
OFFICE OF THE ALBANY CITY TREASURER

DATE: June 23, 2023

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Gideon Grande

RE: 4th Quarter YTD 2022 Performance

The following is a summary of the unaudited results for 2022. **Overall, fiscal performance was stable and within budgetary expectations for 2022**, with the exception of expenditures related to overtime. The unassigned fund ended the year with a deficit of \$1.2M as a result of expenses exceeding revenues. Although unexpected, this was the result of an accounting adjustment for interest expenses on borrowed capital funds, which will adjust back in future years. The unassigned fund balance is currently \$8.8m.

Revenue by the end of the year totaled \$199.7 million, which was an increase of 1.0% or \$1.2M from last year at this time (most of this increase is related to the \$44.9M in sales tax revenue which increased by \$4.3M from last year). Expenses totaled almost \$200.9M which was an increase of 1.0% or \$1.3M compared to 2021.

REVENUE (Thousands)

	DEC	DEC		%	DEC	Annual		%
REVENUE	YTD 22	YTD 21	Variance		YTD 22	Budget	Variance	Budget
PROPERTY TAX	59,597	59,178	419	1%	59,597	59,550	47	100%
SALES/USE TAX	44,862	40,514	4,348	11%	44,862	41,458	3,404	108%
PILOTS/19-a	19,283	19,353	-70	0%	19,283	19,376	-93	100%
OTHER LOCAL SOURCES	3,260	3,116	144	5%	3,260	3,141	119	104%
LANDFILL	2,908	3,168	-260	-8%	2,908	3,083	-175	94%
OTHER DEPARTMENTS	6,360	5,568	793	14%	6,360	6,548	-188	97%
INTER GOVERNMENT	981	102	880	866%	981	110	871	894%
FINES	5,074	5,349	-276	-5%	5,074	5,360	-286	95%
LICENSES AND PERMITS	4,333	4,631	-298	-6%	4,333	4,789	-456	90%
STATE AID	31,354	34,031	-2,677	-8%	31,354	31,054	301	101%
SALE P/COMP/LOSS	585	324	261	80%	585	702	-117	83%
MISCELLANEOUS	4,516	4,636	-120	-3%	4,516	10,184	-5,668	44%
OTHER	16,566	18,526	-1,959	-11%	16,566	12,586	3,980	132%
TOTAL REVENUE	199,680	198,496	1,185	1%	199,680	197,941	1,740	101%

The chart above summarizes the City's sources of revenue through December 31, 2022.

1. **Property Tax revenue** increased by \$419K from last year and was on budget at the end of the year. We also were over budget due to a smaller number of tax certs than budgeted, and we have begun to charge "omitted taxes", collected on transferred properties that lose previous tax exemptions.
2. **Sales Tax revenue** was higher than last year by \$4.3M and totaled almost \$44.9M and over budget by \$3.4M or 108% for the year.
3. **PILOTS/19-a revenue** was slightly lower than last year with a decrease of \$70K.
4. **Other Local sources revenue** increased from 2021. Penalties on property taxes increased \$323K (in 2021 we allowed people to pay property taxes late because of COVID) while utilities gross receipts taxes decreased \$114K.
5. **Landfill revenue** decreased 8% (\$260K) compared to last year. Coupon sales decreased by \$311K. This decrease was offset by slight increases in government tipping fees and other landfill revenue sources. The decrease is also related 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 14% (\$793K) higher than last year. Most of the increase is related to an increase in APD Event Security

revenue which increased by \$384K. Waste collection fees increased by \$189K and DGS fees increased \$260K for 2022.

7. **Inter Government revenue** increased by \$880K from 2021. The increase in interest rates resulted in an increase in interest earned on the City's invested cash. Interest earned increased by \$875K from last year.
8. **Fines and Forfeitures revenue** decreased by 5% (\$276K) from last year. The decrease is due to a decrease in red light camera fines which were lower by \$387K. (This was due to an inter-year payment timing differential that evened out with 2021.) Some of this decrease was offset by slight increases in other revenue sources.
9. **Licenses and Permits revenue** decreased 6% (\$298K) compared to last year. The primary reason for this decrease is related to stabilization and demolition fees decreased by \$888K. 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 which increased by \$317K, plumbing permit revenue increased by \$205K and electrical permit revenue increased by \$121K indicating an increase in redevelopment and improvement of properties.
10. **State aid** – decreased 8% (\$2.7M) by the end of the year. Almost all of this is a result of receiving a lump sum payment of \$3.6M from NYS for our workers' compensation buyouts in 2021. Revenue sharing was lower this year by \$630K. This was related to receiving restored payments in 2021 from the 2020 State reduction during the pandemic. The decrease was off-set by an increase in Capital City Funding which increased from \$13.2M in 2021 (this total also included restored funds from the 2020 State reduction) to \$15.0M. Mortgage tax also increased by \$226K.
11. **Sales of Property** increased 80% (\$261K) from 2021. Most of this increase is from auctioned vehicles and equipment sales which was higher by \$226K.
12. **Miscellaneous revenue** decreased 3% (\$120K) compared to 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.
13. **Other revenue** decreased 11% almost (\$2.0M) compared to 2021. The City was reimbursed \$13.8M from the ARPA Funds, most of which was for the provision of governmental services which is included in the 2022 adopted budget. This was lower than the \$18.1M that was reimbursed in

2021. Some this decrease was offset by other revenue sources including a Smart Policing Grant \$417K, FEMA payments were higher by \$530K and a SAFER grant for the AFD that totaled \$631K. 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	DEC	DEC		%	Annual		%
	YTD 22	YTD 21	Variance		Budget	Variance	Budget
Personal Benefits	89,902,341	94,771,494	-4,869,153	-5.1%	86,020,233	3,882,108	105%
Fringe Benefits	56,232,634	55,744,099	488,534	0.9%	56,680,219	-447,585	99%
Non-Personal Service	54,770,786	49,111,492	5,659,294	11.5%	58,269,244	-3,498,458	94%
Total	200,905,760	199,627,086	1,278,675	0.6%	200,969,696	-63,936	100%
Number of weeks in period	52	53	-1		52		100%

Total disbursements increased by \$1.3M or 0.6% compared to 2021.

Spending overall was right on budget at 100%. Personal Benefits was at 105% of budget but actual expenses decreased almost \$4.9M from 2021 while Non-Personal Services and Fringe Benefits actual expenses increased compared to last year while both ended the year below budget.

1. **Salary expense decreased by \$4.9M or 5.1%** compared to last year. The Police department salaries expense were \$8.0M lower for 2022. This decreased was the result of paying 6 years of police retro salaries in 2021. Most of the City departments when combined showed salary increases of \$3.2M from last year which were anticipated in the budget. This category includes overtime which is \$120K higher than 2021 and exceeded budget by \$6.0M.
2. **Benefits Expenses increased by \$489K or 0.9%** from 2021 but was below budget at 99%. Most of the increase in this category was related to an increase in NYS retirement expenses which increased by \$3.5M primarily from the police retro salary increases. This increase was offset by decreases in retiree health insurance which decreased (\$2.1M), an item that fluctuates year to year. (The City is self- insured for Empire Blue

Cross which means we pay the actual claims). Worker's compensation expenses also decreased by \$364K.

3. **Non-Personal Service spending increased by \$5.7M or 11.5%**, but was under budget by \$3.5M at 94% by the end of 2022. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. Funding from HUD for ACDA is also included in the category which is budget neutral and is a primary reason it is under budget. ARPA payments to sub-recipients totaled almost \$1.0M. Gasoline expenses increased by \$1.0M. The Police Department's overall expenses in this category increased by \$1.5M, most of these expenses are reimbursed from grant funds. The Fire Department expenses increased almost \$2.0M a large portion of which were reimbursed from ARPA funds and other grants. The required paydown and interest on the BANs was \$2.7M more than last year. Snow removal expenses increased by \$565K from 2021.

OVERTIME

Department	2022	2021	Change	%	2022	Budget	% of Budget
Police (non-reimbursable)	7,612,684	8,184,230	(571,546)	-7%	7,612,684	4,372,500	174%
Fire	2,387,015	2,037,706	349,309	17%	2,387,015	750,000	318%
Communications	534,031	579,596	(45,565)	-8%	534,031	300,000	178%
Parks Maintenance	468,196	377,425	90,771	24%	468,196	200,000	234%
Waste Collection	616,094	521,933	94,161	18%	616,094	250,000	246%
Landfill	165,713	200,468	(34,755)	-17%	165,713	160,000	104%
Central Maint.	94,417	43,616	50,801	116%	94,417	55,000	172%
Street Maintenance	546,230	407,260	138,970	34%	546,230	365,125	150%
Recreation	3,369	978	2,391	244%	3,369	3,833	88%
Recreation Programs	491	252	239	95%	491	500	98%
Aquatics	183	5,282	(5,099)	-97%	183	183	100%
Traffic Engineering	61,643	51,578	10,065	20%	61,643	55,000	112%
Capital Hills	115,438	68,497	46,941	69%	115,438	25,000	462%
Fleet Maintenance	66,293	53,304	12,989	24%	66,293	35,000	189%
Bleeker / Facility Operations	8,665	1,894	6,771	357%	8,665	11,667	74%
Buildings	95,308	160,253	(64,945)	-41%	95,308	150,000	64%
DGS Administration	20,047	3,967	16,080	405%	20,047	2,500	802%
Personnel	4,761	1	4,760	476000%	4,761	7,500	63%
Control of Animals	27,560	12,856	14,704	114%	27,560	15,000	184%
Cultural Affairs	8,419	5,021	3,398	68%	8,419	12,000	70%
General Fund	12,836,557	12,716,117	120,440	1%	12,836,557	6,770,808	190%
Police (reimbursable)	925,718	1,029,600	(103,882)	-10%	925,718	882,858	105%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	567,099	455,721	111,378	24%	567,099	587,100	97%
Totals	14,329,374	14,201,438	127,936	1%	14,329,374	8,240,766	174%

General Fund overtime was over budget at 190% by the end of the year.

Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 1.0% (\$120K) higher than last year and \$6.8M over budget. OT is consistently the largest over-budget expense. The Fire department had the biggest increase in overtime payments which were up by \$349K. The majority of departments have higher overtime expenses this year than last year.

CASH

The City's cash position at the end of the year was 19% (\$10.5M) higher than in 2021. The year-to-date increase is related to receiving the second payment of \$40.4 million in ARPA Funding. The second payment combined with remaining funds from the first payment totaled \$50.8M. This total added to the General Fund total of \$5.0M adds to the \$55.8M at year-end.

CONCLUSION

There were no major surprises for 2022, as the City was largely moving forward as expected financially. The City saw an increase in overall revenue compared to 2021. Expenses decreased compared to last year, mostly as the result of lower payroll expenses. Overall expenses were slightly below budget expectations. In the big picture, the un-budgeted increase in sales tax revenue served to offset the increase in OT expenses. The fund balance is currently \$8.8m and still below 10% of expenditures, which will cause continued fiscal stress under the State Comptroller's scoring system. 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.