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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** June 27, 2022

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

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Nick Blais

**RE:** 4th Quarter Year-End 2021 Performance

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The following is a summary of the unaudited results for the 4th Quarter Year- end 2021. **Overall, fiscal performance was within roughly within expectations for 2021** (about 0.5% over budget) but there were some large variances within the budget, and the fund balance was reduced by \$800k to \$10.7M. **However, this masks the fact that the City's use of \$18M in ARPA funds, along with other unbudgeted revenue sources enabled the City to withstand higher costs.**

Revenue in the fourth quarter of 2021 totaled \$199.3 million, of which \$450k was debt reserve, which was an increase of 14.0% or \$24.2M from last year. Most of this increase is related to the ARPA revenue of \$18.1M which was added to the budget mid-year, and which reimbursed premium pay and salary increases provided to employees in 2021. Sales Tax revenue also increased significantly (\$6.4M) from 2020, but landfill revenue was \$2.9m under budget. Expenses totaled almost \$200.1M which was an increase of 14.6% or \$26.1M compared to 2020. This was largely due to increased salaries and benefits despite under budget performance for non-personnel services. All in all, The City finished the year with a loss on the fund balance of \$808K.

## REVENUE (Thousands)

	DEC	DEC		%	DEC	Annual		%
REVENUE	YTD 21	YTD 20	Variance		YTD 21	Budget	Variance	Budget
PROPERTY TAX	59,178	58,469	709	1%	59,178	59,550	(372)	99%
SALES/USE TAX	40,514	34,099	6,415	19%	40,514	36,833	3,681	110%
PILOTS/19-a	19,378	19,273	105	1%	19,378	20,217	(839)	96%
OTHER LOCAL SOURCES	3,091	3,071	20	1%	3,091	3,153	(62)	98%
LANDFILL	3,168	5,594	(2,426)	-43%	3,168	6,080	(2,912)	52%
OTHER DEPARTMENTS	5,721	5,830	(109)	-2%	5,721	6,824	(1,103)	84%
INTER GOVERNMENT	102	224	(122)	-54%	102	212	(110)	48%
FINES	5,349	4,449	900	20%	5,349	5,475	(126)	98%
LICENSES AND PERMITS	4,631	5,353	(722)	-13%	4,631	4,594	37	101%
STATE AID	34,031	26,513	7,518	28%	34,031	30,548	3,483	111%
SALE P/COMP/LOSS	324	625	(301)	-48%	324	534	(210)	61%
MISCELLANEOUS	4,806	5,544	(738)	-13%	4,806	11,111	(6,305)	43%
OTHER	18,526	712	17,814	2502%	18,526	6,118	12,408	303%
DEBT RESERVE	450	5,300	(4,850)	100%	450	450	0	100%
TOTAL REVENUE	199,269	175,056	24,213	14%	199,269	191,699	7,570	104%

The chart above summarizes the City's sources of revenue through December 31, 2021.

1. **Property Tax revenue** increased by \$709K from last year and was 99% of budget at the end of the fourth quarter as a result of tax adjustments reducing property tax revenue.
2. **Sales Tax revenue** the fourth quarter sales tax revenue increased by \$6.4M from last year and totaled \$40.5M. It also was over budget at 110% and \$3.7M for the year. This is related to the economy recovering quickly and the increase in economic activity.
3. **PILOTS/19-a revenue** was slightly higher than the same period last year. There was relatively little change from the prior year, but the line was under budget because not all of the voluntary PILOT revenue was received, and some shelter rent payments were delayed.
4. **Other Local sources revenue** increased slightly from 2020, but was also slightly under budget. Most of the increase is related to an increase in utility gross receipts taxes for the year.
5. **Landfill revenue** decreased 43% or \$2.4M compared to the same period last year. Most of the decrease is related to lower tipping fees which are \$2.4 million lower than last year. Revenue was below budget for the year

at 52% because the inflow of waste has significantly dropped overall, largely still attributable to COVID.

6. **Other Departmental revenue** decreased slightly by 2% (\$109K) lower than last year at this time. While most departments were showing increased revenues compared to last year at this time, waste collection fees were lower by \$870K, because late fees and lagged prior year bills were higher in 2020. Most of this decrease was off-set by increases in golf course and range fees which were higher by \$267K, DGS fees increased by \$149K, rental registry fees increased by \$108k, and police details increased by \$65K. Overall, this line was under budget because of lower than budgeted collections of primarily: police details, and franchise, waste collection, DGS, Cultural Affairs and Golf fees.
7. **Fines and Forfeitures revenue** increased by 20% (\$900K) from last year. The increase is related to an increase in parking ticket revenue which increased by \$306K and red light camera fines increased by \$553K from 2020. (The RLC revenue line included retroactive reimbursements that boosted this line in 2021). Both items combined to be \$567K over budget. However, this line was slightly under budget for the year because police court fines were \$686K under budget.
8. **Licenses and Permits revenue** decreased 13% (\$722K) compared to the same period last year, but was slightly over-budget. Stabilization and demolition fees decreased by \$388K, but was over budget by \$408K, safety inspection permits decreased by \$232K and was under budget by \$121K and street openings revenue decreased by \$95K and was under budget by \$81K. Overall, the increases and decreases to budgeted revenues largely offset each other in this category.
9. **State aid** – increased 28% (\$7.5M) by the end of the 2021. The majority of this increase is related to the City receiving almost \$3.6M from the State for it workers compensation buy-outs earlier this year. This year the State restored revenue sharing which increased by almost (\$1.3M) and Capital City Funding increased by (\$2.4M) to pre-COVID totals. Mortgage tax was also higher by \$884K.
10. **Sales of property and compensation loss revenue** decreased 48% (\$301K) compared to last year and was under-budget for the year. Sales of vehicles decreased by \$53K and insurance recoveries decreased by \$194K. Insurance recoveries were \$212K under budget.
11. **Miscellaneous revenue** decreased 13% (\$738K) compared to 2020. The majority of the decrease (\$513K) is related to fewer fees, charges and adjustments from 2020 included on the property tax bills this year and a decrease of \$913K in health insurance rebates. These decreases were

off-set by increases in court settlements which increased by \$336K and grant funds from the Cities RISE grant increased by \$140K. 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. The overall category was under budget mostly because of 2 items: \$600K for health insurance rebates, and a \$4.3m reimbursement from ACDA that is budget neutral.

12. **Other revenue** increased by \$17.8M 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. The majority of the increase for 2021 is related to reimbursing the General Fund from the ARPA Grant funds, (\$18.1M) for the employee salary increases and premium pay.

## DISBURSEMENTS

Category/Account	DEC YTD 21	DEC YTD 20	Variance	%	Annual Budget	Variance	%
Personal Benefits	94,771,494	78,818,162	15,953,332	20.2%	82,568,279	12,203,215	115%
Fringe Benefits	40,635,240	37,351,565	3,283,674	8.8%	38,214,496	2,420,744	106%
Retirement	15,112,300	14,697,505	414,795	2.8%	15,689,406	(577,106)	96%
Total Benefits	55,747,539	52,049,070	3,698,469	7.1%	53,903,902	1,843,637	103%
Use of Debt Reserve	450,000	5,300,000	(4,850,000)	-91.5%	450,000	0	100%
Non-Personal Service	49,108,053	42,615,107	6,492,946	15.2%	58,533,173	(9,425,120)	84%
Total	200,077,086	178,782,339	26,144,746	14.6%	195,455,354	4,621,732	102%
Number of weeks in period	53	52	1		53		100%

**Total disbursements increased by over \$26.1M or 14.6% compared to the same period last year.** Spending overall was 102% of 2021 budgetary expectations. Expenses were up in all categories (Personal Benefits, Fringe Benefits and Non-Personal Services) compared to 2020.

1. **Salary expense increased by 20.2%** compared to the same period last year and at 115% of budget. Employee pay increases and premium pay

were approved this year and reimbursed from the ARPA funds The Police department salary expense increased by almost \$8.3M compared to last year at this time. This increase includes retro pay from 2016 to 2021, and will therefore not be this high in the years to come. The Fire department salary expense increased by almost \$1.2M. Most other departments are showing increases from 2020, mostly due to some combination of contractual raises, premium pay and retroactive raises. This category includes overtime which is \$2.9M higher than last year due to lingering effects from the pandemic including the number of vacancies.

2. **Benefits Expenses increased by 7.1%** from last year and ended the year at 103% of budget. Most of the increase in this category was related to an increase in the retiree health expenses which increased \$3.1M (a cost that would be eliminated with single-payer health care). The City is self- insured under the Empire Blue Cross plan. These expenses can vary widely from year to year. NYS Retirement costs increased by almost \$415K from 2020.
3. **Non-Personal Service spending increased by 15.2% or almost \$6.5M** for 2021. Although there was a large increase this year, these expenses were only at 84%. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees, debt service and interfund transfers. Most of the increases in this category are related to an increase in judgements and claims which increased (\$1.7M). This increase was primarily related to one settlement. Utility (\$670K) and gasoline (\$452K) expenses increased, and equipment expenses increased \$209K. Interfund transfers which were approved in the budget totaled almost \$2.3M. The interfund transfers include the cash [?] capital projects \$1.7M and \$594K of ARPA funded expenses for the Albany Water Board and Youth & Workforce Services.

## OVERTIME

Department	2021	2020	Change	%	2021	Budget	% of Budget
Police (non-reimbursable)	8,184,230	5,965,623	2,218,607	37%	8,184,230	4,372,520	187%
Fire	2,037,706	2,019,279	18,427	1%	2,037,706	500,000	408%
Communications	579,596	454,038	125,558	28%	579,596	500,000	116%
Parks Maintenance	377,425	192,787	184,638	96%	377,425	202,666	186%
Waste Collection	521,933	458,805	63,128	14%	521,933	270,812	193%
Landfill	200,468	150,477	49,991	33%	200,468	153,173	131%
Central Maint.	43,616	42,477	1,139	3%	43,616	60,566	72%
Street Maintenance	407,260	253,446	153,814	61%	407,260	372,743	109%
Recreation	979	0	979	9789900%	979	1,000	98%
Traffic Engineering	51,578	41,599	9,979	24%	51,578	53,420	97%
Capital Hills	68,496	15,561	52,935	340%	68,496	30,947	221%
Fleet Maintenance	53,303	41,111	12,192	30%	53,303	28,069	190%
Bleeker / Facility Operations	7,431	2,135	5,296	248%	7,431	17,181	43%
Buildings	160,153	159,702	451	0%	160,153	150,000	107%
DGS Administration	3,968	0	3,968	39679900%	3,968	4,500	88%
Control of Animals	12,855	15,639	(2,784)	-18%	12,855	15,000	86%
Cultural Affairs	5,021	29	4,992	17214%	5,021	12,000	42%
<b>General Fund</b>	<b>12,716,018</b>	<b>9,812,708</b>	<b>2,903,310</b>	<b>30%</b>	<b>12,716,018</b>	<b>6,744,597</b>	<b>189%</b>
Police (reimbursable)	1,029,600	907,818	121,782	13%	1,029,600	730,257	141%
Fire (reimbursable)	0	0	0	0%	0	90,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
<b>Water</b>	<b>455,721</b>	<b>445,512</b>	<b>10,209</b>	<b>2%</b>	<b>455,721</b>	<b>496,936</b>	<b>92%</b>
<b>Totals</b>	<b>14,201,339</b>	<b>11,166,038</b>	<b>3,035,301</b>	<b>27%</b>	<b>14,201,339</b>	<b>8,061,790</b>	<b>176%</b>

General Fund overtime was over budget **(189%) at the end of the year**. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 30% (\$2.9M) higher than the end of last year. OT is consistently the largest over-budget expense. The Police department had the biggest increase in overtime payments which were up by \$2.2M. The majority of departments have higher overtime expenses this year than last year. Much of the OT expenses were both caused and made up for by attrition and lower non-OT personnel costs.

## CASH

**The cash chart includes the unexpended \$36.7M received from the American Rescue Plan Act (ARPA) but this cash is restricted for specific purposes. The City's unrestricted cash position was 34% lower than forecasted and \$3.1 million less than the same period last year.** Most of the general operating cash decrease is related to an increase in payroll and vendor payments for the year.

## CONCLUSION

**Despite unprecedented fiscal uncertainty in 2020 and early 2021 related to COVID, the City secured \$80 million in ARPA funding, provided premium pay to our frontline workforce and a 3% across the board raise for our non-union employees, settled several union contracts including the long-outstanding PBA contract, and secured \$3.6M in Workers' Comp settlements.** The City saw an increase in overall revenue from NYS paying funds held back in 2020, appropriated ARPA funds and \$3.6M from the workers compensation buy-outs. Expenses were up in many areas in 2021, mostly as the result of higher APD retro salary expenses, OT, employee salary and premium pay increases, retirement expenses, contracted services expenses, utility expenses, gasoline expenses and judgements and claims expenses. The City is still below the recommended fund balance of 10% of budget expenditures, so we must continue to watch expenses closely and try to control them as much as possible, 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 remains to be found.