
OFFICE OF THE ALBANY CITY TREASURER

DATE: August 5, 2021

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Nick Blais

RE: 2nd quarter 2021 Performance

The following is a summary of the unaudited results for the 2nd Quarter 2021.

Overall, fiscal performance was stable and within budgetary expectations for 2021, with the exception of a few expenditures.

Revenue in the second quarter of 2021 totaled \$106.6 million which was a decrease of 5.0% or almost \$5.5M from last year at this time (most of this decrease is related to billing NYS for the Capital City Funding \$12.0M in April last year. Expenses totaled almost \$89.8M which was an increase of 5.6% or \$4.7M compared to the second quarter of 2020.

REVENUE (Thousands)

	JUNE	JUNE		%	JUNE	Annual		%
REVENUE	YTD 21	YTD 20	Variance		YTD 21	Budget	Variance	Budget
PROPERTY TAX	59,807	58,856	951	2%	59,807	59,550	257	100%
SALES/USE TAX	19,042	15,906	3,136	20%	19,042	35,583	(16,541)	54%
PILOTS/19-a	11,298	11,549	(251)	-2%	11,298	20,217	(8,919)	56%
OTHER LOCAL SOURCES	1,007	948	59	6%	1,007	3,153	(2,146)	32%
LANDFILL	1,752	2,915	(1,163)	-40%	1,752	6,080	(4,328)	29%
OTHER DEPARTMENTS	3,967	1,039	2,928	282%	3,967	6,788	(2,821)	58%
INTER GOVERNMENT	44	162	(118)	-73%	44	212	(168)	21%
FINES	2,138	2,289	(151)	-7%	2,138	5,476	(3,338)	39%
LICENSES AND PERMITS	1,957	2,650	(693)	-26%	1,957	4,301	(2,344)	46%
STATE AID	4,297	12,155	(7,858)	-65%	4,297	30,323	(26,026)	14%
SALE P/COMP/LOSS	142	71	71	100%	142	534	(392)	27%
MISCELLANEOUS	1,128	3,471	(2,343)	-68%	1,128	10,988	(9,860)	10%
OTHER	25	59	(34)	-58%	25	684	(659)	4%
TOTAL REVENUE	106,604	112,070	(5,466)	-5%	106,604	183,889	(77,285)	58%

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

1. **Property Tax revenue** increased by \$951K from last year and is 100% of budget at the end of the second quarter as a result of the increase in the tax levy.
2. **Sales Tax revenue** the second quarter sales tax revenue increased by \$3.1M from last year and totaled \$19.0M. It also was slightly over budget at 54% for the year in the second quarter. This is a strong indication the economy is recovering quickly.
3. **PILOTS/19-a revenue** was lower than the same period last year. Most of the year-to-year decrease is the result of lower billings this year compared to 2020. Although it was above budget at 56% for the second quarter.
4. **Other Local sources revenue** increased from the second quarter of 2020. Most of the increase is related to an increase in utility gross receipts taxes for the quarter.
5. **Landfill revenue** decreased 40% compared to the same period last year. Most of the decrease is related to lower tipping fees which are almost \$1.2 million lower than last year. Revenue is below budget for the year at 29%.
6. **Other Departmental revenue** was 282% (\$2.9M) higher than last year at this time. Most of the difference is the result of billing \$2.3M in waste collection fees with the property tax bills in January this year as compared to billing them separately in July last year. Golf fees and permits increased by \$287K and golf carts and range fees increased by \$155K. Most departments were showing increased revenues compared to last year at this time.
7. **Fines and Forfeitures revenue** decreased by 7% (\$151K) from last year. The decrease is a timing issue because the June parking revenue report was not available when this report was prepared.
8. **Licenses and Permits revenue** decreased 26% (\$693K) compared to the same period last year. Stabilization and demolition fees decreased by \$522K and street openings revenue decreased by \$192K.
9. **State aid** – decreased almost \$7.9M by the end of the second quarter. This majority of this decrease is the result billing the State \$12.0M for the Capital City Funding by the second quarter last year. This decrease is offset by the State paying the City almost \$3.6M for its workers compensation buy-outs earlier this year. FYI, the \$1.2m shortfall in CCF funding in 2020 will be included in 2021.

10. **Miscellaneous revenue** decreased 68% (\$2.3M) compared to the same time last year. The majority of the decrease \$1.6M is related to fewer fees, charges and adjustments from 2020 included on the property tax bills this year and \$0 in health insurance rebates this year compared to \$558K 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 \$34K 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	JUNE	JUNE		%	Annual		%
	YTD 21	YTD 20	Variance		Budget	Variance	Budget
Personal Benefits	38,839,727	36,991,764	1,847,963	5.0%	80,177,941	(41,338,214)	48%
Fringe Benefits	17,937,706	17,150,166	787,540	4.6%	31,774,039	(13,836,333)	56%
Retirement including est.	7,395,199	6,937,631	457,568	6.6%	21,185,802	(13,790,603)	35%
Total Benefits	25,332,905	24,087,797	1,245,108	5.2%	52,959,841	(27,626,936)	48%
Non-Personal Service	25,613,621	23,970,697	1,642,924	6.9%	51,751,510	(26,137,889)	49%
Total	89,786,253	85,050,258	4,735,995	5.6%	184,889,292	(95,103,039)	49%
Number of weeks in period	26	26	0		52		50%

Total disbursements increased by over \$4.7M or 5.6% compared to the same period last year. Spending overall is well within 2020 budgetary expectations, but expenses were up in all categories (Personal Benefits, Fringe Benefits and Non-Personal Services) compared to Q2 of 2020.

1. **Salary expense increased by 5.0%** compared to the same period last year. The Police department salary expense increased by almost \$683K compared to last year at this time. Most other departments are showing similar totals or decreases from 2020. This category includes overtime which is \$1.0M higher compared second quarter last year.

- 2. Benefits Expenses increased by 5.2%** from the second quarter of last year but was below budget for the second quarter at 48%. Most of the increase in this category was related to an increase in retiree health insurance which increased (\$1.2M), an item that fluctuates year to year. The retirement expense estimate was higher by \$457K from 2020. These increases were offset by a decrease in workers' compensation expenses which decreased (\$260K).
- 3. Non-Personal Service spending increased by 6.9% or \$1.6M.** Not including encumbrances this category was only 49% of budget by the end of the second quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. Most of the increase in this category is related to an increase in contract services this year which increased (\$1.7M) and snow removal costs from this past winter increased (\$709K). Most of the other expenses in this category were lower including stabilizations and demolitions expense which decreased (\$638K) from 2020.
- 4. Encumbrances (funds reserved for purchases) increased by \$1.1M** compared to the same period last year. Encumbrances total slightly more than \$7.4M at the end of the second quarter.

OVERTIME

Department	2021	2020	Change	%	2021	Budget	% of Budget
Police (non-reimbursable)	2,841,519	2,458,253	383,266	16%	2,841,519	4,372,500	65%
Fire	904,913	567,054	337,859	60%	904,913	500,000	181%
Communications	255,592	220,899	34,693	16%	255,592	500,000	51%
Parks Maintenance	174,017	78,314	95,703	122%	174,017	185,000	94%
Waste Collection	259,822	188,923	70,899	38%	259,822	225,000	115%
Landfill	114,948	80,478	34,470	43%	114,948	153,000	75%
Central Maint.	18,993	31,143	(12,150)	-39%	18,993	70,000	27%
Street Maintenance	191,208	115,673	75,535	65%	191,208	347,125	55%
Recreation	0	0	0	0%	0	1,000	0%
Traffic Engineering	19,296	18,122	1,174	6%	19,296	40,000	48%
Capital Hills	28,445	6,100	22,345	366%	28,445	29,000	98%
Fleet Maintenance	29,601	22,641	6,960	31%	29,601	25,000	118%
Bleeker / Facility Operations	296	113	183	162%	296	14,000	2%
Buildings	75,594	91,796	(16,202)	-18%	75,594	150,000	50%
DGS Administration	2,091	0	2,091	20909900%	2,091	4,500	46%
Control of Animals	5,350	7,755	(2,405)	-31%	5,350	15,000	36%
Cultural Affairs	2,023	29	1,994	6876%	2,023	12,000	17%
General Fund	4,923,708	3,887,293	1,036,415	27%	4,923,708	6,643,125	74%
Police (reimbursable)	322,597	402,610	(80,013)	-20%	322,597	730,557	44%
Fire (reimbursable)	0	0	0	0%	0	90,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	227,971	218,800	9,171	4%	227,971	504,996	45%
Totals	5,474,276	4,508,703	965,573	21%	5,474,276	7,968,678	69%

General Fund overtime was over budget (74%) at the end of the second quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 27% (\$1.0M) 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 \$383K and the Fire department was close behind with an increase of almost \$338K. The majority of departments have higher overtime expenses this year than last year.

CASH

The cash chart includes the \$40.0M received from the American Rescue Recovery Act (ARRA) but this cash is restricted for specific purposes. The City's cash position was 2% higher than forecasted and \$651K more than the same period last year. Most of the general operating cash increase is related to collecting more property tax and Waste Collection Fees by the second quarter this year compared to last year. Some of this increase is off-set by lower landfill payments and less money reimbursed for invoice payments made on behalf of the Albany Water Board.

CONCLUSION

Thus far, there are no major surprises in the second quarter for 2021, as the City was largely moving forward as expected financially. The City saw a decrease in overall revenue in the second quarter compared to 2021 mostly from the timing of the billing of the Capital City Funding (\$12.0M) payment from the State. Expenses were up in the second quarter of 2021 compared to last year at this time, mostly as the result of higher APD salary expenses, OT, retiree health insurance costs and contracted services expenses but overall, were within budget expectations. **The City 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 must be found.**