Water Fund surplus of \$1,870,469 and a Sewer Fund surplus of \$209,034.

2014-2015 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2015, the City ended with a General Fund surplus of \$9,134,864, a Water Fund surplus of \$1,843,474 and a Sewer Fund surplus of \$262,748.

2015-2016 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2016, the City ended with a General Fund surplus of \$7,548,348, a Water Fund surplus of \$1,632,304 and a Sewer Fund surplus of \$491,947.

2016-2017 Fiscal Year

According to the preliminary, unaudited financial statements, subject to change, of the City for the fiscal year ended June 30, 2017, the City ended with a General Fund surplus of \$6,443,379, a Water Fund surplus of \$1,333,077 and a Sewer Fund surplus of \$598,637.

2017-2018 Adopted Budget

On May 16, 2017, the City Council adopted a budget that includes a City property tax increase of 2.56%. The tax rate remains within the statutory real property tax levy limitation. The 2017-2018 budget is balanced.

2018-2019 Adopted Budget

On May 31, 2018, the City Council adopted a budget that includes a City property tax increase of 10.26%. The tax rate pierces the statutory real property tax levy limitation. The 2018-2019 budget is balanced.

Long Term Fiscal Recovery Plan

Based on completion of the crisis management tasks assigned by the City Council, on September 3, 2013 the City Council declared an end to the fiscal crisis. The City's finances are currently in a long-term recovery phase, after implementation of a recovery plan based on difficult, but necessary, policy and operational decisions. The Long Term Fiscal Recovery Plan will continue to fundamentally change the culture and operation of the City's government.

Corrective Actions Taken:

- The City has managed to rebuild and increase unassigned fund balance across all funds from a \$14.7 million deficit at June 30, 2012 to \$11.2 million unassigned fund balance at June 30, 2016, a \$25.9 million turnaround. This increase is primarily attributed to the inherited deficit financing, the inherited deficit surcharge (which was retired one year early) and managing discretionary spending.
- Rightsizing the workforce, reducing headcount by 11% to the lowest levels in over a decade, reducing labor and personnel costs from 83% of the budget to 71%.
- A 7.9% property tax increase for the General Fund was included in the 2012-2013 Adopted Budget and a 1.49% additional property tax increase was included in the 2013-2014 Adopted Budget. Due to the early retirement of the \$1,875,000 annual surcharge, property taxes decreased by 1.19% for the 2014-2015 Adopted Budget. A 3.18% property tax increase for the General Fund was included in the 2015-2016 Adopted Budget. However, as a result of the City's compliance with the NYS tax cap, qualifying homeowners received a 100% reimbursement for that year's tax increase. A 6.28% property tax increase for the General Fund was included in the 2016-2017 Adopted Budget. Of the increase, 4.34% was to cover the debt service on the Superblock litigation settlement. A 2.51% property tax increase for the General Fund was included in the 2017-2018 Adopted Budget and complies with the NYS tax cap. The City has budgeted a 10.26% property tax rate increase for the 2018-2019 fiscal year.
- Water and Sewer rate increases of 4% were approved for the 2016-2017 budget year. Additionally, the sewer charges were increased to 108% of water charges. Rate increases of 1% were approved for the 2017-2018 budget year and sewer charges were increased to 115% of water charges. For the 2018-2019 budget year, sewer charges have increased to 120% of water charges.

Page B-1 is replaced and superseded with the following page to include the City's Adopted Budget for the fiscal year ending May 31, 2019:

CITY OF LONG BEACH
 Adopted Budgets - General Fund
 Fiscal Year Ending June 30:

	<u>2018</u>	<u>2019</u>
Revenues:		
Real Property Taxes	\$ 37,186,369	\$ 41,002,237
Non-Property Tax	5,620,000	5,535,000
Departmental Income	21,644,051	21,407,226
Intergovernmental Charges	335,088	335,088
Use Of Money And Property	621,870	634,761
Licenses and Permits	2,895,000	2,022,000
Fines and Sale of Property	1,398,500	1,336,000
Miscellaneous	659,250	1,016,027
Interfund Revenues	565,000	525,000
Appropriated Fund Balance	837,545	-
Federal Aid	611,200	315,000
Interfund Transfers	1,560,325	790,000
Long Term Debt Proceeds	1,620,000	1,512,000
State Aid	<u>6,244,676</u>	<u>5,967,406</u>
 Total Revenue	 <u>\$ 81,798,874</u>	 <u>\$ 82,397,745</u>
Expenditures:		
General Government Support	\$ 13,443,026	\$ 13,115,980
Education	354,000	229,000
Public Safety	16,899,533	17,542,016
Transportation	2,214,884	2,043,266
Economic Assistance and Opportunity	427,435	420,031
Culture And Recreation	7,096,910	6,925,644
Home And Community Services	8,017,940	8,015,843
Interfund Transfers	12,320,244	12,868,381
Employee Benefit	<u>21,024,902</u>	<u>21,237,584</u>
 Total Expenditures	 <u>\$ 81,798,874</u>	 <u>\$ 82,397,745</u>

Source: City of Long Beach Adopted Budgets. Summary itself isn't audited.