
OFFICE OF THE ALBANY CITY TREASURER

DATE: November 29, 2022

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Gideon Grande

RE: 3rd Quarter 2022 Performance

The following is a summary of the unaudited results for the 3rd Quarter 2022.
Overall, fiscal performance was stable and within budgetary expectations for 2022, with the exception of expenditures related to overtime.

Revenue at the end of the third quarter of 2022 totaled \$148.7 million, which was an increase of 7.0% or \$10.0M from last year at this time (most of this increase is related to \$7.1M of ARPA Funds used to reimburse the City for governmental services). Expenses totaled almost \$133.6M which was an increase of 8.8% or \$10.7M compared to the third quarter of 2021.

REVENUE (Thousands)

	SEPT	SEPT		%	SEPT	Annual		%
REVENUE	YTD 22	YTD 21	Variance		YTD 22	Budget	Variance	Budget
PROPERTY TAX	59,841	59,628	213	0%	59,841	59,550	291	100%
SALES/USE TAX	32,719	29,535	3,184	11%	32,719	38,608	(5,889)	85%
PILOTS/19-a	11,481	11,286	195	2%	11,481	19,376	(7,895)	59%
OTHER LOCAL SOURCES	1,971	1,844	127	7%	1,971	3,140	(1,169)	63%
LANDFILL	1,891	2,520	(629)	-25%	1,891	3,083	(1,192)	61%
OTHER DEPARTMENTS	5,593	5,140	453	9%	5,593	6,549	(956)	85%
INTER GOVERNMENT	276	70	206	294%	276	110	166	251%
FINES	3,935	3,679	256	7%	3,935	5,360	(1,425)	73%
LICENSES AND PERMITS	2,440	2,801	(361)	-13%	2,440	4,606	(2,166)	53%
STATE AID	18,318	20,272	(1,954)	-10%	18,318	30,965	(12,647)	59%
SALE P/COMP/LOSS	127	167	(40)	-24%	127	702	(575)	18%
MISCELLANEOUS	2,279	1,710	569	33%	2,279	10,164	(7,885)	22%
OTHER	7,874	90	7,784	8649%	7,874	11,941	(4,067)	66%
TOTAL REVENUE	148,745	138,742	10,003	7%	148,745	194,154	(45,409)	77%

The chart above summarizes the City's sources of revenue through September 30, 2022.

1. **Property Tax revenue** increased by \$213K from last year and is on budget at the end of the third quarter.
2. **Sales Tax revenue** the third quarter sales tax revenue was higher than last year by \$3.2M and totaled \$32.7M and over budget at 89% for the year in the third quarter and should exceed budget by the end of the year.
3. **PILOTS/19-a revenue** was higher than the same period last year by 2% or \$196K, and is on budget for the year.
4. **Other Local sources revenue** increased from the third quarter of 2021. Penalties on property taxes increased \$273K while utilities gross receipts taxes decreased \$182K.
5. **Landfill revenue** decreased 25% (\$629K) compared to the same period last year. Tipping fees decreased by \$357K and coupon sales decreased by \$282K. This is due to a reduction of inflow, allowing for an extension of the life of the landfill, currently expected to be at capacity in mid-2025.
6. **Other Departmental revenue** was 9% (\$453K) higher than last year at this time, although this will correct itself downward by year's end. Most of the difference is the result of billing \$239K more in waste collection fees, most of which were in error and removed. DGS fees increased \$153K and APD Event Security revenue increased by \$260K. Golf fees and cart fees increased \$123K. EMS ambulance revenue decreased by \$86K and public work services revenue decreased by \$179K.
7. **Fines and Forfeitures revenue** increased by 7% (\$256K) from last year. The increase is due to an increase in red light camera fines which were higher by \$291K.
8. **Licenses and Permits revenue** decreased 13% (\$361K) compared to the same period last year. The primary reason for this decrease is related to stabilization and demolition fees decreased by \$955K. Demo fees are budget neutral and any reduction in demos is positive for the City. This decrease was offset by increases in safety inspection permits revenue increased by \$345K and street openings revenue increased by \$237K.
9. **State aid** – decreased 10% (\$2.0M) by the end of the third quarter. Almost all of this is a result of receiving a lump sum payment of \$3.6M from NYS for our workers' compensation buyouts last year. This decrease was off-set by an increase in Capital City Funding which increased from \$12.5M to \$15.0M.
10. **Miscellaneous revenue** increased 33% (\$569K) compared to the same time last year. 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** increased by \$7.8M compared to the same period last year. We reimbursed the City \$7.1M from the ARPA Funds for the provision of governmental services which is included in the 2022 adopted budget. The City also received a Smart Policing Grant \$405K and a FEMA payment for \$238K. Most of the other 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 22	SEPT YTD 21	Variance	%	Annual Budget	Variance	%
Personal Benefits	66,053,442	59,715,054	6,338,388	10.6%	86,506,738	(20,453,296)	76%
Fringe Benefits	17,825,415	18,931,661	(1,106,246)	-5.8%	38,053,938	(20,228,523)	47%
Retirement including est.	11,755,746	11,542,303	213,443	1.8%	15,901,781	(4,146,035)	74%
Total Benefits	29,581,161	30,473,964	(892,803)	-2.9%	53,955,719	(24,374,558)	55%
Non-Personal Service	37,772,090	32,467,797	5,304,293	16.3%	56,720,752	(18,948,662)	67%
Total	133,406,693	122,656,815	10,749,878	8.8%	197,183,209	(63,776,516)	68%
Number of weeks in period	39	39	0		53		74%

Total disbursements increased by \$10.8M or 8.8% compared to the same period last year. Spending overall is well within 2022 budgetary expectations, but spending was up in Personal Benefits and Non-Personal Services while Fringe Benefits decreased compared to the third quarter of 2021.

1. **Salary expense increased by 10.6%** compared to the same period last year, but is expected to be at or under budget by year-end. The Police department salaries expense was \$2.2M higher, Fire department salary expense increased \$709K and DGS public works salary expense increased \$1.6M for the third quarter. Most of the City departments are showing salary increases from last year which were anticipated in the budget. This category includes overtime which is almost \$1.5M higher than 2021.
2. **Benefits Expenses decreased by 2.9%** from the third quarter of last year and was well below budget for the quarter at 55%, but are expected to

increase in the last quarter. Most of the decrease in this category was related to retiree health insurance which decreased (\$1.1M), an item that fluctuates year to year. (The City is self- insured for Empire Blue Cross which means we pay the actual claims) Retirement expenses from NYS including the quarterly estimate increased (\$213K).

- 3. Non-Personal Service spending increased by 16.3% or \$5.3M.** Not including encumbrances this category was under budget at 67% of budget by the end of the third quarter, and despite energy cost increases, we will likely be under budget at year end. 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 the Cash Capital funds \$1.2M transferred to the Capital Projects Fund. City wide contracted services combined increased \$3.4M. The Fire department's vehicle and equipment expenses in this category increased \$1.2M, although \$870K of this increase is related ARPA Funds which the City is reimbursed. Gasoline expenses increased by \$388K by the third quarter.
- 4. Encumbrances (funds reserved for purchases) increased by \$1.3M** compared to the same period last year. Encumbrances total slightly more than \$7.0M at the end of the third quarter.

OVERTIME

Department	2022	2021	Change	%	2022	Budget	% of Budget
Police (non-reimbursable)	5,486,015	4,480,877	1,005,138	22%	5,486,015	4,372,500	125%
Fire	1,692,080	1,552,881	139,199	9%	1,692,080	750,000	226%
Communications	379,088	383,617	(4,529)	-1%	379,088	300,000	126%
Parks Maintenance	345,457	282,129	63,328	22%	345,457	200,000	173%
Waste Collection	470,237	387,669	82,568	21%	470,237	250,000	188%
Landfill	123,668	145,746	(22,078)	-15%	123,668	160,000	77%
Central Maint.	65,747	29,760	35,987	121%	65,747	55,000	120%
Street Maintenance	421,484	299,282	122,202	41%	421,484	365,125	115%
Recreation	2,474	448	2,026	452%	2,474	3,833	65%
Recreation Programs	487	227	260	115%	487	500	97%
Aquatics	183	5,282	(5,099)	-97%	183	183	100%
Traffic Engineering	43,225	32,999	10,226	31%	43,225	55,000	79%
Capital Hills	87,741	49,879	37,862	76%	87,741	25,000	351%
Fleet Maintenance	49,669	39,537	10,132	26%	49,669	35,000	142%
Bleeker / Facility Operations	7,648	1,737	5,911	340%	7,648	11,667	66%
Buildings	70,749	121,797	(51,048)	-42%	70,749	150,000	47%
DGS Administration	14,496	3,956	10,540	266%	14,496	2,500	580%
Personnel	4,648	0	4,648	46479900%	4,648	7,500	62%
Control of Animals	17,531	9,557	7,974	83%	17,531	15,000	117%
Cultural Affairs	7,026	3,087	3,939	128%	7,026	12,000	59%
General Fund	9,289,653	7,830,467	1,459,186	19%	9,289,653	6,770,808	137%
Police (reimbursable)	679,282	529,904	149,378	28%	679,282	872,858	78%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	434,437	330,184	104,253	32%	434,437	587,100	74%
Totals	10,403,372	8,690,555	1,712,817	20%	10,403,372	8,230,766	126%

General Fund overtime was over budget at 137% by the end of the third quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 19% (\$1.5M) 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 \$1.0M. The majority of departments have higher overtime expenses this year than last year. Budgetarily, the increases in OT are largely offset by reductions in regular pay resulting from open positions.

CASH

The City's cash position for September was 5% (\$3.8M) lower than forecasted. Year-to-date cash is 15% (\$11.0M) higher compared to last year. Most of the September decrease is related to an increases in payroll costs, employee benefits expenses and vendor payments. The year-to-date increase is related to receiving the second payment of \$40.4 million in ARPA Funding.

CONCLUSION

Thus far, there are no major surprises in the third quarter for 2022, as the City was largely moving forward as expected financially. The City saw an increase in overall revenue in the third quarter compared to 2021. Expenses also increased compared to last year at this time, mostly as the result of higher payroll expenses, contracted services expenses, increases in retirement costs, and higher OT expenses, but overall, (except for personal benefits) were still largely 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. It also cannot be stressed enough, that without the federal ARPA funding, Albany would be in a much more stressed financial position.