
OFFICE OF THE ALBANY CITY TREASURER

DATE: January 21, 2021

TO: Hon. Kathy M. Sheehan
Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Nick Blais

RE: 3rd quarter 2021 Performance

The following is a summary of the unaudited results for the 3rd Quarter 2021.

Overall, fiscal performance was stable and within budgetary expectations for 2021, with the exception of a few expenditures. However, early indications are that final 2021 numbers will leave the City with a deficit for 2021.

Revenue in the third quarter of 2021 totaled \$138.7 million which was a decrease of 1.0%, or almost \$1.9M from last year at this time. (Most of this decrease is related to billing NYS for the second installment of the 19-a payment \$7.7M in August last year compared to October this year.) Expenses totaled \$131.3M which was an increase of 3.7% or \$4.7M compared to the third quarter of 2020.

REVENUE (Thousands)

	SEPT	SEPT		%	SEPT	Annual		%
REVENUE	YTD 21	YTD 20	Variance		YTD 21	Budget	Variance	Budget
PROPERTY TAX	59,624	58,842	782	1%	59,624	59,550	74	100%
SALES/USE TAX	29,536	24,916	4,620	19%	29,536	35,583	(6,047)	83%
PILOTS/19-a	11,287	19,318	(8,031)	-42%	11,287	20,217	(8,930)	56%
OTHER LOCAL SOURCES	1,842	1,795	47	3%	1,842	3,153	(1,311)	58%
LANDFILL	2,520	4,441	(1,921)	-43%	2,520	6,080	(3,560)	41%
OTHER DEPARTMENTS	5,138	4,890	248	5%	5,138	6,814	(1,676)	75%
INTER GOVERNMENT	68	185	(117)	-63%	68	212	(144)	32%
FINES	3,657	3,404	253	7%	3,657	5,475	(1,818)	67%
LICENSES AND PERMITS	2,796	3,803	(1,007)	-26%	2,796	4,301	(1,505)	65%
STATE AID	20,273	14,174	6,099	43%	20,273	30,457	(10,184)	67%
SALE P/COMP/LOSS	167	325	(158)	-49%	167	534	(367)	31%
MISCELLANEOUS	1,686	4,184	(2,498)	-60%	1,686	11,008	(9,322)	15%
OTHER	90	286	(196)	-69%	90	4,878	(4,788)	2%
TOTAL REVENUE	138,684	140,563	(1,879)	-1%	138,684	188,262	(49,578)	74%

The chart above summarizes the City's sources of revenue through September 30, 2021.

1. **Property Tax revenue** increased by \$782K from last year as a result of the increase in the tax levy, and is 100% of budget at the end of the third quarter. However, there have been some SCOs and other adjustments that are expected to bring us below budget for the year.
2. **Sales Tax revenue** continues to be a bright spot as the third quarter sales tax revenue increased by \$4.6M from last year and totaled \$29.5M. It also was slightly over budget at 83% for the year in the third quarter. This is related to the economy recovering quickly and the increase in gasoline prices.
3. **PILOTS/19-a revenue** was lower than the same period last year. Most of the year-to-year decrease is the result of not billing the second installment of the 19-a invoice until October this year compared to August last year.
4. **Other Local sources revenue** increased slightly from the third quarter of 2020. Most of the increase is related to an increase in utility gross receipts taxes for the quarter.
5. **Landfill revenue** decreased 43% compared to the same period last year. Most of the decrease is related to lower tipping fees which are almost \$1.9 million lower than last year. Revenue is below budget for the year at 41% and expected to be under budget for the year.
6. **Other Departmental revenue** increased slightly by 5% (\$248K) higher than last year at this time. Most of the difference is related to golf range and cart fees (\$102K), and permits, which increased by \$194K. While most departments were showing increased revenues compared to last year at this time waste collections fees were lower by \$575K, which will correct itself in 4Q.
7. **Fines and Forfeitures revenue** increased by 7% (\$253K) from last year. The increase is related to an increase in parking ticket revenue from the third quarter of 2020.
8. **Licenses and Permits revenue** decreased 26% (\$1.0M) compared to the same period last year. Stabilization and demolition fees decreased by \$738K and street openings revenue decreased by \$388K.
9. **State aid** – increased almost \$6.1M by the end of the third quarter. The majority of this increase is related to the City receiving almost \$3.6M from the State for its workers compensation buy-outs earlier this year. This year the State also restored 2020 revenue sharing which increased by

(\$850K) and Capital City Funding increased by (\$1.2M) to pre-COVID totals. Mortgage tax was also higher by (\$431K) due to increased property sales.

10. **Miscellaneous revenue** decreased 60% (\$2.5M) compared to the same time last year. The majority of the decrease \$1.3M is related to fewer fees, charges and adjustments from 2020 included on the property tax bills this year and \$40K in health insurance rebates this year compared to \$1.0M last year at this time. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. Refund of prior year expenses are made up of fees and charges from last year that are included on the property tax bills. These charges can vary from year to year and adjustments for these charges can vary.

11. **Other revenue** decreased by \$196K compared to the same period last year. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category/Account	SEPT YTD 21	SEPT YTD 20	Variance	%	Annual Budget	Variance	%
Personal Benefits	59,714,354	56,371,619	3,342,735	5.9%	82,706,115	(22,991,761)	72%
Fringe Benefits	27,191,993	27,525,387	(333,395)	-1.2%	38,510,293	(11,318,300)	71%
Retirement including est.	11,542,303	10,673,658	868,645	8.1%	14,409,685	(2,867,382)	80%
Total Benefits	38,734,296	38,199,045	535,250	1.4%	52,919,978	(14,185,682)	73%
Non-Personal Service	32,883,579	32,044,367	839,211	2.6%	55,635,692	(22,752,113)	59%
Total	131,332,229	126,615,032	4,717,197	3.7%	191,261,785	(59,929,556)	69%
Number of weeks in period	39	39	0		52		75%

Total disbursements increased by over \$4.7M or 3.7% compared to the same period last year. However, spending overall is within 2021 budgetary expectations. However, there will be some upward correction on expenses in 4Q.

1. **Salary expense increased by 5.9% compared to the same period last year even though it was below budget at 72%.** The Police department salary expense increased by almost \$724K compared to last year at this time. Most other departments are showing increases from 2020. This category includes overtime which is almost \$1.4M higher compared third quarter last year. This does not include the October retroactive salary increases so it will be higher in 4Q.
2. **Benefits Expenses increased by 1.4% from the third quarter of last year but was below budget for the quarter at 73%.** Most of the increase in this category was related to an increase in the retirement expense estimate which was higher by \$869K from 2020. This increase was partially offset by a decrease in workers' compensation expenses which decreased (\$463K).
3. **Non-Personal Service spending increased by 2.6% or \$839K. Not including encumbrances, this category was only 59% of budget by the end of 3Q.** This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. Most of the increases in this category are related to increases in: contract services (\$809K), utility expenses (\$676K) and gasoline expense (\$225K). These increases were offset by a decrease in stabilizations and demolitions expense which decreased (\$774K) among other smaller items. Again, upward corrections are expected in the year end numbers.
4. **Encumbrances (funds reserved for purchases) increased by almost \$1.1M compared to the same period last year.** Encumbrances total slightly more than \$5.7M at the end of the third quarter.

OVERTIME

Department	2021	2020	Change	%	2021	Budget	% of Budget
Police (non-reimbursable)	4,480,879	3,933,632	547,247	14%	4,480,879	4,372,500	102%
Fire	1,552,881	1,208,756	344,125	28%	1,552,881	500,000	311%
Communications	383,616	336,842	46,774	14%	383,616	500,000	77%
Parks Maintenance	282,129	126,994	155,135	122%	282,129	185,000	153%
Waste Collection	387,669	323,529	64,140	20%	387,669	225,000	172%
Landfill	145,746	103,454	42,292	41%	145,746	153,000	95%
Central Maint.	29,760	35,707	(5,947)	-17%	29,760	70,000	43%
Street Maintenance	299,282	178,055	121,227	68%	299,282	347,125	86%
Recreation	448	0	448	4479900%	448	1,000	45%
Traffic Engineering	32,999	29,753	3,246	11%	32,999	40,000	82%
Capital Hills	49,879	11,480	38,399	334%	49,879	29,000	172%
Fleet Maintenance	39,537	27,140	12,397	46%	39,537	25,000	158%
Bleeker / Facility Operations	7,246	1,749	5,497	314%	7,246	14,000	52%
Buildings	121,797	133,552	(11,755)	-9%	121,797	150,000	81%
DGS Administration	3,956	0	3,956	39559900%	3,956	4,500	88%
Control of Animals	9,556	10,636	(1,080)	-10%	9,556	15,000	64%
Cultural Affairs	3,087	29	3,058	10545%	3,087	12,000	26%
General Fund	7,830,467	6,461,308	1,369,159	21%	7,830,467	6,643,125	118%
Police (reimbursable)	529,904	648,491	(118,587)	-18%	529,904	730,257	73%
Fire (reimbursable)	0	0	0	0%	0	90,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	330,184	345,315	(15,131)	-4%	330,184	504,996	65%
Totals	8,690,555	7,455,114	1,235,441	17%	8,690,555	7,968,378	109%

General Fund overtime was over budget (118%) at the end of the third quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 21% (\$1.4M) higher than the same period last year. OT is consistently the largest over-budget expense. The Police department had the biggest increase in overtime payments which were up by \$547K and the Fire department was close behind with an increase of almost \$344K. The majority of departments have higher overtime expenses this year than last year due to staffing shortages.

CASH

The cash chart includes the \$40.0M received from the American Rescue Plan Act (ARPA) but this cash is restricted for specific purposes. The City's cash position was 5% higher than forecasted and \$9.2 million more than the same period last year. Most of the general operating cash increase is related to the State restoring revenue sharing and Capital City Funding revenues to pre-pandemic levels. The revenue from the worker compensation buy-outs added an additional \$3.6 million to the cash totals. Please note that the ARPA funds, while reflected on the chart above, are not included in our cash position because they are restricted for use until appropriated.

CONCLUSION

Thus far, there are overall no major surprises in the third quarter for 2021, as the City was largely moving forward as expected financially. However, this did not continue in the 4th Quarter as the City is expected to show a

deficit for the year. The City saw a decrease in overall revenue in the second quarter compared to 2021 mostly from the timing of the billing of the 19-a (\$7.7M) payment from the State. Expenses were up in the third quarter of 2021 compared to last year at this time, mostly as the result of higher APD salary expenses, OT, retirement expenses, contracted services expenses and utility expenses but overall, were within budget expectations. **The City must continue to watch expenses closely and try to control them as much as possible, in order to rebuild our fund balance and financial position, while continuing to push for revenue increases where it can locally, and at the State level, where a permanent solution for the revenue gap caused by tax exempt properties must be found.**